



EUROPEAN COMMISSION

Brussels, 25.01.2012  
C(2012) 142 final

**Subject:**      **State aid n° SA.32562 (2011/N) – Greece**  
                         **Aid to the Hellenic Post**

Sir,

**1. PROCEDURE**

1. Greece notified on 9 December 2011 an aid measure in favour of the Hellenic Post (*hereafter also referred to as Greek Post or ELTA*) for the period 2011-2012.
2. The measure is the prolongation of a previously approved individual aid measure<sup>1</sup>. It extends the duration and increases the budget of the previous aid measure.
3. Greece exceptionally accepts that the decision be adopted in the English language.

**2. CONCISE DESCRIPTION OF THE PREVIOUS DECISION**

4. The original aid decision of 2003 (*hereafter also referred to as the previous decision*) covered support for three different aid measures i.e. i) a capital injection aiming at clearing ELTA's debts, ii) modernisation grants provided under the 2nd Community Support Framework and iii) modernisation grants provided under the 3rd Community Support Framework (*hereafter also referred to as CSF*) within the Operational Programme "Information Society" for the period 2004-2010.
5. Due to the fact that the current notification concerns the extension in time involving an increase in the budget of the modernisation grants provided under the CSF, in particular the 3<sup>rd</sup> CSF, the below concise description of the previous decision will merely concentrate on key explanations relevant for the assessment of the new modernisation grants granted to ELTA.

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<sup>1</sup> Decision C(2003)4084 – Case n° N183/2003 (ex NN151/2003, NN152/2003).

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6. The previous assessment was carried out following the provisions established in the 2<sup>nd</sup> Postal Directive<sup>2</sup>. The Commission concluded *inter alia* that the definition of the universal postal service entrusted to ELTA was conform to the relevant provisions of the “postal directive”, and that the provision of basic banking facilities throughout the territory qualified as services of general economic interest (*hereafter also referred to as SGEI*) in the sense of Article 86 (2) EC Treaty.
7. The assessment of necessity and proportionality of the previous modernisation grants under the 2<sup>nd</sup> and 3<sup>rd</sup> CSF showed the following results:
  - The costing model used<sup>3</sup> by ELTA was reviewed by the National Regulatory Authority and by the Commission. The Greek authorities' calculations could be considered as being accurate;
  - ELTA's degree of automation was considered to be extremely low compared to other postal operators established in EU Member States<sup>4</sup>;
  - The works financed under the 2nd CSF and under the 3rd CSF concerned mainly the renovation of the basic postal infrastructure which contributed to increasing the quality of the public service and were thus justified<sup>5</sup> as a compensation for public service obligations;
  - The pricing policy imposed by the Government did not allow the operator to develop enough revenues in the universal service area to finance, by itself, the necessary modernisation investments subject of the notification;
  - Given the debts accumulated by ELTA since 1993 and the clearly negative results corresponding to its universal service activities over the period 1998-2001, if ELTA had to take loans as a substitute for the grants, its SGEI activities would have produced accumulated deficits and its cash flow position would have been negative;
  - The review carried out by the Commission of ELTA's accounts showed that the grants were limited to the minimum necessary because they were limited to financing a share of ELTA's modernisation works imputable to its SGEI activities;
  - The grants did not induce abnormal profits that could cross-finance commercial activities.
8. Consequently the Commission concluded that the modernisation grants under the 2nd and 3rd CSF to upgrade ELTA's basic infrastructure with the final purpose of increasing the quality of the public service did not exceed what was necessary to finance the modernisation costs corresponding to ELTA's postal and non postal SGEIs and were considered compatible on the basis of Article 86 (2) EC Treaty.

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<sup>2</sup> Directive 2002/39/EC of the European Parliament and of the Council of 10 June 2002 amending Directive 97/67/EC with regard to the further opening to competition of Community postal services.

<sup>3</sup> Traditional fully distributed costs.

<sup>4</sup> Automation is fundamental for a postal operator because it allows decreasing labour costs and facilitates improved quality.

<sup>5</sup> It has to be noticed that Greece did not fulfil the quality standards specified in the Postal Directive.

