



NATIONAL BANK OF GREECE

Strategic Planning & Research

Survey of Greek SMEs

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In brief

- While small and medium-sized enterprises (SMEs) are a vital component of the Greek business sector, knowledge of their structure and dynamics is limited.
- This survey aims at filling part of that gap. In view of the lack of published data, this analysis is based mainly on data drawn from a sample of almost 1,000 enterprises.
- Both the structure of our questionnaire and the construction of the business confidence indices were based on European Commission and OECD harmonized questionnaire standards, in order to: i) achieve maximum reliability and predictability of indices; and ii) enable comparability with confidence indices for the business sector as a whole in Greece (such as IOBE indices) and Europe (e.g., those of the EC).
- This survey will be carried out each semester so as to form a clear picture of the SMEs' course over time (as reflected in the business confidence index).
- In this phase of the survey, a cross-section comparison of the indices offers some useful insights into the growth potential, as well as the inherent challenges faced by SMEs:
 - ✓ Very small enterprises appear to be weakening and this business segment is contracting.
 - ✓ The main problem for SMEs at present is their lack of access to credit, largely reflecting the substantial reduction in trade credit.
 - ✓ However, using an ordered probit model, we discern a subset of SMEs that remains healthy and oriented mainly to external markets and new products.
- Accordingly, policy regarding SMEs needs to be structured around three core targets:
 - ✓ Reducing operating costs
 - ✓ Enhancing liquidity
 - ✓ Enhancing sales



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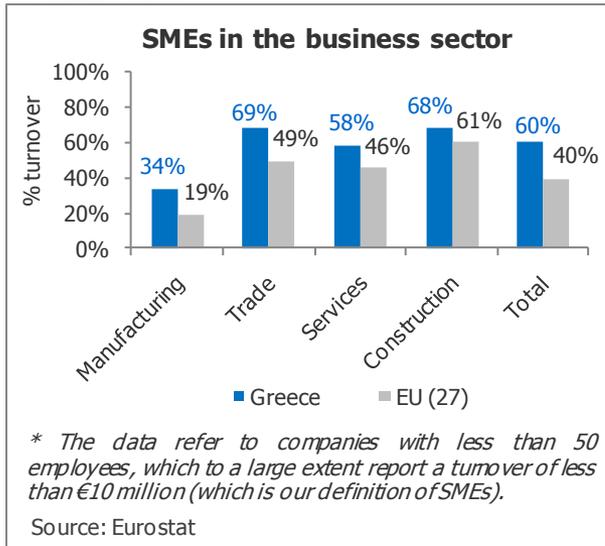
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INTRODUCTION: SMEs' POSITION IN THE MARKET



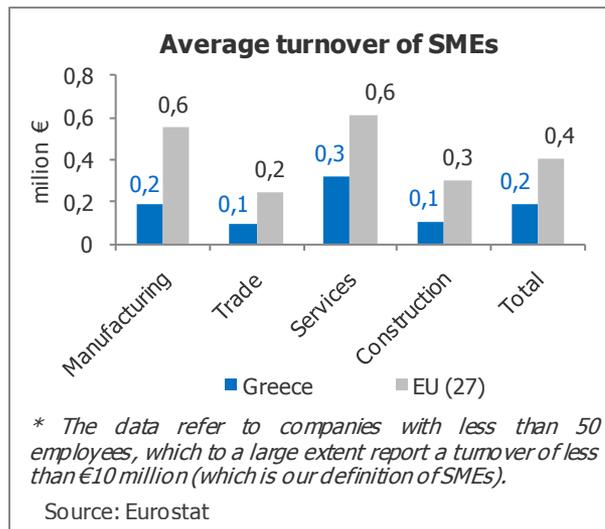


Introduction to the survey: SMEs dominate the Greek business sector



➤ Small and medium-sized enterprises* in Greece account for a greater part of the business sector, as compared with other European countries (60% of turnover, versus 40% on average in Europe). Note that this difference arises from the higher share held by firms with turnover below €2 million in Greece (40% versus 19% in Europe). SMEs have a strong presence in trade and construction, and a weaker presence in industry.

➤ Greek SMEs are of smaller scale than in Europe (with average turnover of c. €200,000 versus €400,000 in Europe). The greatest difference in size is found in manufacturing, where European SMEs are triple the size of their Greek counterparts.

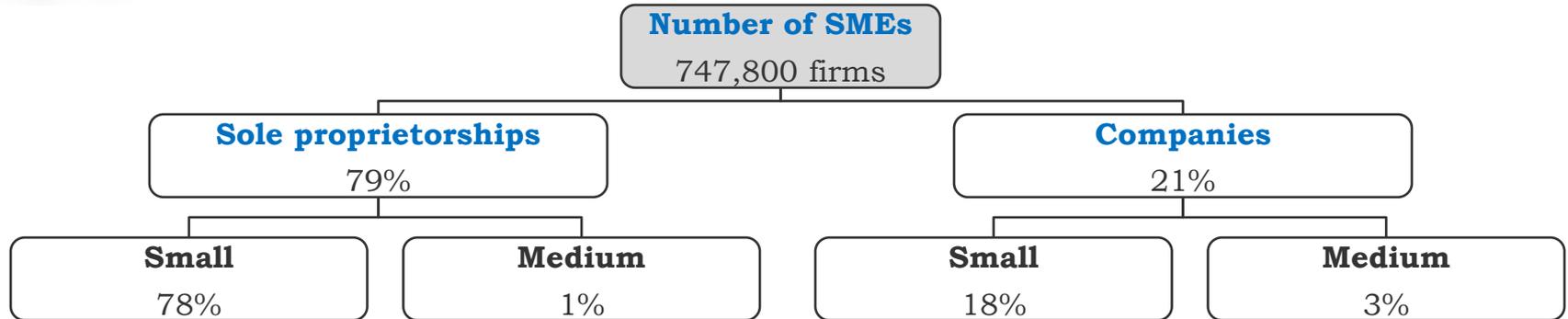


➤ In light of the above, a picture emerges of a deeply fragmented sector, which is dominated by very small firms. Nevertheless, we should stress that the small business segment (turnover <€1 million) has been contracting over time, as it accounted for ¼ of the business sector in 2007 compared with ⅓ in 2002.

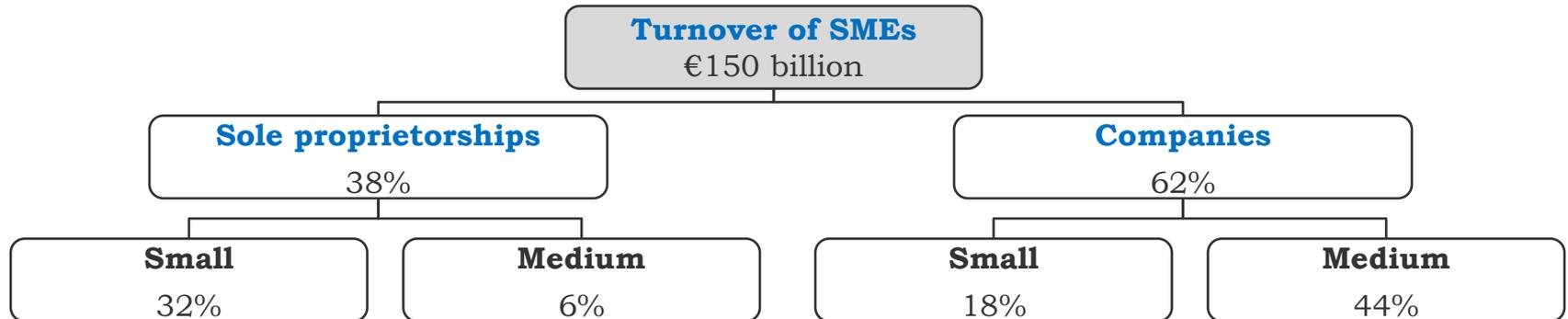
* For the purposes of our survey, we define SMEs as enterprises with turnover of less than €10 million. Note that firms of this size are defined as “small” by the European Commission (2003/361/EC) in the context of 5 similar analyses.



Half of SMEs turnover derives from small firms and half from medium-sized firms



* For the purposes of the survey, small enterprises are those reporting turnover of less than €1 million and medium-sized enterprises are those reporting turnover of between €1 million and €10 million.



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- The approximately 750,000 SMEs in Greece generate turnover of around €150 billion.
- 4/5 of SMEs are sole proprietorships, which account for a corresponding share of the total domestic business sector (compared with just ½ of the business sector in Europe).
- Although sole proprietorships comprise the majority of SMEs, the greater share of turnover (over 60%) is produced by companies of various legal status (SA, limited partnership, limited liability, etc.).



