Credit Risk Management for Banking and Business
Finding Liquidity

Providing Liquidity for Turnaround Business

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Chief Executive Officer
Lead Group

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Observed Market Hurdles
## Observed Market Hurdles

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Deal Value Drivers – conditions “sine qua non”

A skewed by each party perception of fair value limiting the possibilities for a successful deal

Investor is anticipated to be the primary beneficiary from the VALUE created from Future Cash Flows generated.

Creditors’ VALUE should be highly correlated with company’s liquidation value.

Existing shareholders could seek VALUE from company’s Intangible Assets (know-how, brand, network, clientele).

Identifying the link is crucial for the successful completion of a deal.
Investing Strategy
### Criteria for Investing in Turnaround Projects

1. **Target is a potential player for applying a “Buy & Build Strategy”**
2. **Recapitalization is an option**
3. **Space for improvement in margins and profitability**
4. **Quality management team, particularly at middle level**
5. **Limited Capex requirements**
6. **Considerable value of intangible assets**
7. **Minimal social impact**
8. **Extrovert nature with the prospect to penetrate new markets**
9. **Access to liquidity through disposal of non operating assets**
10. **Eligible to become a noticeable target**
Indicative Actions

- Possible acquisition of distressed target’s debt or equity by investor
- Reduction in distress debt through agreements for bank loans write-offs and/or capitalizations
- Equity injections by investor
- Interim management and business restructuring initiatives
- New capital & operating structure → “a new marketable business”
Opportunities in the Greek Market
Opportunities in the Greek Market

- Greek market is characterized by over-leveraged and over-invested businesses
- Optimization of the market is deemed necessary along with the transformation of the banking sector
- Structural reforms across the board of economic activity are vital
- Stability in legislative, fiscal and tax frameworks is essential
- Competitive edge in certain sectors

**Traditional Sectors**

- Branded Agriculture
- Tourism
- Shipping

**Developing Sectors**

- IT Solutions & Software Development
- RES & Waste Mgmt
- Transportation & Logistics
Opportunities in the Greek Market

*highly fragmented sectors and over-professionalism, a call for consolidation…*

**“Buy & Build” Strategy:**
Identify, in sectors of interest, market leaders with solid infrastructure, tested in international markets know-how and strong growth potential →
Acquisition and recapitalization of businesses and expansion through investment in existing weaker companies →
Creation of a Strong Player with an important Regional Role
Opportunities in the Greek Market

- Greece’s location is ideal, serving as a hub for “club med” countries in developing sectors
- Exportable know-how and expertise to nearby emerging markets
- Highly applicable “buy & build” strategy to create regional conglomerates

Buy & Build = Creation of Regional Players
**Opportunities in the Greek Market**

**POSITIVE FACTORS**
- Considerable & diversified project pipeline
- Perception on investors’ image not yet an issue

**IDENTIFICATION OF POTENTIAL TRANSACTIONS**
- Growing unavailability of funding (new money)
- As crisis deepens both banks’ & S/H’s negotiating power thins out

**NEGOTIATIONS**
- Middle mgmt quality
- Additional revenues from non-op assets
- Market reshuffling favorable to strong players

**INTERIM MANAGEMENT & CREATION OF VALUE**
- High selective entries
- A chance to bargain
- “Remove” barriers in certain sectors via recovery

**CONSTRAINTS**
- Poor restructuring advisory services
- Accounting standards in certain cases block transparency
- Bankruptcy Law
- Banking Sector unfamiliar with workouts
- Shareholders in denial
- Time element
- Lack of turnaround mgmt skills
- Labor uncomfortable with changes in status quo
- Expensive downsizing
- Shallow domestic capital market
- Trade sales tied with successful completion of currently pursued structural changes

**LEAD**
Lead Group Profile
LEAD Finance S.A.

- LEAD Finance S.A. is an independent Corporate Finance Advisory firm
- Established in 2005, by professionals with extensive experience in international and domestic financial & capital markets previously employed at leading global investment banks
- Our mission is to constantly convert knowledge into values for our clients
- Our vision is to be a premium quality advisory house, providing innovative and efficient solutions to the clients and the markets we serve
- We strategically focus on constantly attracting outstanding professionals incorporating exceptional skills, the highest standards of integrity and the ability to work together for delivering value
- We provide a full range of Corporate Finance services to our corporate clients, such as
  - Mergers & Acquisitions
  - Corporate Restructuring
  - Financing
- Since September 2009, LEAD Finance is member of Concilio Network, an exclusive global partnership of leading boutique investment banking and corporate finance firms
Our Group of Companies

**LEAD Capital Management Ltd**
- LEAD Capital Management Ltd, is a Cyprus Based company, serving as the Fund Manager of the Group
- In May 2011, LEAD Capital Management Ltd completed a fund raising of $150 mil, being its first capital management contract