### 3. DESCRIPTION OF THE PRESENT AID MEASURE

#### 3.1. GENERAL OBJECTIVES OF THE MEASURE

9. The subject of the present notification is a 2 year extension of the last approved State aid measure. According to the Greek authorities, ELTA has successfully completed the implementation of its projects within the framework of the Operational Programme “*Information Society*”, achieving, within the eligible period, a particularly high absorption of the approved resources (reaching almost 100%).
10. The investments made to implement these projects have enabled ELTA to increase the overall product quality and develop innovative technology-driven services<sup>6</sup>. In addition, it has been noted that the quality standards were significantly improved through the modernisation grants which enabled ELTA to satisfy the quality requirements established in the Postal Directive.
11. Nevertheless, the quality of postal service in Greece remains low, compared to other European countries, partly due to the geographical particularities of Greece, and partly to the lower modernization level achieved in comparison to most European posts<sup>7</sup>. Therefore, the Greek authorities considered necessary the implementation of new investments in order to be able to successfully i) adapt to the growing and more specialized needs and requirements of the postal services users (private and business alike)<sup>8</sup> and to the changes originated by the progressive electronic substitution<sup>9</sup> as well as to successfully ii) ensure the provision of high quality universal services.
12. In this context the Greek authorities seek the approval of the Commission for the funding of actions within the framework of the Operational Programme “*Digital Convergence*”, which is expected to contribute to satisfying the needs expressed in the previous paragraph and so improve the citizens’ quality of life.
13. The notified measure is EU-co-funded within the framework of the Operational Programme “*Digital Convergence*” of the National Strategic Reference Framework, which constitutes, according to the Greek authorities, the logical sequence of the previous Operational Programme “*Information Society*”.

#### 3.2. CONCRETE MODERNIZATION TASKS AND FINANCING OF ASSETS

14. The modernization actions under the current measure precisely aim at i) enlarging the assortment of services offered to the citizens within the whole territory<sup>10</sup>; ii) increasing the availability of the existing services and supporting the provision of new services to a significantly larger number of users, iii) reducing the time required to provide those services and iv) reducing the cost of the delivery of universal service and other public services by ELTA.

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<sup>6</sup> E.g. using integrated web applications or combining electronic and postal services.

<sup>7</sup> E.g. IPC Global Industry Report 2010 as regards D+1 for domestic letter quality performance 2006–2009.

<sup>8</sup> Requiring for example continuous quality improvement of postal services, enlargement of the services provided to the citizens, increase of access points and multiple service options.

<sup>9</sup> The rapidly evolving information and communication technologies constitute an essential tool for the provision of improved services to the citizen.

<sup>10</sup> With an emphasis on the peripheral regions.

15. The implemented actions will concretely consist in:
- a. The expansion of Multipurpose Citizen Service Centres (hereafter also referred to as KEPs) with a budget of €22.5 million and
  - b. The development of innovative services to the benefit of the citizens with a budget of €29.5 million
16. More specifically, according to the Greek authorities by means of implementing the action “*Expansion of Multipurpose KEPs*” postal offices may turn into Multipurpose Citizen Services Centers that will provide not only postal services but also other public services to the citizens. Several tasks will be carried out in order to implement that action including:

<b>22.5 million €</b>
<ul style="list-style-type: none"> <li>• Expansion of Postal outlets<sup>11</sup></li> <li>• Citizen service Stations</li> <li>• Customer service system</li> <li>• Expansion/upgrade of Data Network (Integration IT Systems)</li> <li>• ....</li> </ul>

17. Several tasks will also be carried out to implement the action “*Innovative services to the benefit of the citizens*”, leading in particular to further automation<sup>12</sup> work of the delivery personnel, including:

<b>29.5 million €</b>
<ul style="list-style-type: none"> <li>• Development of supervision, sending and mails collection system</li> <li>• Sorting centers automation software</li> <li>• Sorting centers equipment</li> <li>• Upgrade of telematic supervision of Postal mail centre</li> <li>• Digitalization of regional data</li> <li>• ....</li> </ul>

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<sup>11</sup> 455 automated post offices up today and 842 automated post offices after the proposed state funding.

<sup>12</sup> The automation applies mainly to the handling, registration and information on items that need special handling. By carrying certain portable electronic equipment, the postman will be in position to automatically update the system about the delivery status of postal items, the acceptance of electronic signature for the delivery of items and other important information on his everyday tasks. Furthermore, it enables the registration of any address change, certain fees that apply to certain items, and other elements that facilitate the postman’s tasks and support the information provided to the customers.