Greek SMEs are financially weaker than their European counterparts

Financial ratios 2010 by company size

	Small	Medium	Large
ROE	-5,9%	-2,5%	-3,4%
ROA	-2,8%	-1,1%	-1,1%
Net Profit Margin	-13,6%	-2,0%	-1,7%
EBITDA margin	7,5%	6,2%	5,1%
Debt to Equity	1,11	1,27	2,11
Loans to Sales	150%	59%	68%
Interest Coverage Ratio	-0,9	0,6	-0,1
Asset Turnover	0,21	0,57	0,70
Liquidity Ratio	1,23	1,32	1,17
Receivables to Sales	98%	53%	41%
Cash conversion cycle (months)	9,1	4,6	3,9

* Companies are divided into **Small:** turnover 0 - €1 million, **Medium:** turnover €1 - €10 million and **Large:** turnover more than €10 million.

Source: ICAP

SMEs Financial ratios 2010

	Greece	Europe
ROE	-3,4%	8,3%
ROA	-1,5%	3,6%
Net Profit Margin	-3,2%	4,8%
EBITDA margin	6,3%	4,4%
Debt to Equity	1,23	1,25
Loans to Sales	69%	46%
Interest Coverage Ratio	0,3	2,7
Asset Turnover	0,47	0,61
Liquidity Ratio	1,29	1,57
Receivables to Sales	58%	40%
Cash conversion cycle (months)	5,2	5,1

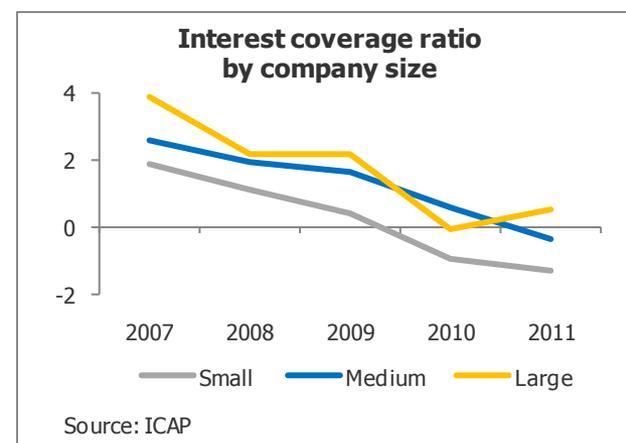
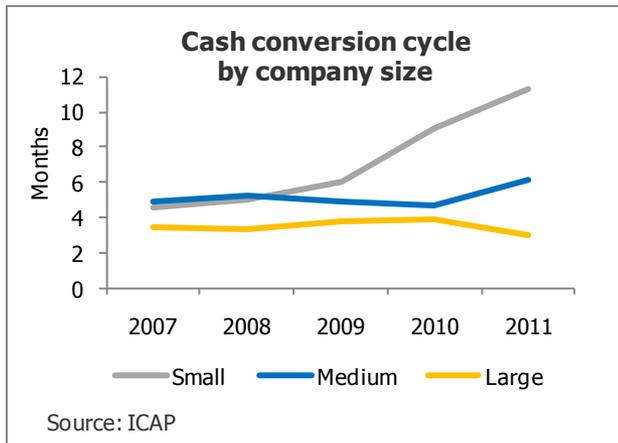
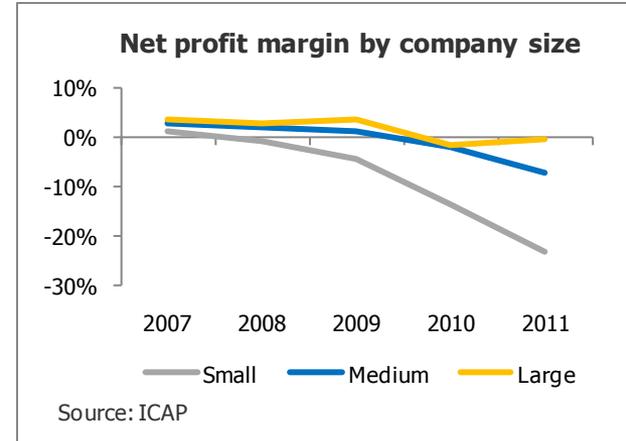
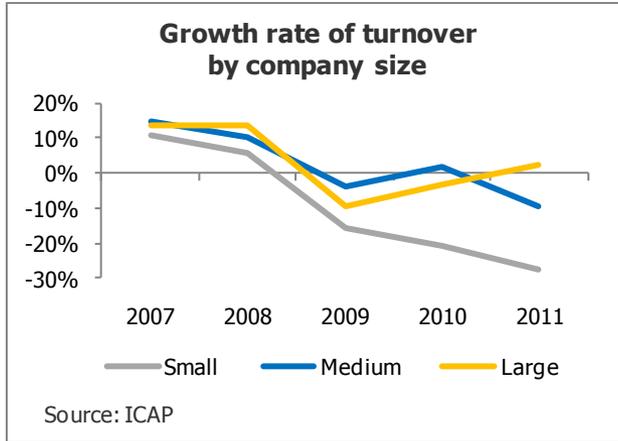
Sources: ICAP, BACH

- Regarding the companies' segment (which accounts for 62% of SME turnover), the key financial ratios indicate that SMEs are in a relatively worse position than the rest of the business sector, with the smallest companies experiencing the most serious financial stress.
- The low debt-to-equity ratio (leverage) of companies in Greece indicates that small enterprises are relatively underleveraged. However, because of low profitability and asset turnover, small companies are unable to borrow more, as loans already exceed sales (150% versus circa 60% for medium-sized companies).
- While Greek SMEs have been facing profitability problems during the crisis, their European counterparts have managed to keep their net profit margin at around 5%. In addition, despite their low leverage (particularly among small companies), Greek companies present higher debt burden relative to sales (with the loans-to-sales ratio reaching 70% in Greece versus 46% in Europe). Accordingly, due to the business recession, the payment of financial expenses is proving onerous for the Greek companies (with a coverage ratio of 0.3%), while in Europe, SMEs' coverage of financial expenses is still comfortable (coverage ratio: 2.7%).



The first basic problem of SMEs: Small companies have been more severely hit by the crisis...

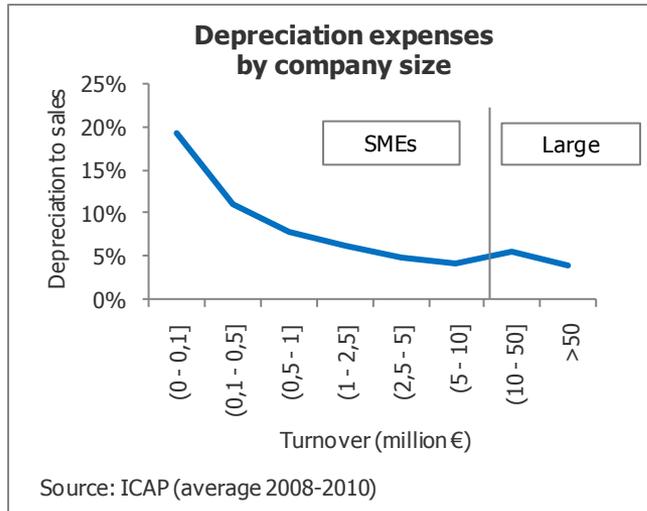
- Small enterprises have been more severely hit in terms of business and profits.
- In addition, the increase of the cash conversion cycle* and the reduced ability to cover financial expenses has served to increase SMEs' needs for working capital.



* The cash conversion cycle is a liquidity measure which refers to the time span between a company's collecting and disbursing cash (higher cycle means slower collection).



... mainly due to anti-economies of scale...



- While the ratio of operating costs to sales is lower in small companies, this advantage is fully offset by the impact of anti-economies of scale. Therefore, in the three-year period 2008-2010, although small companies managed to post an operating profit margin of around 11.5%, fixed cost charges acted as a brake on profitability by almost 18 percentage points, thereby generating net losses (-6.4% for the same period).
- The first reason for the high fixed costs at small companies (and, accordingly, the wide gap between operating profit margin and net profit margin) is the low asset turnover (0.3 for small enterprises, 0.6 for medium-sized enterprises, and 0.7 for larger firms). This parameter is reflected in the high ratio of depreciation to sales (20% in very small companies versus circa 5% in large companies).
- High fixed costs reduce significantly the flexibility of small companies, thus making them more vulnerable under conditions of falling demand.

