

## **INITIAL STATEMENT**

**by VALUATION & RESEARCH SPECIALISTS (VRS)**

Information contained herein is based on data obtained from recognized statistical services, issue reports or communications, or other sources, believed to be reliable. However, such information has not been verified by VRS, and VRS does not make any representation as to its accuracy and completeness. Opinions, estimates, and statements nonfactual in nature expressed in its research represent VRS's judgment as of the date of its reports, are subject to change without notice and are provided in good faith and without legal responsibility. In addition, there may be instances when fundamental, technical and quantitative opinions, estimates, and statements may not be in concert. Neither the information nor any opinion expressed shall constitute an offer to sell or a solicitation of an offer to buy any shares, warrants, convertible securities or options of "covered companies" by no means.

**Please see full disclosure and disclaimer statements at the end of this report**

**This Page is Intentionally Left Blank**

# ALUMIL

[ ALMr.AT ]

Domestic Leadership allows for International Expansion

---



**Valuation & Research Specialists**

Value Invest - [www.valueinvest.gr](http://www.valueinvest.gr)

Investment Research & Analysis Journal - [www.iraj.gr](http://www.iraj.gr)

**This Page is Intentionally Left Blank**

# VALUATION & RESEARCH SPECIALISTS

Value Invest - [www.valueinvest.gr](http://www.valueinvest.gr)

Investment Research & Analysis Journal - [www.iraj.gr](http://www.iraj.gr)

Contact: [research@valueinvest.gr](mailto:research@valueinvest.gr)

Greek Equities - February 4<sup>th</sup> 2005

## Alumil Group

Reuters: ALMr.AT Sector: Metals

**Fundamental  
Analysis**

### Company Description:

Alumil is a leading company in aluminium extrusion in Greece and one of the largest in Europe. The Group is seeking to expand its sales network for exploiting opportunities internationally. Group's aluminium profiles are mostly connected with uses in the building and construction industry. Alumil aims to be an innovative company with a strong customer focus, providing metal solutions to an increasingly sophisticated marketplace.

	2003 A	2004 E	2005 E
(in mil. €)			
Turnover	135.45	160.89	185.10
EBITDA	28.24	30.97	35.95
Margin %	20.85%	19.25%	19.42%
Net Income	8.12	7.09	8.01
Margin %	6.00%	4.41%	4.33%

Price (04/02/2005)	€2.88
Shares (outstanding)	22,016,250
Mkt Cap (in mn €)	63.41

Beta	0.8		
Dividend '03	€ 0.06		
Div. Yield	2.08%		
P/E	7.81x	8.95x	7.92x
P/BV	0.72x	0.66x	0.62x
Debt/Eq.	1.30	1.55	1.52
ROE (avg)	2.21%	1.78%	1.84%

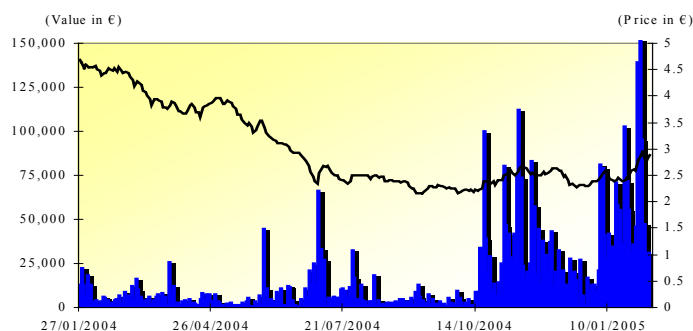
Source: Company Data & VRS Projections

### Key Investment Points

- ⊙ The strength of Alumil is its brand recognition in more than 40 countries with products in most construction and industrial applications. The Group retains a 23.5% market share domestically.
- ⊙ Alumil's geographically diversified and vertically integrated activities ensure a steady flow of business enhancing the Group's competitive edge and rendering it a strong regional player. Long term growth for the Group will derive from:
  1. the international expansion through production and commercial activities, along with the development of a strong international distribution network,
  2. the promotion of new value added products,
  3. the promotion of products in new industries, such as automobile and shipping industry.
- ⊙ We expect Group turnover CAGR<sub>2003-2008</sub> of 11.35%, with EBITDA and Net Income CAGR<sub>2003-2008</sub> of 9.88% & 4.12% respectively.
- ⊙ The Company trades on attractive multiples based on our fiscal 2004 projections. P/E (a.t.&m.i.) stands at 8.95x, while EV/EBITDA at 6.31x and P/BV at 0.62x.