### 3.3. BENEFICIARY OF THE AID MEASURE

18. ELTA is the undertaking entrusted with the obligation of universal service provision and additional services of general economic interests<sup>13</sup> currently until end of 2015<sup>14</sup> but this entrustment should be prolonged until 2028 according to the Greek draft bill for the transposition of the third directive already submitted by the Greek authorities to the Commission. For general background information on the beneficiary of the aid - i.e. the Hellenic Post (ELTA) - reference is made to the previous decision<sup>15</sup>.
19. It is to be noted that the Greek Authorities recognize that the proposed projects and investments will not only improve the delivery of the universal service but also enhance the provision of non postal SGEIs by delivering those services in a more timely and efficient manner.
20. The Postal Directive 2008/6/EC, which amended Directive 97/67/EC, provides that Greece may postpone the implementation of the current Directive until 31 December 2012 and it is not in force at the moment when this decision is taken. The only relevant legal basis to be used for the assessment of the compensation measure notified by the Greek authorities in favour of ELTA is therefore the Community Framework for state aid in the form of public service compensation alone<sup>16</sup> (*hereafter also referred to as the SGEI Framework*).

### 3.4. MODALITIES OF THE AID MEASURE

21. **Granting authority:** The €52 million budget of the aid measure will be financed exclusively by the European Regional Development Fund under the European Regulations 1083/2006 and 1828/2006 and will be granted by the Ministry of Finance<sup>17</sup>. The remaining €47 million investment costs will be financed by ELTA's own capital.
22. **Legal basis:** The legal basis of the aid measure is the Law 2668/1998<sup>18</sup> as amended by the Law 3185/2003<sup>19</sup>.
23. **Form of the aid:** Financing will be granted in the form of direct grants.
24. **Monitoring of the grants and investments:** By virtue of Greek law 3614/2007, as amended and currently in force, and also as per the provisions of Decision No. 14053/2008 of the Minister of Economics and Finance, the European Regulations 1083/2006 and 1828/2006 have accordingly been implemented into national legislation.
25. The abovementioned implementing acts aim at ensuring that all national and EU funds are used properly and effectively by all beneficiaries and recipients of said funds.

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<sup>13</sup> Basic banking services (receipts, payments of social benefits and pensions, payment of bills, cash payments) or the delivering of licences, certifications and certificates sent by the authorities to citizens.

<sup>14</sup> Through the contract of administration 2010-2015 between the State and ELTA which entrusts ELTA with the provision of the universal service until April 2015.

<sup>15</sup> See Section 2 "Background".

<sup>16</sup> Community framework for state aid in the form of public service compensation [Official Journal C 297 of 29.11.2005].

<sup>17</sup> Special secretariat for digital convergence

<sup>18</sup> Government Gazette 282 of 18.12.1998 on the organisation of the provision of postal services.

<sup>19</sup> Amendment to Law 2668/1998 (Government Gazette Issue No. 282A), harmonization with Directive 2002/39/EC, regulation of issues pertaining to the HELLENIC POST (ELTA) and other provisions.

26. To this extent, necessary and appropriate measures have been taken, and relevant mechanisms are in place, in order to ensure:
- Full compliance with all applicable National and Community legal provisions;
  - The proper implementation of all co-funded projects;
  - Full compliance with the eligibility of costs and their justification, being at all times in line with the principle of sound financial management and administration;
  - The prevention, and the detection, at an early stage, of all violations of the abovementioned provisions, and also the monitoring of the enforcement and imposition of all proper and applicable penalties in any violation situation ;
  - The full recovery and return of any unduly, or unjustifiably paid funds, upon the investigation and verification of an infringement; and
  - The existence and implementation of an adequate audit trail.
27. The monitoring of grants and eligible investments and costs will be conducted by the following authorities:
- The Managing Authority of Operational Programme “Digital Convergence”;
  - Unit of Competition and State aid;
  - The Financial Control Committee which is an independent authority of the Ministry of Finance and is established by Ministerial Decision.
28. Finally, apart from the abovementioned Greek authorities, control over said grants, investment and costs will also be exercised by the European Commission and all parties involved in the implementation of the Operational Programme "Digital Convergence".
29. To this extent, ELTA has already developed an effective methodology and the proper mechanisms in order to facilitate the monitoring of the implementation of all projects which were financed in the previous aid-scheme.
30. Moreover, all of ELTA’s investments are constantly reviewed and audited by ELTA’s Internal Audit Function and External Auditors (Grant Thornton and KPMG, Certified Public Accountants-Auditors) within the context of executing the annual audit plan.
31. By implementing the above mechanisms and procedures, ELTA will ensure that the investments under subsidization will only benefit the SGEI-activities (USO and other non postal SGEIs), that all the projects are correctly implemented, the modernization grants are correctly used and that all costs and income declared are real and accurate.
32. ELTA has also established the necessary procedures for the accurate and full monitoring of the investment program, including allocation of depreciation expenses between SGEI and pure commercial services. All projects implemented will be individually monitored and accounted for as it was done for the previous state aid measure. Regarding the acquisition of fixed assets, each asset acquired is tagged and its depreciation charge will be traceable afterwards.