**LEAD Recovery Capital I LLC**
- LEAD Recovery Capital I, is a Cayman Islands based fund, registered on September 16th, 2010, seeking opportunities in distressed companies in Greece and Southeastern Europe
- LEAD Recovery Capital I is the first distress/turnaround fund in the region
- LEAD Recovery Capital I, has committed capital of $150 mil covered by 5 US distress investors (funds of funds)
- The target size of the investments is between $10 – 20 mil, but we are able to accommodate larger size of investment in cooperation with our limited partners (co-investment opportunities)

*Investors with cumulative Assets under management over $18bn*
Our Group of Companies

LEAD Equity Holdings Ltd

- LEAD Equity Holdings Ltd, is an affiliate of LEAD Finance S.A., serving as a mezzanine vehicle for acquisitions of troubled companies with turnaround potential, eligible for second stage financing from LEAD Recovery Capital I LLC

Acquisitions Completed:
- Fashion retailer and Café / Bar’s Operator
- Exclusive car distributor of automotive vehicles

Transactions Currently Negotiated
- Industrial Textile Industry
- Building Materials Industry
We offer advisory and interim management services to financially-distressed corporate clients, aiming at completing a successful turnaround:

**Restructuring planning**
- Help companies devise a credible restructuring plan, aimed at boosting the performance of their financially distressed business. We assist with developing a robust communications strategy for consistent and coherent delivery of messages to the marketplace.

**Restructuring Management**
- Help companies execute their restructuring plan offering a wide range of services during the turnaround period.
- Offer interim management services using key people with relevant expertise incorporating finance, human resources and business skills.
- Negotiate on behalf of our client with Creditors for the schedule of liabilities repayment, in terms that make recovery a reachable target.
- Coordinate the operational restructuring in line with the planned action.

**Growth Financing**
- Support companies to obtain the funding required to complete turnaround cycle, by stepping from the period of distress into a time of growth.
- Assist clients to maximize financing capacity using internal sources of funding (sale of non profitable operations, sale and lease back, etc.), while at the same time seeking appropriate financing from external sources, both strategic and financial investors with relevant interest for such projects.
Our Services – Mergers & Acquisitions

We offer a full range of M&A advisory services (from origination to execution) by assisting our clients to meet their expansion or divestiture objectives both at a domestic and an international level:

**Acquisitions**
- Balancing the inherent risks and benefits of an acquisition is our primary task
- Assist our clients to define their acquisition objectives and evaluate the realization possibilities
- Analyze strengths and weaknesses of the targets
- Jointly with the client, prepare a first approach strategy and handle the procedure during the very sensitive period of discussions and negotiations
- Secure the closure of the transaction and the integration of the acquired entity

**Disposals**
- Verify and justify the reason for the disposal
- Explore client expectations and determine a realistic range of values to be negotiated
- Locate and evaluate potential buyers both at domestic and international level and proceed with the preparation of an Information Memorandum including all the relevant information for the company and the offering
- Our diverse and long time experience in preparing the information material allow us to enter the negotiation process having earned the respect of the other party, a condition often very useful to the fast and positive development of discussions

**Mergers**
- Internal and external developments and reasons could dictate the decision for a merger
- Matters of corporate culture, differences in financial and operational structure, compatibility of procedures are carefully considered before a decision for merger is being made
- We assist our clients to reach a conclusion, measuring the risks and the effort needed for these issues to be handled
- Calculate the value of the synergies as well as other benefits that may emerge
- Execution of the transaction coordinating the accounting, legal and project teams of the merging entities

LEAD
Our Services – Financing

We offer a wide range of advisory services to corporate clients regarding the financing of their operations, through various instruments available and suitable for each case. We mainly assist our clients in:

**Debt financing**

Provide objective and independent advice to our clients designed to keep them up to date on what the market offers, so that their financing enables rather than dictates their business strategy. Our services range from balance sheet reviews, optimization of capital structure, assistance through refinancing, planning and securing acquisition finance, advice on specific financial covenants or debt documentation.

**Equity financing**

Both in cases of leveraged and management buy-outs and for capital expenditure purposes, our extensive experience and network of contacts enable us to seek out and match up the most appropriate venture capital, private equity or any other type of equity financing. We assist our clients by presenting in the best way possible the use of funds sought, while at the same time trying to balance the differing interests of management, owners and investors.

**Capital Markets financing**

For clients contemplating an IPO or a secondary offering, we provide guidance through the IPO process, identify the potential sources of funding (including underwriters) and coordinate the work of brokers, accountants, PR agencies and lawyers to help achieve successful impact. We also support our clients’ investor relations departments to analyze their company’s performance and the relevant indices in comparison with the market, as well as to communicate with the investment community.
Our People

Haris Stamoulis - CEO
Haris has a combined experience of more than 20 years in Investment Banking and Corporate Finance, both in Greece and U.S.A. Graduated from Aristotle University of Salonika, receiving his Bachelor Degree in Economics and continued his studies in New York, receiving an MBA Degree from Adelphi University and a MSc. Degree in Finance from New York University. Worked with Goldman Sachs in New York as an investment banking analyst for 9 years, focusing on M&A and Corporate Restructuring Projects. Upon his return in Greece in 1997, he worked with Hellenic Securities as the Head of its Corporate Finance Department, Marfin Bank as the Head of its Investment Banking Division and KPMG as Head of Corporate Finance. He was one of the founders of Lead Finance S.A, which was established in 2005.