### Share Price Graph (27/01/2004-04/02/2005)

Max: €4.68 - Min: €2.26



Please see important disclosure and disclaimer statements at the end of this report

VALUATION & RESEARCH SPECIALISTS: 104 Eolou Str., 105 64, Athens, Greece

Tel: + 30 210 32 19 557 FAX: + 30 210 33 16 358 E-mail: [info@valueinvest.gr](mailto:info@valueinvest.gr) - [info@iraj.gr](mailto:info@iraj.gr)

<b>TABLE of CONTENTS</b>	<b>Page</b>
Investment Case	7
- Group Turnover Growth Analysis	7
- Group Turnover Breakdown Analysis & Prospects	8
* Processed - Dyed Aluminium Profiles	9
* Thermal Break Aluminium Profiles	9
* New Production Lines	10
Polycarbonate Sheets	10
Composite Panels	10
* Commercial Activities	11
- New Innovative Products in Existing Sector	11
- Investments Expand Production Capacity	11
Analysis of Group Turnover Breakdown Table	12
Investment Risks	13
Company Overview	14
- Company Profile	14
- Sales Network	15
- Subsidiaries	16
Share Price Performance & Valuation	17
Valuation based on DCF Methodology	18
Group Historic & Projected Profit & Loss Account	19
Group Historic & Projected Balance Sheet	20
Notes	22

## Investment Case

Alumil Group is the leading aluminium extruder in Greece, and one of the largest in Europe. The Group has managed to build a strong brand name in aluminium extrusion products with uses mostly in construction and related industries. The competitive advantage of Alumil is the development of innovative products through technologically advanced lines of production as well as its broad sales network (in Greece & abroad). In addition, the Group is certifying its products from international organizations ensuring quality to its customers. During 2003, volume sales for the Group increased to 32,226 tons from 28,369 tons in 2002 (+13.4%), resulting to group turnover growth of 7%.

### Aluminium Extruders in Greece

(Turnover in € mn)	2003	2002	Change %
<b>Alumil</b>	123.8	118.5	4.5%
<b>Etem</b>	67.4	63.9	5.5%
<b>Europa Profil</b>	62.0	59.8	3.7%
<b>Almaco</b>	33.1	35.5	-6.87%
<b>Elvial</b>	30.5	29.5	3.3%
<b>Alunef</b>	26.8	10.5	155.7%
<b>Alko</b>	23.9	24.7	-3.1%
<b>Profilco</b>	13.5	11.1	20.83%
<b>Alukom</b>	13.4	12.8	4.5%

Note: Data represent about 80% of total market.

Alumil Group is applying a dynamic business model that has led to solid growth since its establishment. In this investment case, we describe the main drivers that will secure to a large extent the sustainability of the Group's growth, presenting at the same time any negative factors that could affect operations.

### Group Turnover Growth Analysis

The Group posted solid turnover growth rates during the last 3 years (CAGR<sub>2001-2003</sub> 11.7%), and is expected to sustain growth in the coming 5 years (expected GAGR<sub>2003-2008</sub> 11.35%). Past solid growth and future prospects derive from the following factors:

#### 1. Strong domestic operations

Group's domestic operations **increased by GAGR<sub>2001-2003</sub> 10.22%** during the last 3 years representing about 51% of total turnover (at end 2003). Drivers for this growth was the significant load of public projects (Olympic Games,

2nd and 3rd Structural Support Framework), as well as the considerable increase in private building activity boosted by private homeowners (due to the favourable conditions of falling interest rates) as much as, by real estate developers expanding at a rampant pace in Greece. **In the coming years we expect a slowdown in domestic construction activity, mostly due to the reduction of public projects. However, we expect a stable demand for Alumil products due to:**

- The expected increase of commercial malls construction, with architects showing a preference in aluminium profile products;
- The expected increase in the construction of vacation house resorts, that utilise the high durability of aluminium profiles;
- The potential replacement of architectural parts for high quality aluminium profiles.

## 2. **International expansion will sustain future growth for the Group**

International operations are expected to outpace the slowdown of local construction activity. The Group **is currently exporting approximately 49%** of its production in more than 40 countries covering mostly Eastern Europe, where construction sector is set to deliver solid growth in the coming years. In addition, the Group is **exploiting opportunities** from new commercial agreements enhancing its distribution network in new as well as existing European and Middle East countries, diversifying its geographical presence. Alumil has already set **a strong sales network**, by expanding its storage spaces and improving logistics in order to take advantage of the market's high growth potential. Besides emerging markets, growth will also be driven by higher penetration to Western Europe and the Middle East. We expect international operations to **represent about 60%-65% of total turnover** by the end of fiscal 2008.

