

Investor

FACTSHEET



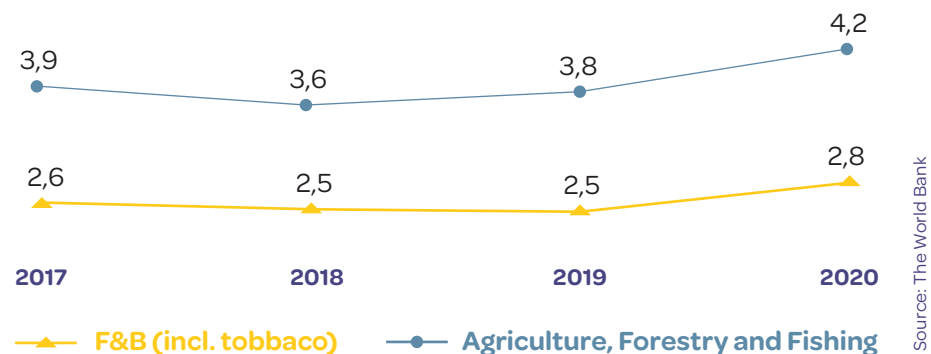
AGRI-FOOD

in Greece

State of Play

The agri-food sector in Greece is considered one of the most crucial sectors of the economy, with significant economic output, unique selling proposition and export capabilities. Both primary production as well as further processing can represent significant returns on investment.

Gross Value Added for Food & Beverage (F&B) and Agriculture as % on the country's GDP



■ **Gross Value Added** as % of the country's GDP for both sub-sectors increased from 2017 to 2020, indicating a **growing contribution** on Greece's total economy, especially during the COVID-19 pandemic (2019-2020).

■ **In terms of revenue, Food & beverage increased** from €16,5 bn. In 2019 to €17,7 bn. in 2021, following a small decrease in 2020 due to the pandemic. In 2021, it still represented the largest sub-sector of Greek manufacturing.

■ On the other hand, **Agriculture grew by ~19%** from 2019 to 2021, proving **resilient** even in Covid-impacted 2019.

Evolution of F&B and Agriculture Revenue, 2019-2021

Revenue (bn. €)	2019	2020	2021
F&B Revenue (incl. tobacco)	16,5	16,0	17,7
Agriculture, Forestry & Fishing	6,93.47	7,13.87	8,2

Source: ELSTAT



Why Greece

From investors' perspective, there are **significant prospects** to invest in the sector, mainly arising from **Greece's competitive advantage** in top-quality raw materials as well as globally recognized end products:

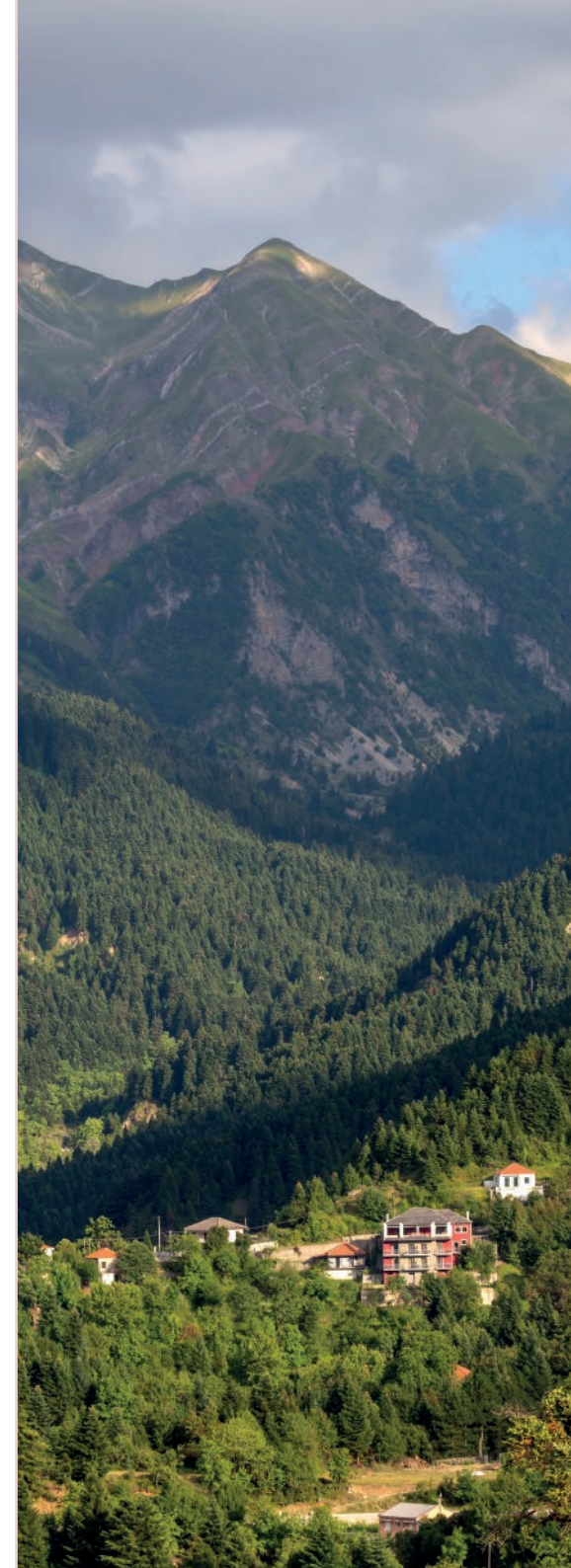
- Abundance of high-quality raw materials
- "Made in Greece" branding
- Strong export potential
- Established ground and opportunities for investments
- Developed human capital and research & innovation capabilities
- Government reforms and incentives
- Favorable tax rates