George Koukouzelis – Investment Director
Prior to joining Lead Finance, George acted as President and CEO between 2007 and 2010 for the LIBRA GROUP an international conglomerate active in the fields of Energy, Hotel ownership and development, Real estate ownership and development, Real estate services, Aircraft Leasing and Shipping. Before this, he worked as Director for the National Bank of Greece’s private equity and venture capital arm. As a Manager at P & K Securities (1999-2000), he was involved in business development and investment portfolio management. As Investment Manger at GLOBAL FINANCE, a member of the “LATSIS GROUP”, he originated, evaluated, structured, managed and exited private equity transactions in Greece and the Balkans. George has a MBA and BSc in Business Administration from the Old Dominion University of Virginia, USA.

Themis Magginas – Senior Advisor
Themis has studied Business Administration at the Athens University of Economics & Business. In 1994 he awarded a fellowship by the European Community Fund to attend the first Venture Capital trainee program in Greece. He continued his studies at the University of California at Berkeley leading to an International Diploma in Business Administration, with distinction, and completed his graduate studies by pursuing a Masters in Finance at Golden Gate University, San Francisco, USA. During his graduate studies, he worked as summer associate with Bear Stearns & Co. From 1998 through 2007, Themis was Senior Manager at KPMG where he executed a number of restructuring, M & A, financing and valuation transactions. In 2007 he co-founded Oxygen Capital, a financial advisory and asset management firm, as Head of Corporate Finance. He served on the boards of Lilestone Holdings Ltd. and Oxygen Capital AEPEY. Since the beginning of 2009, Themis has joined LEAD Finance as Senior Advisor and representative of Concilio Network in South Eastern Europe.
Our People

Spiros Vellas – Manager

Spiros received a B.Sc. degree in Economics and a M.Sc. degree in Finance and Economics from London School of Economics. He started his career in 2003 at Infotech S.A where until 2005 was engaged with a role of Investor Relations Manager, responsible also for monitoring potential acquisition opportunities for the Group. In 2005 he joined the Corporate Banking division of EFG Eurobank where he had a significant role in two debt securitization projects of the Bank while participating in a number of Syndications and Bilateral debt issues. In 2008 he joined LEAD Finance bringing his experience in the field of Debt Capital Markets. During his tenure at LEAD Finance, he has been actively involved in the execution of client mandates on M&A transactions, financial restructuring, fund raising and project finance. Participated and being exposed in all the process of M&A transactions, domestic and cross-border, in value of over 500mil euro in sectors such as insurance, energy and renewables, manufacturing and food. Executed financial restructuring and turnaround mandates for distressed clients with liabilities in excess of 2 billion euro in sectors such as telecoms, manufacturing, real estate, industrials and retail.

Nasos Christopoulos – Manager

Nasos started his career in 1999 as a Statistician and in 2005 he joined KPMG Certified Auditors in Athens, Greece. During his 5 plus years position as a Supervising Senior in KPMG, Nasos audited & advised, among many other listed & non-listed companies in diverse sectors, a number of large domestic institutions with international operations both in Europe and the United States. Nasos enjoys an extensive knowledge and understanding of accounting under the Greek GAAP, IFRS and US GAAP as well as Sarbanes-Oxley 2002 (SOX-404) Act.

Since he joined Lead Finance, Nasos has been responsible for numerous M&A, Corporate & Project Finance projects, is in charge of performing or monitoring of all Due-Diligence processes and has executed a great number of Debt Restructuring mandates in various sectors.

Nasos has also been the Project Manager in the Due-Diligence project of Portfolios of performing and non-performing loans of all major Greek Financial Institutions, imposed by the Bank of Greece, as a Blackrock’s sub-contractor.

Nasos holds an M.Sc. in Applied Economics & Finance and a B.Sc. in Statistics from the Athens University of Economics and Business.

Alexander Farmakis – Analyst

Alexander holds a B.Sc. degree in Economics from University of Athens, and a M.Sc. degree in Management of Business, Innovation and Technology from AIT Institute.

He has acquired an Executive Diploma in Negotiation and Conflict Management from Kennedy School of Harvard University, addressed for executives of non governmental organizations and multinational enterprises.

Alexander started his career as Treasurer and IR Officer in Shelman S.A., the leading wood manufacturer in Greece.

In the beginning of 2011, he joined LEAD Finance as a Corporate Finance Analyst.