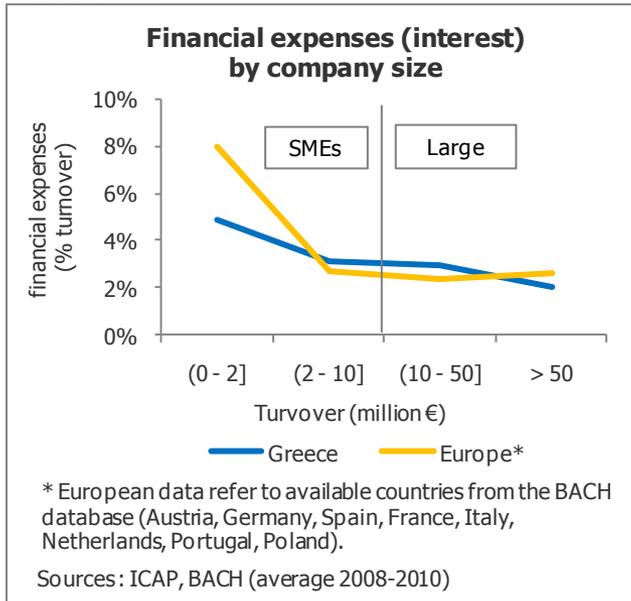
Financial ratios by company size

	Small	Medium	Large
Net Profit Margin	-6,4%	0,3%	1,6%
EBITDA margin	11,3%	8,4%	7,5%
<i>Margin Gap (net - ebitda)</i>	<i>-17,7%</i>	<i>-8,1%</i>	<i>-5,9%</i>
Asset Turnover	0,27	0,57	0,70

Source: ICAP (average 2008-2010)

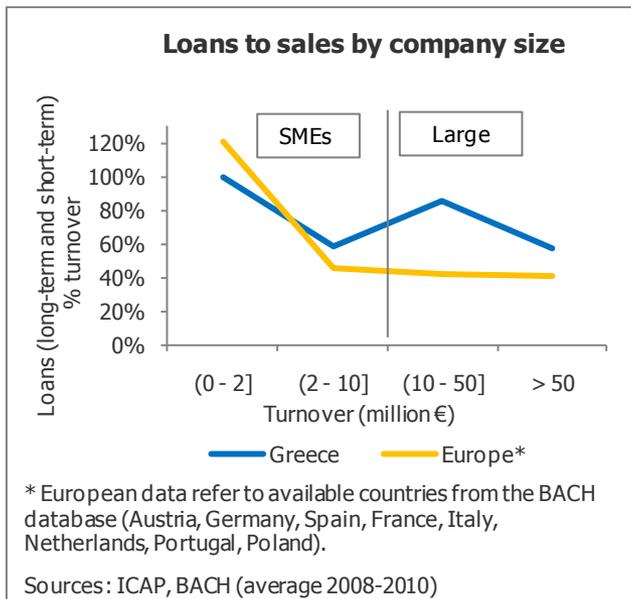


... and high cost of financing



➤ Besides high fixed costs, financial expenses also correspond to a high percentage of sales for small companies (5% versus 2% for large companies in the period 2008-2010). The main reasons are:

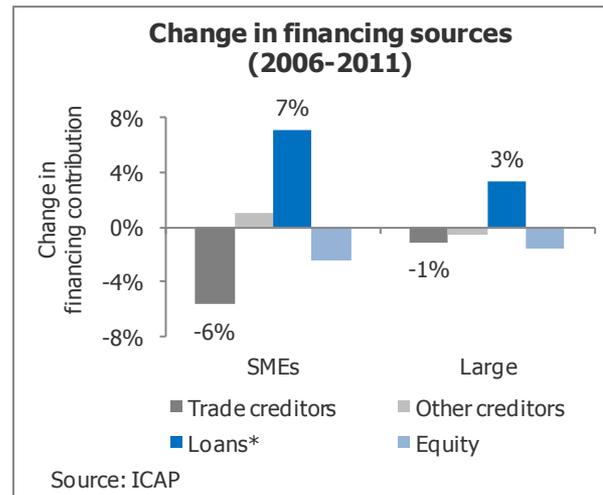
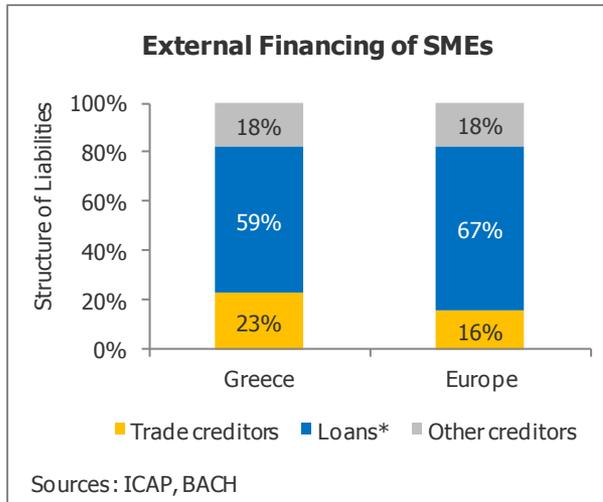
- ✓ high interest rates (over 8.5% for sole proprietorships versus 6.5%-5.5% for companies) and
- ✓ low asset turnover in smaller companies, which limits the return of their capital and, accordingly, their ability to borrow (i.e. the debt-to-equity ratio is low, while the loans-to-sales ratio is high).



➤ However, we should stress that the level of debt of small Greek companies is lower than their European counterparts. For instance, the debt-to-equity ratio in small companies (with turnover less than €2 million) is 1.1 for Greece versus 1.4 in Europe, while the loans-to-sales ratio is close to 100% for Greece and around 125% for Europe. Under these conditions, the ratio of financial expenditure to sales is lower in Greek small companies than in their European counterparts (5% versus 8%).



The second basic problem for SMEs: Reduced trade credit from suppliers has disrupted their financing equilibrium



- Suppliers' reluctance to provide credit, combined with the squeeze on equity (in part because of reduced earnings), has generated a substantial liquidity gap among SMEs.
- Trade credit (i.e. credit from suppliers) is a significant source of funding for Greek SMEs (accounting for 23% of their external financing versus 16% for European SMEs).
- This significant liquidity gap has been largely covered by a higher share of loans relative to total financing by SMEs, up by 7 percentage points during the past five years (from 26% to 33%). Specifically, refinancing of loans by SMEs has led to a reduction in short-term liabilities to banks and an increase in long-term borrowing (mainly in the form of corporate bonds and syndicated loans). Before the crisis, companies preferred borrowing to trade credit.
- In addition, as a result of reduced liquidity, there are now increased delays in payments to other creditors (such as rents).

* Loans include long-term liabilities and short-term payments of long-term loans (mainly from banks).

NBG SURVEY: METHODOLOGY





Sample

Sample structure (number of companies)					
Turnover (million €)	Manufacturing	Trade	Services	Construction	Total
(0 - 0,1]	40	40	40	40	160
(0,1 - 0,5]	40	40	40	40	160
(0,5 - 1]	40	40	40	40	160
(1 - 2,5]	40	40	40	40	160
(2,5 - 5]	40	40	40	40	160
(5 - 10]	40	40	40	40	160
Total	240	240	240	240	960

*Due to changes in the availability of data, there is a possibility of deviations of circa 10 per cent.

Greek SMEs structure (based on turnover contribution)					
Turnover (million €)	Manufacturing	Trade	Services	Construction	Total
(0 - 0,1]	1%	4%	5%	1%	11%
(0,1 - 0,5]	3%	14%	6%	2%	24%
(0,5 - 1]	2%	9%	3%	1%	15%
(1 - 2,5]	3%	11%	4%	2%	20%
(2,5 - 5]	3%	8%	3%	1%	15%
(5 - 10]	3%	8%	3%	1%	15%
Total	15%	53%	23%	8%	100%

Source: Hellenic Statistical Authority - business register 2007

- Our survey examines a sample of enterprises with a turnover of below €10 million, which, for the purposes of the analysis, we define as small and medium-sized enterprises (SMEs).
- Enterprises were selected using a stratified sampling method, in line with the standards of similar surveys carried out by international organizations. Specifically, a total of 960 enterprises were selected in such a way as to enable even distribution of the sample on the basis of two key factors: scale of turnover (6 scales) and activity sector (Manufacturing, Trade, Services, Construction).
- In order to draw conclusions that are representative of the SME segment, answers were weighted according to the participation of each sub-set in the total turnover of the segment. Thus, findings were arranged (i) by size, (ii) by sector, and (iii) for the whole SME business sector. On the basis of the methodology, the segments are weighted based on their shares in total turnover and not the number of enterprises.