### 3.5. ELTA'S COST ACCOUNTING SYSTEM

33. The Directive 97/67/EC was transposed in Greece by Law 2668/1998 which establishes, inter alia, the obligation to keep separate accounts for each of both, the reserved and the non-reserved services, as well as for both, the services belonging to the universal area and the others which do not. The Directive 2002/39/EC was transposed in Greece by Law 3185/2003.
34. According to the information provided by the Member State, ELTA's internal accounting system and the annual net cost calculation have been approved by the National Regulatory Authority (EETT) which noted in its Costing System Approval Decision of 2011<sup>20</sup> that ELTA's internal accounting system had even been improved since the previous decision.
35. The postal operator implements a full allocation of revenues and operational costs that ensures full compliance with the SGEI Framework. ELTA's commercial policy and especially its tariffs are reviewed and approved by EETT as well.

## 4. ASSESSMENT OF THE AID MEASURE

### 4.1. EXISTENCE OF AID

36. **State aid in the sense of Article 107(1) TFEU:** according to Article 107(1) TFEU, "*any aid granted by a Member State or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, in so far as it affects trade between Member States, be incompatible with the internal market*".
37. In order to be classified as a State aid, a support measure must therefore fulfil the following cumulative conditions:
1. The measure must be granted through State resources and imputable to the State
  2. It has to confer an economic advantage to undertakings
  3. This advantage must be selective and distort or threaten to distort competition
  4. The measure must affect intra-Union trade
38. Those criteria are discussed hereafter:
39. **Presence of state resources:** The aid measure is granted through State resources and is imputable to the State since the aid measure is financed out of the Greek budget, and the Greek authorities propose the projects at issue for EU grants where they are the managing authorities for the EU part of the funding. Thus, the modernisation grants provided under the 3rd Community Support Framework is imputable to the Greek State and granted through State resources.
40. **Selectivity:** Since the measure consists in direct grants provided under the 3rd Community Support Framework to ELTA, it is selective in the sense that it only benefits this company.

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<sup>20</sup> Costing System Approval Decision No.589/137/13.01.2011.

41. **Economic advantage:** The direct grants awarded under the 3rd Community Support Framework to ELTA constitute payments that the operator would not receive under normal market conditions. Furthermore, these payments relieve the beneficiary from part of the costs it should have borne in modernising the company's infrastructure. Therefore prima facie the measure constitutes an advantage for ELTA.
42. **Verification of the Altmark conditions:** Where the four cumulative Altmark conditions<sup>21</sup> are met, public service compensation is deemed not to grant any economic advantage.
43. The four Altmark conditions are the following:
1. The recipient undertaking must actually have public service obligations to discharge, and the obligations must be clearly defined;
  2. The parameters on the basis of which the compensation is calculated must be established in advance in an objective and transparent manner;
  3. The compensation cannot exceed what is necessary to cover all or part of the costs incurred in the discharge of public service obligations, taking into account the relevant receipts and a reasonable profit for discharging those obligations;
  4. Where the undertaking which is to discharge public service obligations is not chosen pursuant to a public procurement procedure, the level of compensation needed must be determined on the basis of an analysis of the costs which a typical undertaking, well run and adequately provided with means to meet the necessary public service requirements, would have incurred in discharging those obligations, taking into account the relevant receipts and a reasonable profit for discharging the obligations.
44. The Greek authorities did not provide any evidence demonstrating the respect of all Altmark conditions nor argue in favour of their fulfilment.
45. Furthermore, the Commission considers that the fourth condition is clearly not met in the case of ELTA since the public service was not awarded as a result of an open public procurement procedure, nor have the Greek authorities argued that ELTA is being compensated according to the costs of a typical undertaking within the sector, neither is the Commission in a position to conclude that ELTA's costs are those of a typical well run undertaking.
46. Thus, it can be concluded that the selective grants ought to be considered as conferring an advantage to ELTA, which can be qualified as economic advantage within the meaning of article 107(1) TFEU.
47. **Affectation of trade and distortion of competition:** ELTA operates in the postal and financial sectors, where there is competition and intra-Union trade. In particular, there is significant competition in express mail, parcels and logistical services. Some of ELTA's competitors are based in other Member States.