Abundance of high-quality raw materials

Geography & climate. Blessed by **highly favorable climatic conditions and diverse geomorphology**, Greece maintains a wide range of top-quality natural raw materials, ranging from fruit and vegetables to special ingredients such as saffron and truffles, which can ensure high-quality produce.

Focus on organic. Furthermore, a trend towards health consciousness has led to rising demand for **organic foods** globally. **Greek food producers** have managed to successfully **respond to this trend**, by increasing their organic production accordingly, thanks to the exceptional quality of their raw materials and the long-standing application of environmental-friendly cultivation and harvesting techniques. Typical is the example of the **Greek extra virgin olive oil**, which is considered as the healthiest one, which is estimated to account for more than **80%** of total production **in Greece**, compared with **65% in Italy** (2nd largest producer worldwide) and **50% in Spain** (largest producer).

To remunerate producers for higher costs borne, **consumers are willing to pay premium prices** for natural, organic food products, which are associated with healthy diets, thus creating **new business opportunities** for food producers.



Why Greece

“Made in Greece” branding

High-quality brand value. The **Greek cuisine** and the connection with the **Mediterranean diet** acts as a **brand identity** for the Greek food products internationally and constitutes a first step towards a broad acceptance of the various product-specific brands abroad. The Greek diet contains a broad mix of meat, fish, fruit, and vegetables that will remain the staple foods of Greek households.

Several Greek products and brands are globally recognized for **exceptional quality**, as leading Greek food producers not only follow international **quality certifications** such as ISO but have also been won **multiple product awards** in international tasting competitions.

Recognized & protected products.

The quality of the Greek products is guaranteed by the EU indicators **Protected Designation of Origin** (PDO) and **Protected Geographical Indication** (PGI). Both indicators protect the names of products that originate from specific regions and have specific qualities or enjoy a reputation linked to their production territory. In total, Greece has certified **more than 100 products** and is ranked 5th in Europe in terms of number of products certified with PDO/PGI labels. Among the certified products are olive oils, cheeses, fruits & vegetables, dry nuts, legumes, wines, spirits, and others. For instance, there are 30 registered PDOs and PGIs for Greek olive oils, out of which several have also secured **international Intellectual Property protection** from bodies such as World Intellectual Property Organization (WIPO).



Strong export potential

Great growth trajectory. Driven by product quality, the export value of food & beverage products has grown at a compound annual growth rate (CAGR) of **6,6%** within the **2016-2021** period. Despite a slight decrease due to the pandemic in 2019, exports quickly recovered in 2020 and further increased remarkably in 2021.

Favorable export destinations.