Constructing a business confidence index

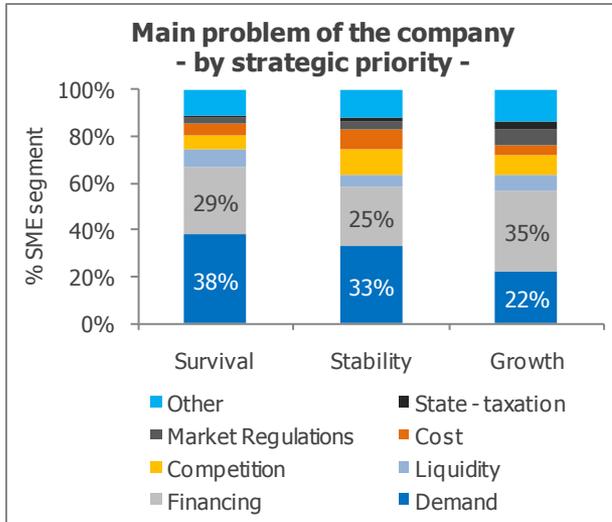
- In order to construct a confidence index for SMEs, we included a number of basic questions regarding the level of business activity in the previous and in the coming semester. The model for the questions is based on the harmonized questionnaire recommended by the OECD and the European Commission, thereby enhancing the predictability of the index.
- The Index questions have 3 alternative answers: increase (+), no change (=), decrease (-), or above normal (+), normal (=), below normal (-). To begin with, we convert the number of answers per category (+,=,-) to percentages and then we calculate the net result by subtracting the (-) from the (+) percentage. Last, the confidence index for each sector is the average of the net results for the following questions:
 - ✓ For **manufacturing**: The level of orders, inventories, and future production trend.
 - ✓ For **services**: The business situation of the firm in the previous semester, past and future demand trend.
 - ✓ For **trade**: Level of inventories, past and future demand.
 - ✓ For **construction**: Level of backlog, and future employment trend.
- For the SME sector, the business confidence index has been estimated as a weighted average of its subsectors (the weights being the shares of the sectors' turnover in the economy).
- By carrying out the survey on a regular 6-month basis we should be able to form a picture of SMEs' course over time, as reflected in the index. To draw reliable conclusions, comparison will be made between the current index level and its long-term average (so as to correct possible over-optimism or over-pessimism bias).

NBG's SME SURVEY: KEY FINDINGS

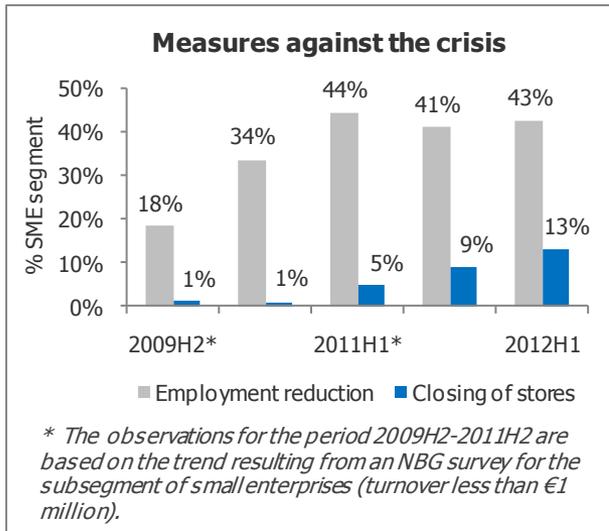




The measures of SMEs against the crisis are gradually acquiring a structural character



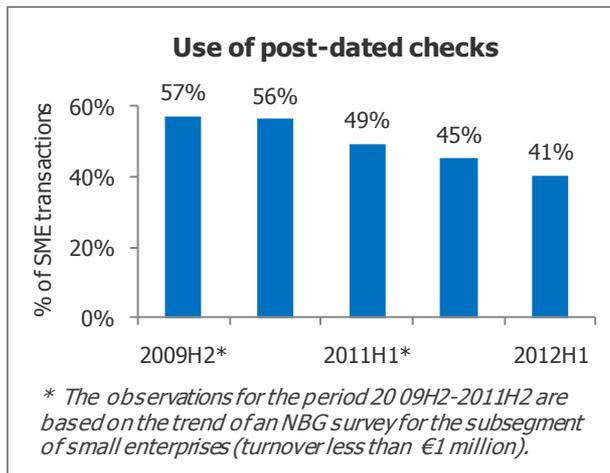
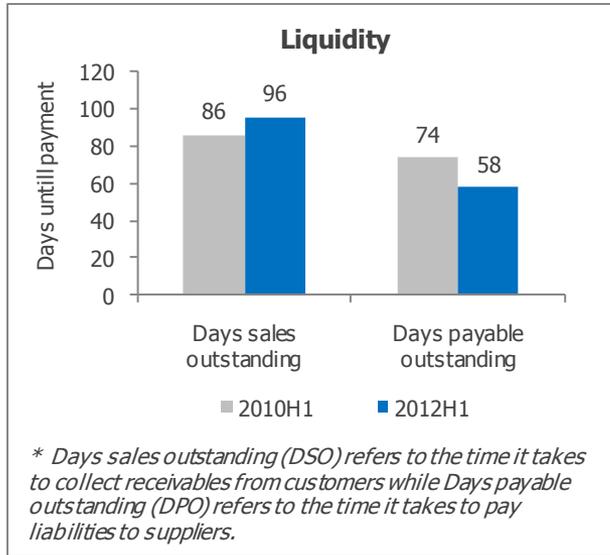
- The scale of the crisis has caused nearly half of SMEs to view survival as their strategic priority, while less than ¼ of them are aiming for growth.
- The main problems faced by enterprises are: i) sluggish demand (especially by small enterprises that are struggling for survival); and ii) difficulties in accessing finance (this is a particularly serious problem for medium-sized enterprises that are seeking growth). These two problems together afflict 60% of SMEs. Competition (9%) and lack of liquidity (7%) are problems of less importance for the SMEs.



- Almost all SMEs (more than 90%) have taken measures to deal with the current crisis.
- The basic measures of enterprises are of a temporary nature, such as the reduction in orders (61%) and delays in repaying loans or trade credit to suppliers (46%). Notably, however, enterprises are gradually turning to structural measures, with 43% of SMEs stating that they reduced employment (versus 18% in 2009) and 13% that they have closed stores (versus 1% in 2009).



Financing of working capital at SMEs is being hit by the reduction in trade credit...

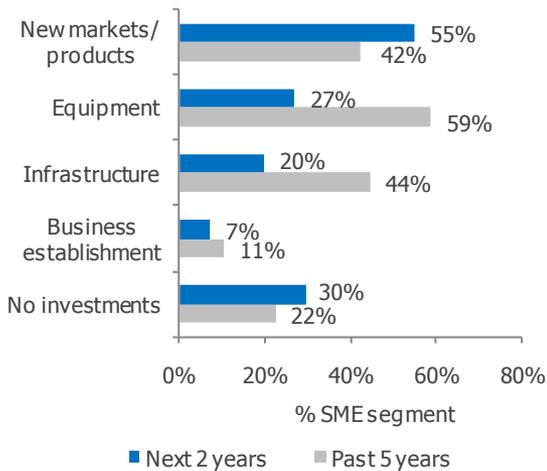


- Lack of liquidity is a serious problem for nearly 40% of SMEs. Indeed, delays in receivables from customers have grown while payments to suppliers are being made faster. Specifically, the time gap between collection of receivables and payments to suppliers has increased over the past 2 years by circa 1 month (to around 40 days versus 10 days in 2010), thereby increasing demand for working capital.
- As for leverage, nearly $\frac{3}{4}$ of SMEs have some form of loan and, of these, $\frac{1}{4}$ feel they are overleveraged.
- Of course, rather than being the result of strategic choice, low leverage may in fact be a state of affairs imposed by circumstances, as most enterprises believe that their access to bank lending is constantly deteriorating. Notably, firms consider the main reason for their restricted access to financing to be the current economic environment (i.e. the general state of the economy or banks' tight credit policy) and not the state of their company (e.g., overleveraged or ability to pay back borrowed funds).