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<sup>21</sup> Judgements in Case C-280/00 Altmark Trans GmbH and Regierungspräsidium Magdeburg v Nahverkehrsgesellschaft Altmark GmbH (2003) ECR I-7747 and Joined Cases C-34/01 to C-38/01 Enirisorse SpA v Ministero delle Finanze (2003) ECR I-14243.



48. The public support which would be granted to ELTA would strengthen the position of the company in relation to postal and financial undertakings established in Greece or other Member States which, as a consequence, might have more difficulties to enter the Greek market. Therefore, the measure is liable to distort competition and affect intra-Union trade pursuant to Article 107 TFEU.
49. **Conclusion:** the notified measure in favour of ELTA amounts to State aid within the meaning of 107(1) TFEU.

#### 4.2. COMPATIBILITY

50. It remains for the Commission to assess whether the measures at issue are justified under Article 106(2) TFEU because they compensate ELTA for public service obligations in accordance with what is claimed by the Greek authorities.
51. It can be observed that although the measure is an extension of a measure previously approved by the Commission, the competition rules governing the evaluation of the current extension have evolved since the former validation of the Commission. Since the adoption of the previous decision, the SGEI Framework was adopted that established clear provisions to assess public service compensations.
52. Under the SGEI Framework the three basic criteria of compatibility are that:
1. The service in question is a genuine public service
  2. The service is entrusted to the undertaking by an official act that contains the elements specified in section 2.3 of the above mentioned Community Framework
  3. The undertaking is not overcompensated for the provision of public service
53. **Genuine service of general economic interest:** As indicated in the SGEI Framework, Member States have a wide margin of discretion regarding the nature of services that could be classified as being services of general economic interest. The Commission's task is to ensure that the margin of discretion is applied without manifest error as regards the definition of service of general economic interest.
54. It was already recognised in the previous decision that "*The definition of the universal postal service entrusted to ELTA is conform to the relevant provisions of the "postal directive". Therefore, and given that the law 2668/1998 simply clarified the general interest missions already imposed on ELTA since 1970, the cost of the activities linked with the postal universal service, such as defined by the law 2668/1998 can be considered as ELTA's "SGEI costs" in the sense of Article 86 (2) EC*".
55. Regarding the non postal SGEIs such as basic banking services (receipts, payments of social benefits and pensions, payment of bills, cash payments) they were also considered in the previous decision<sup>22</sup> constituting SGEIs in the sense of Article 86(2) EC given that: i) they covered the whole territory, ii) they were offered at a uniform tariff, irrespectively of profitability and iii) they were offered principally at the recipients' premises, which is essential for rural areas and retired people in a country with an atomised insular structure like Greece.

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<sup>22</sup> See section non-postal SGEIs (paragraphs 22 to 25 of the Commission's decision concerning N183/2005).