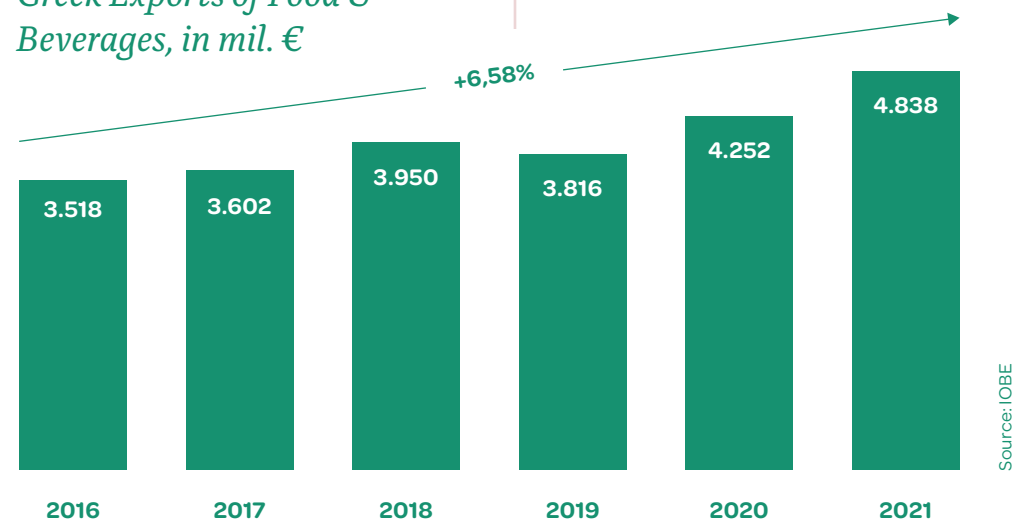
Besides the growth trajectory, the country mix seems to be favorable for the Greek food & beverage sub-sector, as 2/3 of total value is exported to EU countries, with focus on Western Europe. Top five destinations for 2020 and 2021 were: **Germany, Italy, UK, USA and Cyprus**. This is favorable, as Greek food products are mainly **targeted at countries where consumers enjoy higher disposable income** and- thus- can be priced at a premium, given high quality.

Stable commercial relationships.

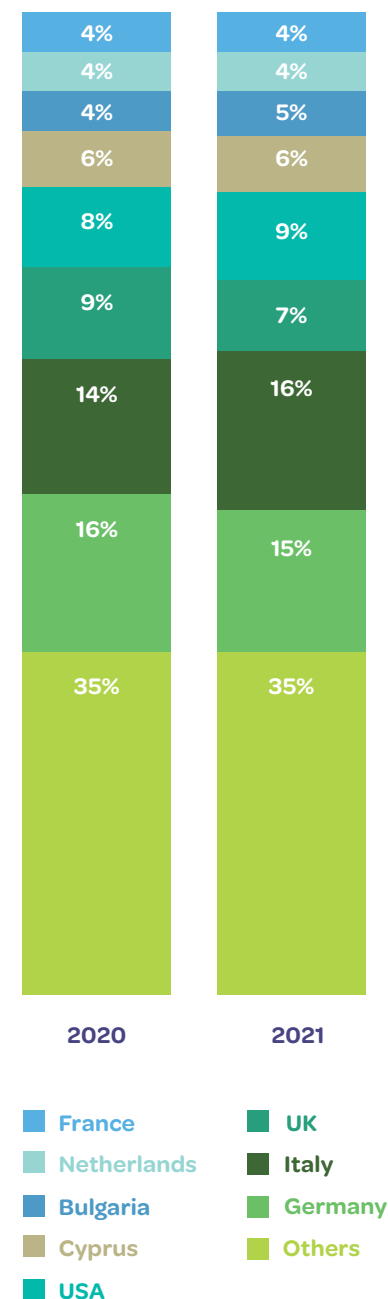
In addition, top destination countries for Greek food and beverage products seem to be constant between 2020 and 2021, thus indicating **stability in terms of key clients**.

Stable product mix. In the same 2-year period, the contribution of each key product category on total exports has marginally changed, further highlighting the **overall stability** of the sub-sector. Fruits & vegetables, dairy products and olives & olive oil constitute the top contributors, representing ~65% of total exports.