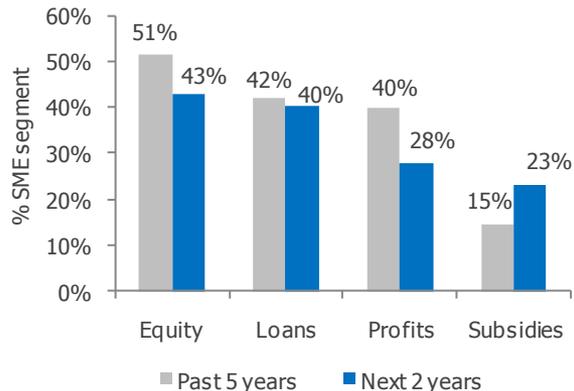


... while financing of investments is hampered mainly by low earnings

Type of investments



Financing of investments



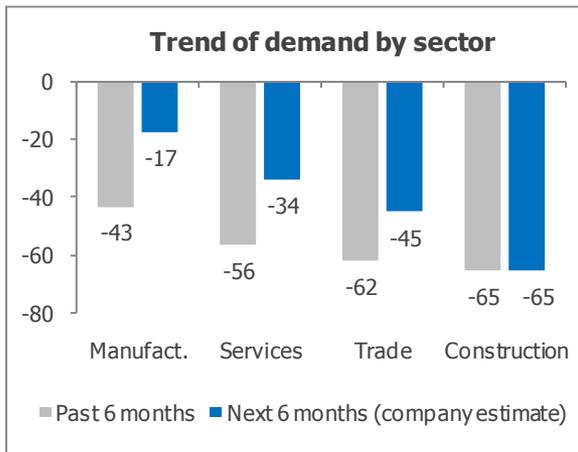
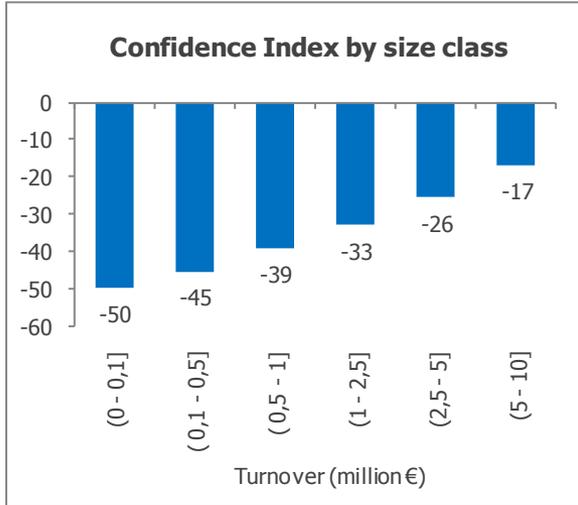
- Almost $\frac{3}{4}$ of SMEs carried out investments at some stage over the course of the previous 5 years, usually in equipment (circa 60% of the sector). The current crisis means that the initially anticipated returns on these investments have been thrown into doubt, thereby putting pressure on enterprises' cash flows.
- The short-term strategic choices for SMEs in the following 6-month period will focus on the following: i) reduction in investments, staff and prices (especially in the construction sector); and ii) increase in innovative activities and exports (especially in manufacturing). Note that 40% of SMEs already export part of their output. However, the average percentage of exports by exporters is low (around 25%), meaning that it is essential to deploy policies that will support exporters so as to attain the critical mass needed to generate significant earnings.
- In the medium term, the percentage of the sector intending to make investments over the next 2 years (albeit at a lower rate than in the past) remains relatively high in view of the current strained conditions (70% of SMEs). It is positive that future investments mainly concern new markets and innovative products, while interest in purchasing equipment has declined substantially.
- With regard to financing, in the past investments were made chiefly through equity funds (half of SMEs). However, in the future the squeeze on earnings and equity will lead enterprises to be more dependent on loans and subsidies.

NBG SURVEY: VARIATIONS BY SIZE AND SECTOR





Business confidence index

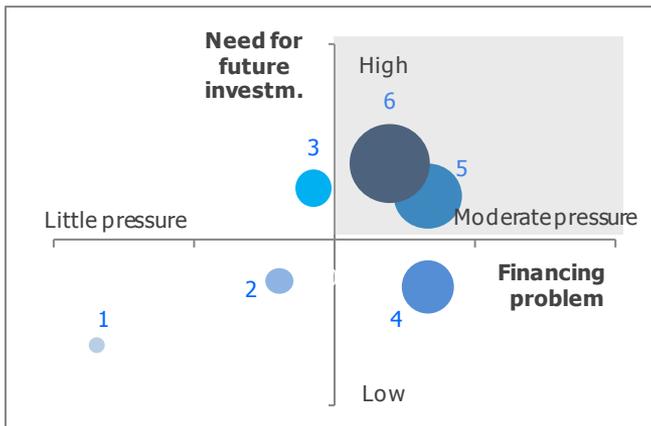
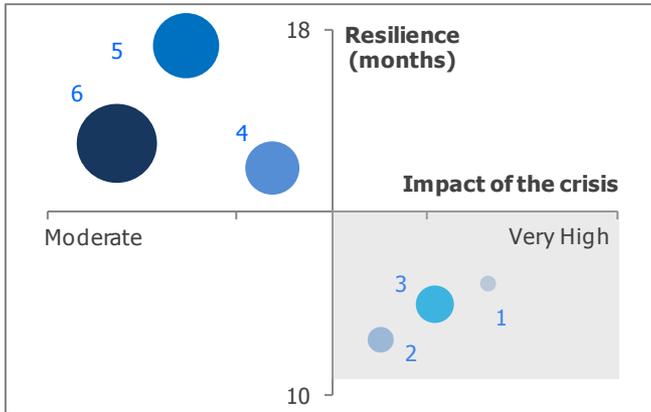


- Although the business confidence index is primarily used to register the course of business sentiment over time, useful conclusions can be drawn at a cross-section analysis level.
- The size of an enterprise is correlated with its level of confidence, as medium-sized enterprises present a more positive outlook compared with small ones, reflecting the higher vulnerability of small enterprises.
- Focusing on the main demand questions included in the confidence index, we see that the trend appears to differ, depending on the business sector:
 - ✓ Manufacturing is in the best relative position, with 20% of the segment reporting increased demand during the previous 6 months (versus less than 10% in other segments) and an improving trend in the next 6 months (22% of the segment anticipate an increase). Services come next, anticipating improved demand for 17% of the segment, compared with 11% in the previous 6 months.
 - ✓ Construction is facing the most severe problems in demand (i.e. 70% of construction SMEs experienced a decline and a similar trend is likely in the next 6 months). Trade has also been hit hard, with 70% reporting declining demand in the previous 6 months, although the situation is expected to be a little better in the next 6 months (with 57% of the segment anticipating a further decline in demand)²⁰

* The above indices (confidence and demand) correspond to the net balance of answers on reduction/stability/increase



Variations depending on size



* Numbers 1-6 represent enterprises' range of turnover :

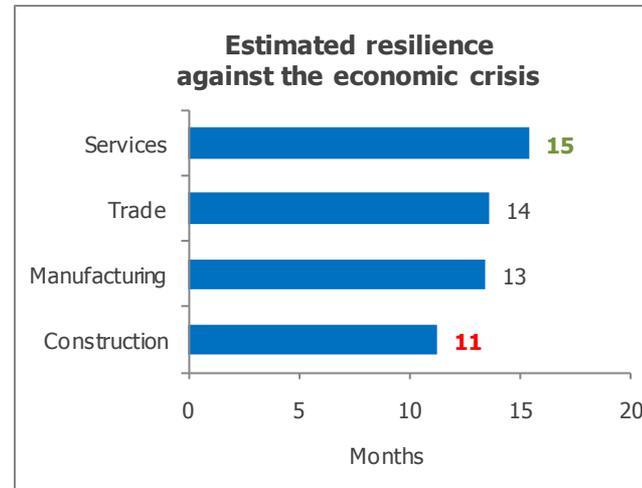
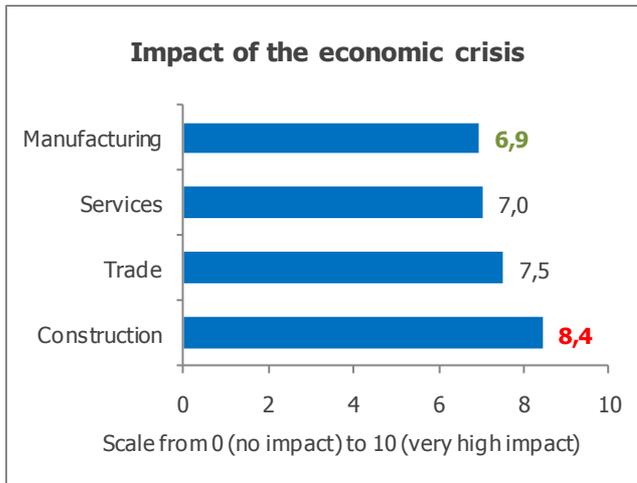
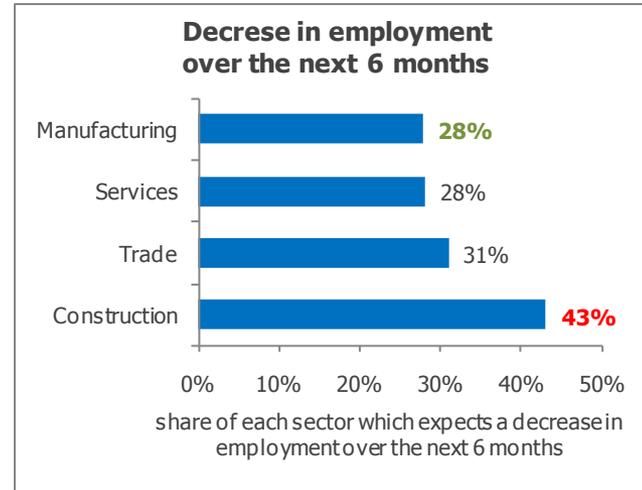
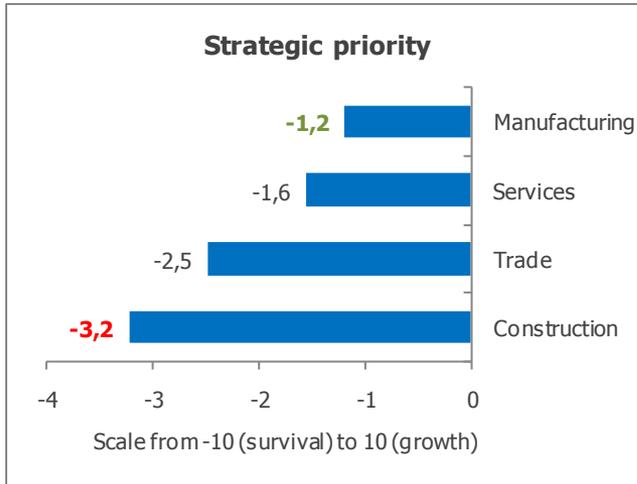
- 1 : €0-€100,000
- 2 : €100,000-€500,000
- 3 : €500,000-€1,000,000
- 4 : €1,000,000-€2,500,000
- 5 : €2,500,000-€5,000,000
- 6 : €5,000,000-€10,000,000