56. The Commission has no reason to deviate from the conclusion taken in the previous decision regarding the fulfilment of this criterion. Consequently, the above mentioned public service obligations entrusted to ELTA qualify as services of general economic interest within the meaning of Article 106 TFEU.
57. **Entrustment:** As indicated in the SGEI Framework, the concept of service of general economic interest within the meaning of Article 106 TFEU means that the undertaking in question has been entrusted with a special task by way of one or more official acts.
58. The Law 2668/1998 and Law 3185/2003 constitute the legal instruments which define and entrust to ELTA the above mentioned services of general economic interest.
59. As already stated in the previous decision, the Law 2668/1998 expressly recognised the right of users of postal services to enjoy a universal postal service of specified quality at affordable prices at all points in Greek territory<sup>23</sup> in accordance with the “postal directive”<sup>24</sup>. The same law designated ELTA as a universal service provider, set out measures to safeguard the universal service and described the responsibilities of the Minister for Transport and Communications as regards the quality standards governing the provision of the universal service.
60. In conformity with section 2.3 of the above mentioned Community framework, these acts specify, in particular:
- The precise nature of the public service obligation (universal postal service obligation) (article 4 of the Postal Law);
  - The undertaking (ELTA) and territory concerned (the whole national territory) (article 4 of the Postal law);
  - The nature of the exclusive rights assigned to ELTA (article 5 of the Postal Law);
  - Parameters for calculating, controlling and reviewing compensation (article 20 of the Postal law).
61. In addition, article 2 of the Contract of Administration 2010-2015, signed between the Greek State and ELTA, also refers to ELTA's obligations as the Universal Service Provider. Specifically, ELTA is obliged to provide postal services throughout the country at affordable prices and quality standards in accordance with the technical standards of the European Union and the National Legislation.

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<sup>23</sup> See Article 4.

<sup>24</sup> Directive 97/67/EC, OJ L 15, 21/01/1998, p.14.

62. In accordance with the Contract of Administration 2010-2015 mentioned above, ELTA has been assigned the provision of non postal services on behalf of the Greek State, Public Organizations (Public Utilities), Local Authorities and third parties, such as payment of pensions, social benefits, payment of bills, etc which is delivered through the whole territory<sup>25</sup>. These services, especially in remote and difficult to access areas, have also the nature of SGEIs as defined by National Legislation<sup>26</sup>. As indicated in article 9 of the Contract, the retaining of ELTA presence and the provision of services in areas with geographical particularities (rural areas and islands - areas presenting deficit) are considered as SGEIs by the State.
63. **Absence of overcompensation:** Pursuant to paragraph 14 of the SGEI Framework ‘(...) the amount of the compensation does not exceed what is necessary to cover the costs in discharging the public service obligations, taking into account the relevant receipts and reasonable profit for discharging these obligations.’ It also indicates that ‘(...) the costs to be taken into consideration include all the costs incurred in the operation of the services of general economic interest. (...) Where an undertaking also carries out activities outside the scope of the services of general economic interest, only the costs associated with the service of general economic interest may be taken into consideration (...).
64. In order to conclude that this criterion is fulfilled, the Commission must verify that ELTA will not be overcompensated by the aid granted by the State over the relevant assessment period. The Commission considers that the most relevant period for such an assessment would be the full depreciation period of the investments made thanks to the aid since the modernization grants will generate effects until the last acquired asset is fully depreciated. It can be noted that accounting wise, the aid will in fact offset the depreciation costs<sup>27</sup>.
65. **Depreciation period:** the financed assets concern Furniture and Fittings with an annual rate of depreciation of 30% (therefore fully depreciated in 3.3 years) and IT software with an annual depreciation rate of 15% (therefore fully depreciated in 6.7 years from the date the asset is ready for its intended use).
66. The IT projects will be gradually implemented from 2011 to 2015 and the acquired assets will be depreciated from 2012 to 2021. The total depreciation period is therefore 2011-2021.

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<sup>25</sup> These services are particularly valuable to the residents of remote areas lacking banking services, as well as to the citizens with limited mobility.

<sup>26</sup> Article 26 of Law 2668/98.

<sup>27</sup> Each year a share of the aid will offset the yearly depreciation costs in the Profit and Loss accounts.

67. The table 1 below presents the yearly depreciation costs over the period 2011-2021.

**Table 1: Depreciation costs**

Year	Depreciation costs (K€)
2011	0
2012	4.167
2013	7.640
2014	11.112
2015	11.454
2016	8.206
2017	5.161
2018	2.351
2019	1.054
2020	627
2021	228
<b>Total</b>	<b>52.000</b>

68. The Commission has therefore verified the absence of overcompensation over the period 2011-2021. The Greek authorities provided the Commission with forecasted revenues and costs of all public services of ELTA over that period taking into account the notified aid.