Greek Exports of Food & Beverages, in mil. €



Greek Exports by destination country, as % on total



Why Greece

Established ground and opportunities for investments

Growing investment interest in the sector. Foreign Direct Investments on **F&B** in 2021 seem to be more than 7 times their 2016 value, signifying the **rising attractiveness** of the sub-sector to foreign investors. Investments in agriculture also seem to have grown overall in the period.

Investment attractiveness is demonstrated by several important **M&A deals** that have taken place especially in the food sector during the last years, such as:

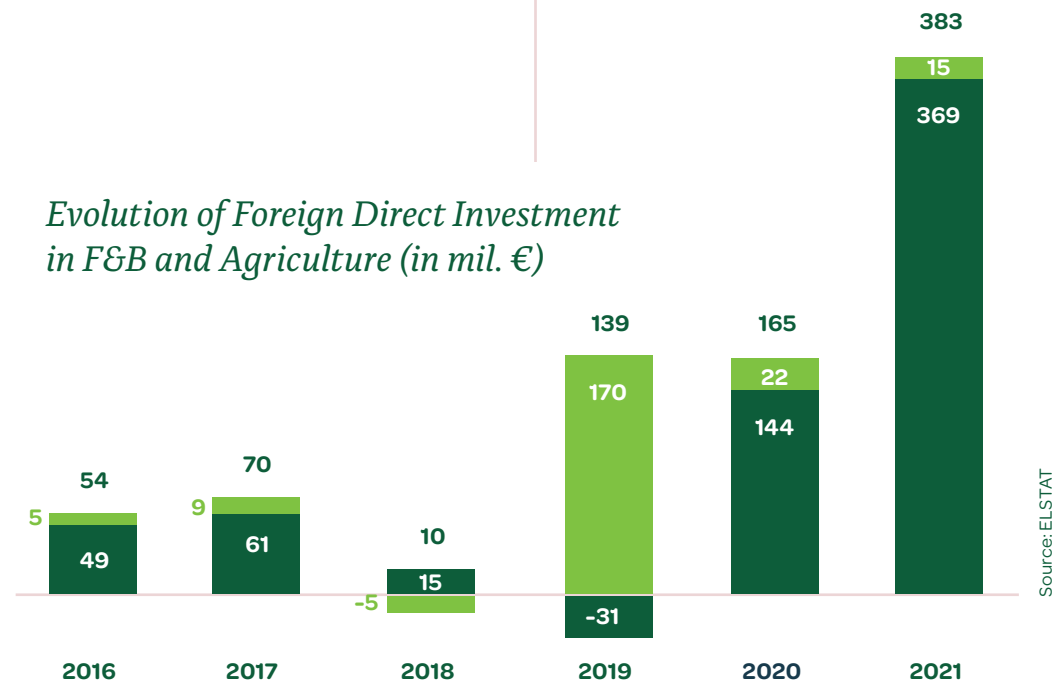
1. Acquisition of **Chipita** by the global snack leader Mondelez International for approximately \$2 bil. in total, completed in January 2022. Chipita is a large producer of salty and sweet snacks, including packaged croissant and baked snacks such as 7Days, Chipita, and Fineti, and distributes its products in Greece, the Balkans as well as Central and Eastern Europe among other regions.

2. After the purchase of the Greek food conglomerate **Vivartia Holdings**, comprised of well-established food brands such as Delta (in turn owning more than 40% of dairy company MEVGAL) and Barbastathis, from Marfin Investment Group for a total consideration of ~€600 mn., **CVC Capital Partners** proceeded further with the acquisition of a majority stake in the Greek dairy producer **Dodoni** in 2021.

Promising investment opportunities. Despite focus on **organic production and export profile** of the Greek food processing sector, it is observed that **Greek companies** are of **smaller scale** (average revenue per company is 1/3 of the European average), thus not always able to generate significant economies of scale from their operations.

Such a combination can provide **untapped opportunities for international groups and investors**, such as Mondelez and CVC Capital Partners, to invest in the market and **consolidate** smaller businesses, ideally under the umbrella of larger, flagship ones to eventually **increase productivity, boost product and technological innovation and expand to new international markets**.