- **Small enterprises** are under greater pressure than medium-sized enterprises during the current crisis. 65% of small enterprises state that they have been severely affected by the crisis, compared with only 30% of medium-sized enterprises. Likewise, business resilience to the crisis has declined to 12.5 months for small enterprises and 15.5 months for medium-sized enterprises. Due to the severe impact of the crisis, most small enterprises state survival as their strategic priority (54% versus 35% of medium-sized enterprises).
- **Medium-sized enterprises** view access to financing as their key problem (reflecting, to a large extent, their greater need for borrowing in order to finance investments in the future). Indeed, more medium-sized enterprises invested funds in the past few years in equipment and new products (85% versus 65% of small enterprises). Their investment appetite for the next two years has declined ($\frac{3}{4}$ of medium-sized companies continue to invest), although their appetite remains higher than that of small enterprises. Accordingly, a decline in investment is expected in the next 6 months by circa 15% of medium-sized enterprises versus 30% of small ones.



Sector variations

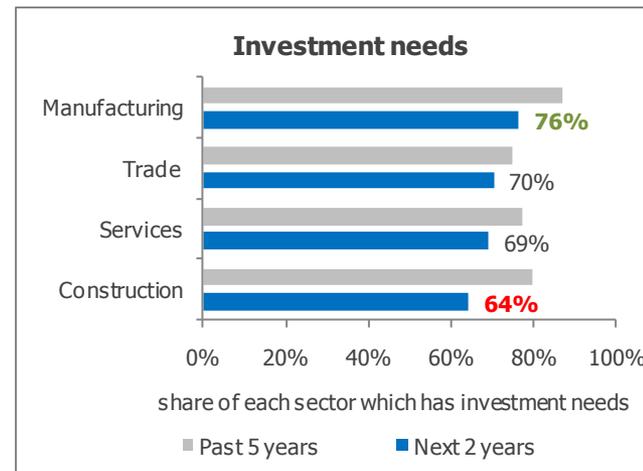
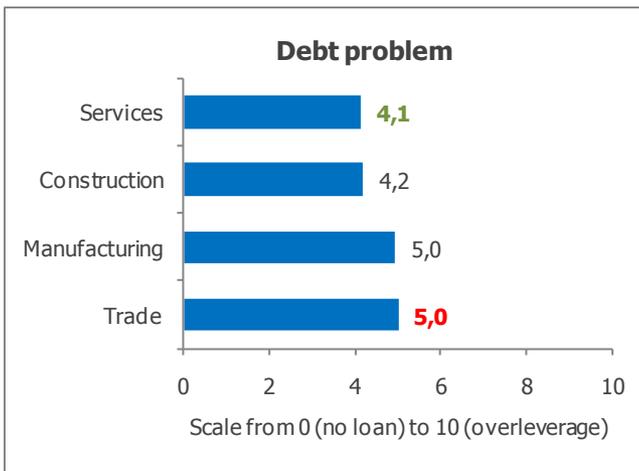
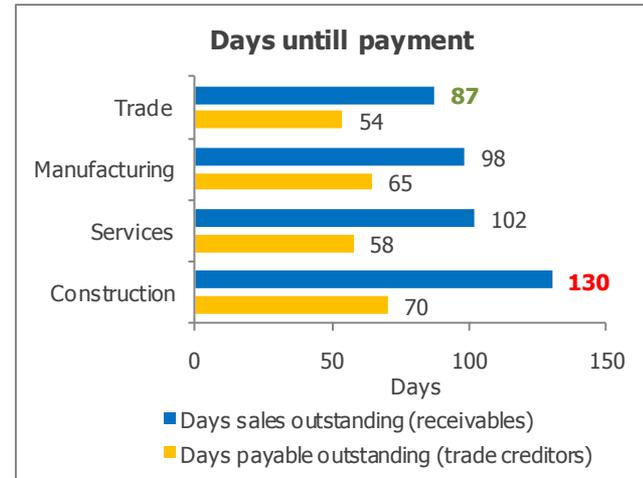
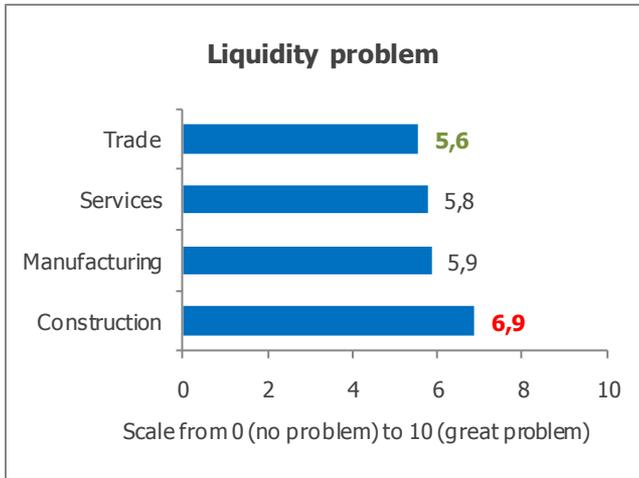
- The manufacturing sector has been least affected by the crisis, while construction is facing the worst problems.





Sector variations

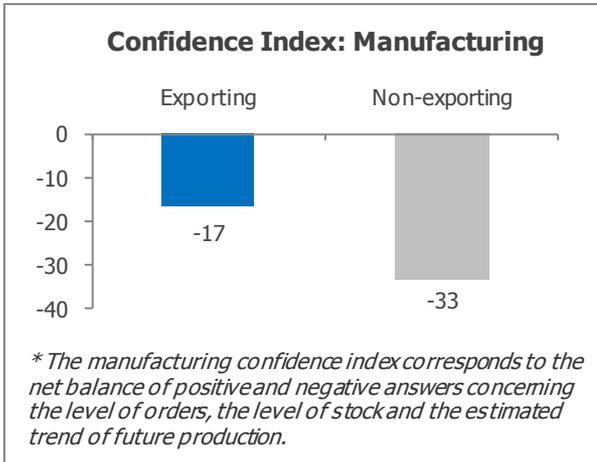
- Construction is facing severe liquidity problems (with the gap between days sales outstanding and days payable outstanding reaching 50 days), while industry has greater needs for investment funds.





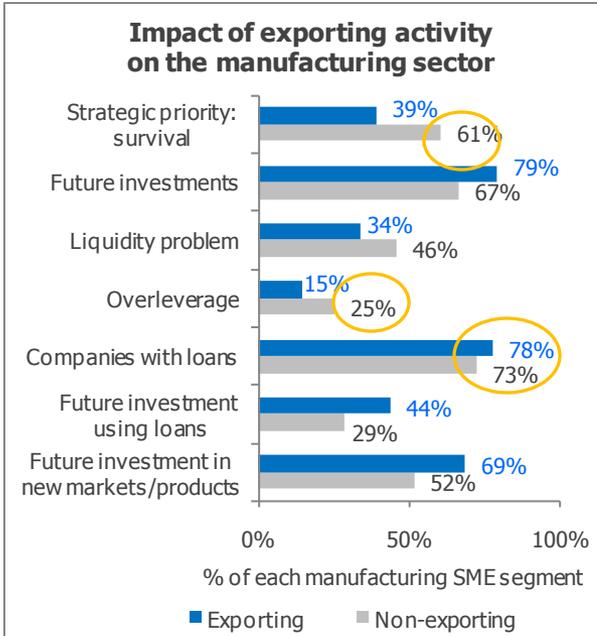
Sector variations

Manufacturing



➤ Manufacturing is the sector with the lowest impact from the crisis and the greatest growth-oriented strategic priority. Specifically, 31% of the sector envisages growth, versus 22% of the remaining SMEs.

➤ At the same time, however, it is the sector with the strongest dependence on borrowing, as 80% of enterprises have loans versus 70% on average for the other sectors. Higher debt goes hand-in-hand with higher levels of investment in equipment and new products, albeit at a lower level than in the past.