69. Over the whole period 2011-2021, total revenue of public services is forecasted to be **€5.145.034.360** and the overall net result of public services is forecasted to be **€38.228.400** (see table 2 below)

**Table 2: Calculation of expected profit of public services**

Euros	REVENUE FROM USO AREA (A)	COST FROM USO AREA (B)	REVENUE FROM OTHER SGEIs (C)	COST FROM OTHER SGEIs (D)	TOTAL REVENUES (USO + Other SGEIs) (E)=A+C	TOTAL COSTS (USO + Other SGEIs) (F)=B+D	RESULT (USO + Other SGEIs)= (I)=E-F	Operational profit (USO + Other SGEIs)= (I/E)
2011	389.887.541	386.220.318	70.682.853	70.899.360	460.570.394	457.119.678	3.450.716	0,75%
2012	383.009.608	387.259.389	71.552.720	69.870.355	454.562.328	457.129.744	-2.567.416	-0,56%
2013	383.419.461	388.507.897	71.384.326	69.687.738	454.803.787	458.195.635	-3.391.848	-0,75%
2014	389.590.051	397.055.125	71.268.515	69.557.090	460.858.566	466.612.215	-5.753.649	-1,25%
2015	393.140.578	399.630.348	70.732.432	69.005.700	463.873.009	468.636.047	-4.763.038	-1,03%
2016	393.802.319	395.760.810	70.028.393	68.296.037	463.830.713	464.056.848	-226.135	-0,05%
2017	396.345.675	393.460.687	69.550.059	67.781.216	465.895.735	461.241.904	4.653.831	1,00%
2018	400.255.046	392.954.173	69.138.199	67.335.315	469.393.245	460.289.488	9.103.757	1,94%
2019	406.178.716	396.947.494	68.978.778	67.144.304	475.157.495	464.091.799	11.065.696	2,33%
2020	414.390.312	403.698.315	68.969.764	67.106.164	483.360.076	470.804.479	12.555.597	2,60%
2021	423.742.018	411.531.373	68.986.993	67.096.749	492.729.011	478.628.122	14.100.889	2,86%
<b>Total 2011-2021</b>	<b>4.373.761.327</b>	<b>4.353.025.931</b>	<b>771.273.033</b>	<b>753.780.029</b>	<b>5.145.034.360</b>	<b>5.106.805.960</b>	<b>38.228.400</b>	<b>0,74%</b>

70. This implies that over the 2011-2021 period, ELTA is forecasted to earn a modest operational profit rate of 0.74% ROS<sup>28</sup> and approximately the same in terms of ROC<sup>29</sup> which is clearly not abnormally high.

<sup>28</sup> Return on sales.

<sup>29</sup> Return on capital - ELTA's capital intensity (Sales/Capital), measured in 2010 was approximately equal to 1. On that basis, the Return on Capital (ROC) is close to ROS.

71. In addition, since the overcompensation calculation on the basis of the depreciation period is only acceptable to the extent that ELTA is entrusted with public service obligations on the whole assessment period and since the prolongation of the entrustment of ELTA still needs to be adopted by the Hellenic parliament, the Greek authorities officially committed that ELTA would repay any incompatible aid linked to that measure if it was no longer entrusted with the same public service obligations after 2015.

## 5. CONCLUSION

72. On the basis of the foregoing assessment, the Commission has decided that the measure is compatible with the internal market pursuant to Article 106(2) TFEU.

73. Greece exceptionally accepts that the decision be adopted in the English language.

If this letter contains confidential information which should not be disclosed to third parties, please inform the Commission within fifteen working days of the date of receipt. If the Commission does not receive a reasoned request by that deadline, you will be deemed to agree to the disclosure to third parties and to the publication of the full text of the letter in the authentic language on the Internet site:

[http://ec.europa.eu/eu\\_law/state\\_aids/state\\_aids\\_texts\\_el.htm](http://ec.europa.eu/eu_law/state_aids/state_aids_texts_el.htm)

Your request should be sent by registered letter or fax to:

European Commission  
Directorate-General for Competition  
State Aid Greffe  
J-70 3/232  
B - 1049 Brussels

Fax No: +32 2 296 12 42

Yours faithfully,  
For the Commission

Joaquín ALMUNIA  
Vice-President