### **Group Turnover Breakdown Analysis & Prospects**

Group's industrial activity starts from the extrusion stage, continues with powder coating, sublimation or anodising techniques (according to the desired application), and ends with the packaging of the final product. Aluminium profiles can be processed in a wide range, wherever additional surface protection or an enhanced appearance is desired. 95% of non-painted aluminium profile sales represent inter-group activities and thus we do not include this category on our projections at all. **Group's industrial activities, are expected to account for approximately 77% of total turnover at end 2008 from about 71% at end 2003, growing on a CAGR<sub>2003-2008</sub> of 13.3%. The**

**growth will derive from international expansion, as well as the promotion of new, value added products.**

### **PROCESSED - DYED ALUMINIUM PROFILES**

The majority of Group's turnover derives from processed – dyed profiles for architectural systems and industrial components. At end 2003, dyed profiles (excluding Thermal Break Profiles) represented **53.2%** of total Group turnover, with the majority production accounting for architectural systems (80%). **This product category is expected to represent about 55% of total turnover at end 2008, growing on a CAGR<sub>2003-2008</sub> of 12.11%. The growth will mostly derive from exports on both product categories, while domestic market is expected to remain at current volume level.**

### **THERMAL BREAK ALUMINIUM PROFILES**

Thermal Break is an additional process for aluminium profiles, providing added value to final products through its thermal and sound isolation properties in extreme conditions, diminishing the negative effects of sound and heat (through the aluminium window frame from the inside or outside of the building envelopes). **This product category contributes approximately 17.7% to total turnover and refers to architectural systems. Thermal Break product sales are expected to represent about 17.2% of total turnover at end 2008, growing on a CAGR<sub>2003-2008</sub> of 10.66%, following the international expansion of the Group.**

### **Architectural Systems**

The leading product group for Alumil Group is the Architectural Systems for all architectural applications, such as doors, windows, facades (curtain-walling), atriums, office partitions, etc. Alumil is distributing products through an exclusive network of about 120 representatives covering the entire domestic market. Alumil Group holds approximately 23.5% share of the 80,000 tons architectural profile market in Greece (leading market share). The Group's target is to maintain its leadership domestically, both in sales and quality levels, focusing on constant innovation and greater customer satisfaction.

However, growth on this product category for the Group will derive from its expansion in South-East Europe by both production and commercial activities as well as in Central - West Europe, in the Middle East and in the U.S.A. by commercial activities. For that reason, the Group is continuously investing on production capacity increases. During fiscal 2004, Alumil completed investments for the increase of its capacity on powder coating (final products) to 50,000 tons from 42,000 at end 2003,

while for fiscal 2005 the capacity is expected to exceed 55,000 tons. The Group has an average annual production capacity of 80%, which is considered especially high.

### **Industrial Components**

Alumil excels in the manufacturing and export of aluminium extrusions for industrial profiles that represent approximately 7% of total group turnover, and account for exports to Central and Western European countries. Many features of aluminium profiles make extruded products ideal for a wide variety of applications, creating significant business opportunities for Alumil. The Group is currently diversifying its product range seeking to exploit opportunities in the automobile and shipping industry, entering at the same time into new areas where aluminium parts represent important portion of final products.

### **NEW PRODUCTION LINES**

#### **Polycarbonate Sheets**

The Group is exploiting opportunities in Polycarbonate Sheets, products that replace the use of glass, in the construction of covering sheets, solar protection roofs, atriums, kiosks, greenhouses, etc. The total market value is not determined yet, however, the usage rate is continuously expanding, since this product provides significant benefits (almost unbreakable, heat and noise insulated, with long lifetime). **For the fiscal 2004, polycarbonate product sales are expected to reach €0.65 million, while total capacity of current production line is estimated at €10 million. We expect polycarbonate product sales to exceed €2 million in 2005, and €6 million in 2008.**

#### **Composite Panels**

The Group has already invested in the production of aluminium composite panels (namely J-Bond) with applications in buildings outer-wall, curtain wall, redecoration of old buildings outer-wall, balconies, installation units, indoor partitions, inner-wall decorating panel, roof panel, ceilings, advertisement signboard. J-Bond products offer significant advantages such as:

1. High-strength and no special maintenance requirements;
2. Convenient construction, short working time;
3. Flexibility in use, heat and sound insulation, and perfect fireproof performance;
4. High plasticity, higher resistance on collision, earthquake - proof performance and reduction of building weight;
5. Smooth surface, aesthetic and low cost.
6. Various colours.

The aluminium composite panel products have low penetration in Greece. **Domestic**

**market is estimated to gradually reach €70 million (annually) in a period of 10 years. Alumil is a pioneer in Greece, initiating production in 2005. We expect the Group to gradually capture at least 40% of the market.**

## COMMERCIAL ACTIVITIES

The Group expands its commercial activities strategically, forming partnerships with large international groups. The most important are Phifer (exclusive representative in Greece and the Balkans), ASA Italia (exclusive representative in Greece and the Balkans), Gretsch - Unitas (exclusive representative in the Middle East and the Balkans). **Commercial activity currently represents approximately 19%. In the future however, sales will grow on a lower pace compared to other activities, representing at end 2008 about 17% of total turnover, growing on a CAGR<sub>2003-2008</sub> of 8.9%.**

### New Innovative Products in Existing Sector

Alumil invests in the development of new products offering innovation, improving quality and product strength, and covering customer's changing needs in architecture. The Company is licensing its products, seeking at the same time certification from international organizations in order to ensure high standard quality. Group's know-how supports the development of unique products and this represents a strong competitive advantage especially when entering Western European countries with strong competition.