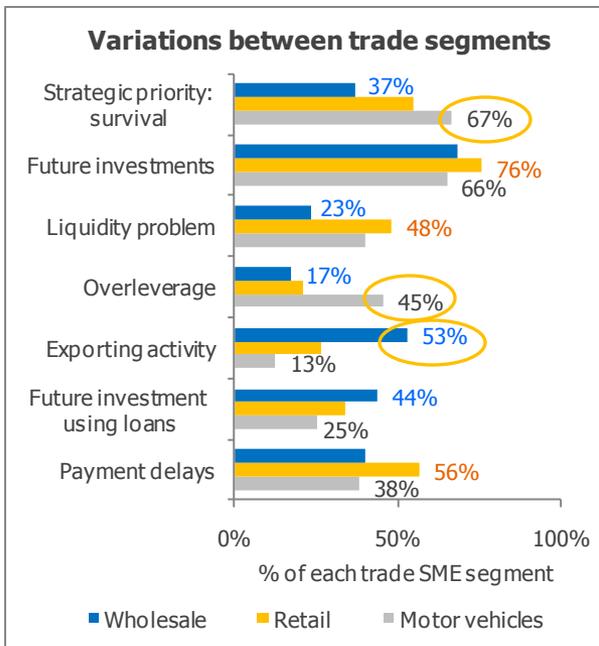
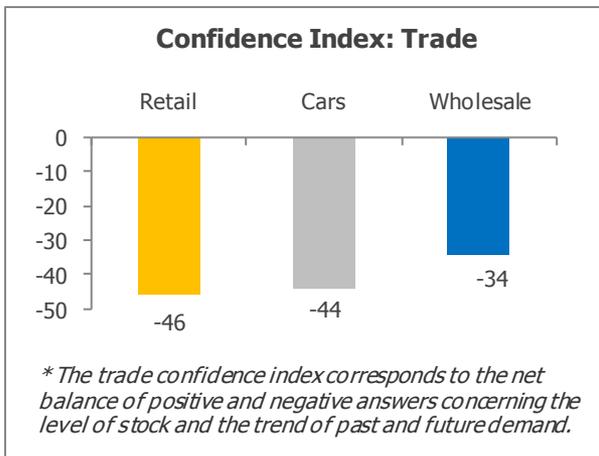


➤ The positive picture of manufacturing is attributable to exporting enterprises, which constitute a pillar of growth for the broader business sector. In contrast, manufacturing enterprises, whose activities are purely domestic, comprise some of the weakest parts of the business sector, as they have been sorely hit by the crisis and are facing severe liquidity and debt problems. Note that some non-exporting enterprises (circa 5%) intend to start exporting in the next 6 months.



Sector variations

Trade

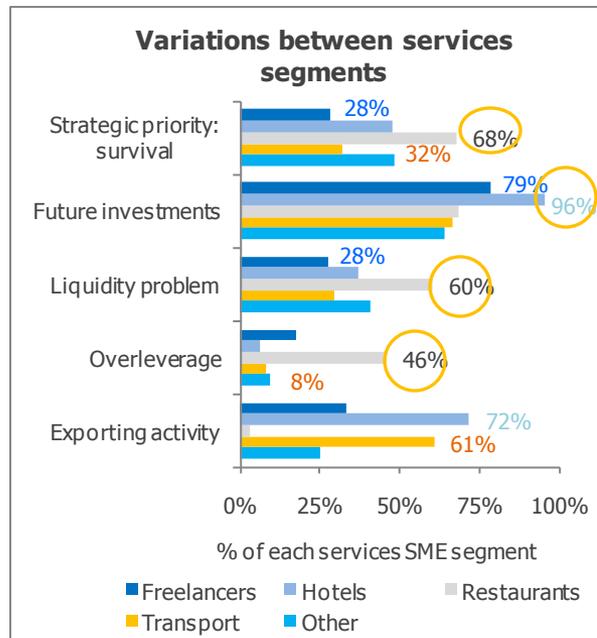
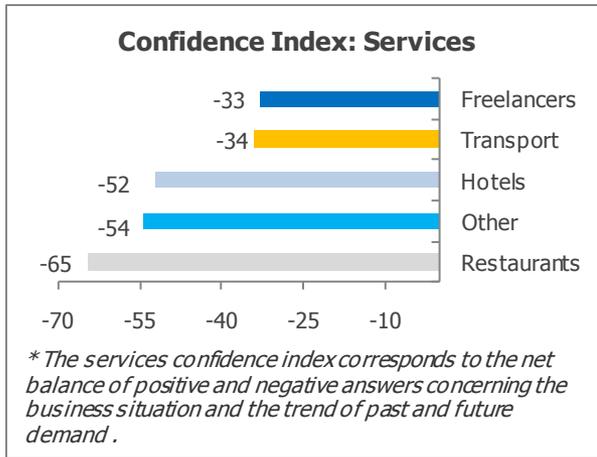


- The trade sector presents an uneven picture. To begin with, there are three main kinds of trade: wholesale, retail, and motor vehicles.
- Wholesale traders are in a better position, as they are supported by their export business and present the highest confidence index, the higher resilience in the face of the crisis, and the least financial problems. Retail trade has been hit mainly in terms of liquidity and demand, while motor vehicle trade is in the worst position (versus the entire business sector), its main problems being excessive debt and low access to financing in the past year.
- The relatively better position of wholesale trade is related, to some extent, to the structural characteristics of the sector. Specifically, Greek wholesale traders with a turnover less than €10 million:
 - ✓ are on average larger than small and medium retail traders (€0.6 million versus €0.2 million) – which offers them greater negotiating power;
 - ✓ account for a significant portion of the aggregate wholesale trade segment (50% of the segment in Greece versus 30% in Europe);
 - ✓ achieve higher operating profit margins than the European average (8.5% versus 7% on average in the past 5 years).



Sector variations

Services

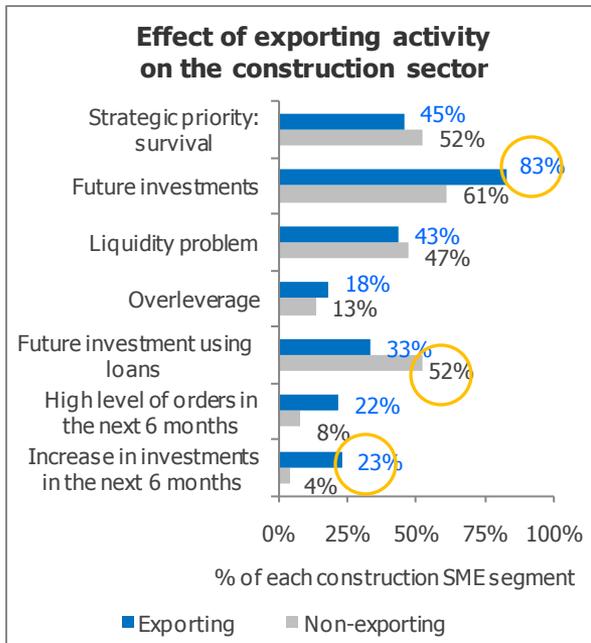
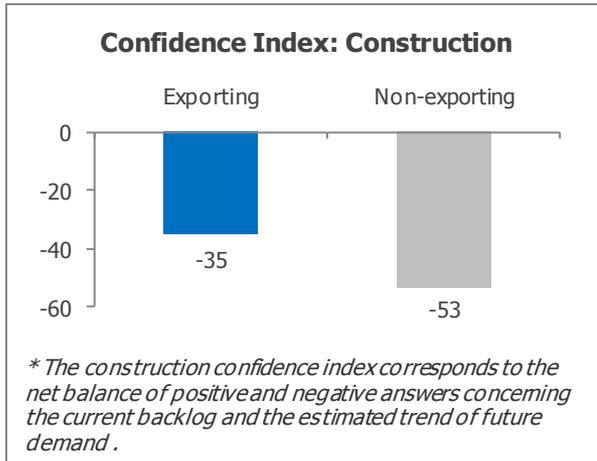


- The service sector presents the highest resilience in the face of the crisis (15.5 months versus 11 in construction and 13.5 in other sectors) and the lowest level of debt (37% of the sector has no debt whatsoever).
- There are significant variations between various types of services:
 - ✓ Freelancers/sole proprietors present the best picture, as they have been least affected by the crisis. They are also the only ones who still anticipate growth in the first half of 2012, with a focus mainly on innovative activity. Transport also exhibits high resilience against the crisis (19 months at the beginning of 2012). This segment is mainly supported by its export performance. The hotel segment is also in relatively good condition, investing mainly in infrastructure and equipment usually backed by equity funds.
 - ✓ Restaurants, however, are facing severe debt problems (affecting 46% of restaurants versus just 12% for services overall) and liquidity problems (affecting 60% of the segment versus 37% for services overall).



Sector variations

Construction



- At the beginning of 2012, the construction sector was in the worst position, presenting the lowest confidence index and the lowest resilience (11 months versus almost 14 for the other SMEs). Moreover, 2/3 of construction enterprises expect a further decline in demand over the coming 6 months (versus less than 1/3 of the other sectors).
- Against this backdrop, constructors have slashed their investment plans both for the next 6 month period and the coming 2 years. This reflects also the severe liquidity problems faced by the sector (46% of constructors versus 35% for other sectors) as the payment gap has contracted by 1.5 months within the past 2 years (versus contraction of less than 1 month for the other sectors).
- The poor state of the construction sector is mainly due to the protracted ongoing stress exerted by the crisis. According to historical data on enterprises with turnover below €1 million, 1/2 of the sector state that they have been struggling since the beginning of 2010, while the rest of the business sector states that the pressure began almost two years later (end-2011).