Evolution of Foreign Direct Investment in F&B and Agriculture (in mil. €)



Developed human capital and research & innovation capabilities

Overall, Greece is scoring in the **16th** place (out of 132 countries) in **Human Capital & Research dimension** of the Global Innovation Index for 2021, which consists of three key elements: a) education (13th place), b) tertiary education (1st place) and c) R&D (34th place).

Skilled human capital. The abundance of **highly educated human capital** is aligned with the existence of high-quality universities in the country. Human talent can furthermore be attracted at **competitive labor rates** in relation to EU peers, as a result of the adverse effects of the debt crisis of the past decade. According to the Economist Intelligence Unit, minimum monthly wage in Greece is at €832, which is 17% less than EU average. At the same time, the difference in average wage between Greece and the EU is forecasted to grow, yet at slower pace due to the late effect of unemployment reduction.



As far as the Greek agri-food sector is concerned, on the one hand Greece has always been a country with **long tradition in agricultural production and skilled farmers**. On the other hand, food processing can be facilitated by the existence of **trained food scientists and technologists**, having graduated from **well-reputed universities** such as the Agricultural University of Athens, the University of Thessaly, or the International Hellenic University in Thessaloniki, which can be regarded as one of the top universities in Europe for Nutrition and Food Science studies.

High research capabilities.

Research is highly developed in **research institutions**, such as the Institute of Agrobiotechnology, the aforementioned- connected to the industry- **universities** as well as **specialized schools**, such as the American Farm School in Thessaloniki. Research activity can be further boosted by an extensive network of **science and technology parks**.



ΓΕΩΤΕΧΝΙΚΟ ΠΑΝΕΠΙΣΤΗΜΙΟ ΑΘΗΝΩΝ
AGRICULTURAL UNIVERSITY OF ATHENS



AMERICAN FARM SCHOOL
Thessaloniki - Greece

Flourishing start-up ecosystem.

Innovation can be further boosted by a large network of startups, with the agri-food sector being the **3rd largest out of 20 sectors** in terms of number of startups, accounting for **9,4% of total**, while also demonstrating an **upward trend** in comparison with 2020. Greece is also **well-positioned among the EU-27** in terms of number of start-ups in the agri-food sector value chain (above median), while also ranking **1st in the Balkans**.

Greek startups have launched products and services ranging **from IoT-related and remote monitoring solutions to digital supply chain platforms** and have received several millions in funding from both domestic and foreign investors, such as Marathon Venture Capital, US-based Cognitiv Capital and France-based HCVC. For example, the adoption of smart farming or post-harvest storage management has the **potential to enhance productivity of farmers and food processors** respectively.

There are several **incubation and acceleration programs** that can boost startups' growth, run by various organizations, such as the EU's EIT Food (Seedbed Incubator, EIT Food TeamUp, etc.), **New Agriculture New Generation** (e.g. Agroanelixis accelerator), which is funded by the Stavros Niarchos Foundation (SNF), the Agricultural University of Athens (e.g. Innovinagri business plan competition) and others.

Why Greece

Government reforms and incentives

Rise of competitiveness in the agri-food sector is within the plans of both the European Union and Greece, with **new transformative policies and regulations** being launched and significant funding available.

In particular, the new **Common Agricultural Policy (CAP)** of the EU has allocated- under several conditions- a budget of close to **€20 bn. for Greece** until 2027 (out of more than €350 bn. in total).

Furthermore, Greece's National Recovery and Resilience Plan (**Greece 2.0 – RRP**) has allocated several hundreds of millions, through both grants and loans, in the **digital transformation** and **green transition of agriculture and aquaculture** in Greece, under the respective pillars. Strategic goals to be reached through modernization of the sector include the **increase of final output's value added**, the **enhancement of exports** as well as the creation of new jobs and novel growth opportunities.

Favorable tax rates

Finally, a tendency towards tax rationalization is demonstrated by the recent reduction of the **corporate income tax** rate from 24% to **22%** (effective as of 2021), while social security contributions were also reduced by 3% and are expected to decrease further.