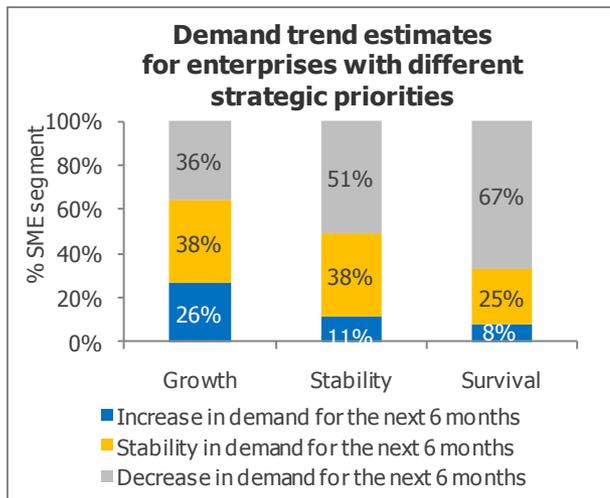
THE OUTLOOK FOR SMEs



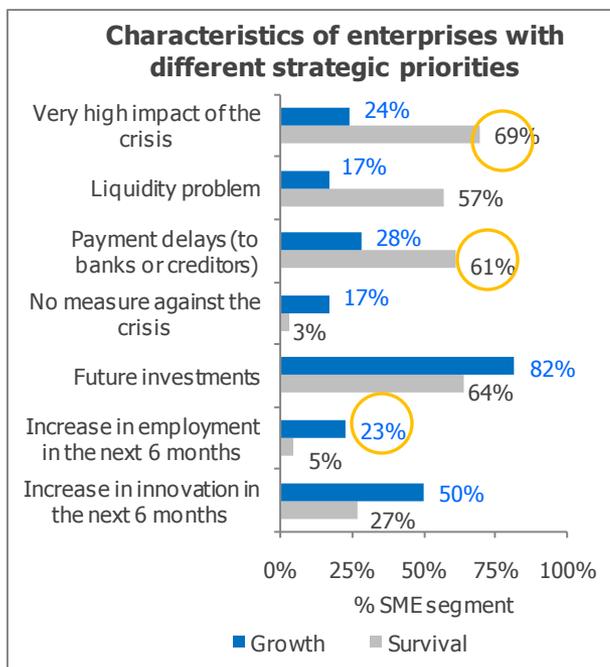


SMEs with growth prospects

Companies with a generally healthy profile



- Our survey confirms that the SME sector (mainly small enterprises) has been severely hit by the ongoing crisis. However, we should stress that 1 out of 4 SMEs stated in the survey that they envisage growth in the years ahead.
- More importantly, these enterprises generally present a healthy profile and accordingly the growth prospects stated by these firms reflect more than just optimism. In other words, they present features that can support their growth prospects:

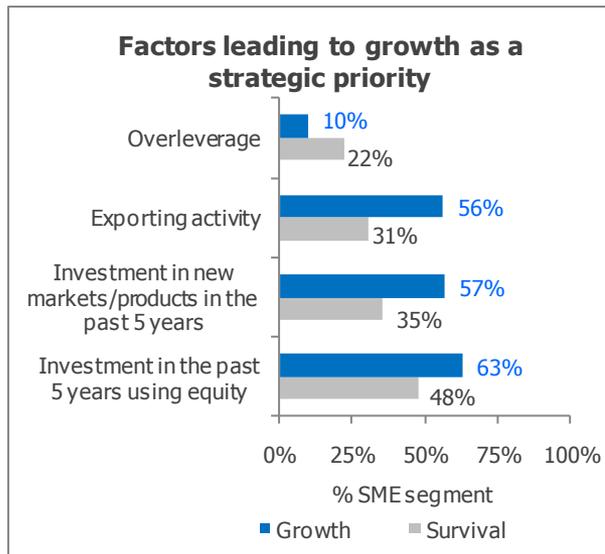
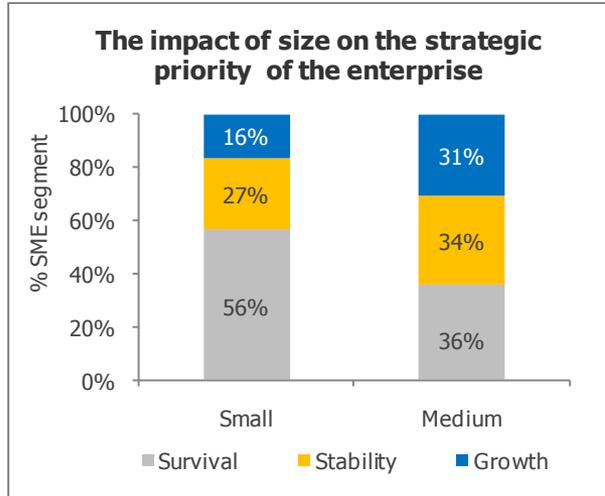


- ✓ Low impact of the crisis
- ✓ Limited need for crisis measures (such as employment reduction, closing of stores and reduction of orders)
- ✓ Limited liquidity problems
- ✓ Small-scale payment delays
- ✓ Only a slight increase in days sales outstanding
- ✓ Favourable purchase terms with suppliers
- ✓ Growth strategy in respect of investments, hirings, innovative activities, and outward-looking policies for the next 6-month period.



SMEs with growth prospects

Estimates based on an ordered probit model



➤ According to our estimates based on an ordered probit model, the key success factors, as recorded in our survey, enabling some enterprises to withstand the general recessionary climate are as follows:

- ✓ The size of the enterprise;
- ✓ Strong export activity;
- ✓ Investments in innovation during the previous five years;
- ✓ Low leverage;
- ✓ Financing of investments of the past five years primarily through equity.

➤ On evaluating a second model for the subset of enterprises that draw up balance sheets (companies), the critical significance of low levels of debt was confirmed. According to our estimates, the key financial indices marking out enterprises with growth prospects are:

- ✓ the leverage ratios (e.g., the ratio of short-term liabilities to sales and the interest coverage)
- ✓ and not the efficiency ratios (e.g., profit margins or asset turnover).

➤ Accordingly, the growth prospects of SMEs appear to depend less on strong operating efficiency and more on their sound capital structure.



Policy directions

- The main measures deployed by SMEs to deal with the crisis should focus on reducing their operating costs. To this end, the following moves may provide impetus:
 - ✓ Organization of SMEs into broader clusters of enterprises belonging to the same business segment or the same supply chain for a specific product. Such a strategy generates cost sharing opportunities for marketing, research, and even basic infrastructures.
 - ✓ Provision of incentives for mergers with a view to gaining the necessary size for enterprises to operate efficiently.

- Second, it is crucial that liquidity in SMEs is enhanced. This may be achieved through the following:
 - ✓ Leveraging available EU support mechanisms (NSRF, EIB) for targeted provision of liquidity (e.g., to enterprises that export or promote innovation).
 - ✓ Creating equivalent credit tools, such as letters of credit (L/Cs) to international investment agencies, so as to continue to import raw materials without having to pay in cash.

- Last, significant assistance to SMEs could be provided by measures aimed at boosting sales, mainly by promoting outward-looking strategies:
 - ✓ To focus on exports, SMEs need appropriate training, know-how and financial aid.
 - ✓ The development of a national export strategy could help support such firms, especially by establishing a well-recognized and reputable national brand.



Annex: Survey ID

- *Company: TNS ICAP*
- *Methodology: Quantitative research in the form of Computer Aided Telephone Interviewing - C.A.T.I., using a 20-minute structured questionnaire*
- *Sample: A total of 960 interviews:*
 - ✓ *480 enterprises with annual turnover up to EUR 1 million (freelancers, sole proprietorships, unlimited companies, limited partnerships, limited liability companies, SAs)*
 - ✓ *480 enterprises with annual turnover between EUR 1 million and 10 million (unlimited companies, limited partnerships, SAs, limited liability companies)*
- *Geographical coverage: Athens, Thessaloniki, Heraklion, Ioannina, Kavala, Larissa, Patras*
- *Sampling: multi-stage, stratified, non-proportional sampling for sector and turnover size in each of the two sets of samples*
- *Statistical error: in each of the two sets of samples of 480 enterprises the maximum statistical error is estimated at +/- 4.5% at a 95% confidence level*
- *Period of survey: 8/3/2012 - 4/5/2012*
- *Survey framework: The survey was carried out in line with ESOMAR and SEDEA (Association of Greek Market and Opinion Research Companies) codes of conduct and the quality control requirements set by PESS (Quality Control in Data Collection). A total of 48 researchers and 3 reviewers with experience and know-how in business surveys participated in the field research.*

Strategic Planning & Research Division

Survey of Greek SMEs

July 2012



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