### Investments Expand Production Capacity

During the 3-year period 2000 - 2002, production capacity of extruded aluminium increased by more than 20% due to constant investments. Most of the production was utilized in construction industry, where Alumil developed innovative products and gained market leadership. The Company will gradually shift focus on production capacity expansion, despite the fact that the nature of its business is capital-intensive. The uses of aluminium profile in many industries create opportunities that the Group has chosen to exploit, through the development of new products along with the expansion of production capacity.

## Analysis of Group Turnover Breakdown

	2003	2004 E	2005 E	2006 E	2007 E	2008 E
<b>INDUSTRIAL ACTIVITIES</b>						
<b>PROCESSED - DYED PROFILES</b>						
Architectural Systems	57,599	70,740	81,683	90,463	97,198	102,006
Industrial Profile	10,800	13,264	15,316	16,962	18,225	19,126
Complementary Products and Accessories	2,880	3,537	4,084	4,523	4,860	5,100
<b>TOTAL</b>	<b>71,999</b>	<b>88,425</b>	<b>102,104</b>	<b>113,079</b>	<b>121,497</b>	<b>127,508</b>
% of Total Turnover	53.2%	55.0%	55.2%	55.3%	55.1%	55.0%
y-o-y growth		22.8%	15.5%	10.7%	7.4%	4.9%
<b>THERMAL-BREAK PROFILES</b>	<b>24,000</b>	<b>28,694</b>	<b>32,776</b>	<b>35,709</b>	<b>38,157</b>	<b>39,825</b>
% of Total Turnover	17.7%	17.8%	17.7%	17.5%	17.3%	17.2%
y-o-y growth		19.6%	14.2%	9.0%	6.9%	4.4%
<b>POLYCARBONATE</b>	<b>0</b>	<b>650</b>	<b>2,460</b>	<b>4,183</b>	<b>5,440</b>	<b>6,040</b>
% of Total Turnover	0.0%	0.4%	1.3%	2.0%	2.5%	2.6%
y-o-y growth			278.5%	70.0%	30.1%	11.0%
<b>J-BOND</b>	<b>0</b>	<b>0</b>	<b>1,500</b>	<b>2,846</b>	<b>4,420</b>	<b>5,860</b>
% of Total Turnover	0.0%	0.0%	0.8%	1.4%	2.0%	2.5%
y-o-y growth				89.7%	55.3%	32.6%
<b>TOTAL INDUSTRIAL ACTIVITIES</b>	<b>95,999</b>	<b>117,770</b>	<b>138,839</b>	<b>155,818</b>	<b>169,515</b>	<b>179,233</b>
% of Total Turnover	70.9%	73.2%	75.0%	76.2%	76.9%	77.3%
y-o-y growth		22.7%	17.9%	12.2%	8.8%	5.7%
<b>COMMERCIAL ACTIVITIES</b>	<b>25,726</b>	<b>29,585</b>	<b>32,839</b>	<b>35,302</b>	<b>37,597</b>	<b>39,477</b>
% of Total Turnover	19.0%	18.4%	17.7%	17.3%	17.1%	17.0%
y-o-y growth		15.0%	11.0%	7.5%	6.5%	5.0%
<b>SERVICES</b>	<b>705</b>	<b>775</b>	<b>852</b>	<b>895</b>	<b>940</b>	<b>987</b>
% of Total Turnover	0.5%	0.5%	0.5%	0.4%	0.4%	0.4%
y-o-y growth		10.0%	10.0%	5.0%	5.0%	5.0%
<b>OTHER</b>	<b>13,017</b>	<b>12,757</b>	<b>12,566</b>	<b>12,440</b>	<b>12,316</b>	<b>12,192</b>
% of Total Turnover	9.6%	7.9%	6.8%	6.1%	5.6%	5.3%
y-o-y growth		-2.0%	-1.5%	-1.0%	-1.0%	-1.0%
<b>TOTAL GROUP TURNOVER</b>	<b>135,447</b>	<b>160,886</b>	<b>185,096</b>	<b>204,455</b>	<b>220,367</b>	<b>231,889</b>

Source: Company Data &amp; VRS Estimates

## **Investment Risks**

---

- Fierce competition in the broader market of aluminium profile products.
- Unpredictable price fluctuation in raw materials. Final product prices and profitability margins depend directly on the fluctuation of international aluminium prices.
- Dependence on the evolution of construction activities.
- Dependence on the evolution of industrial production.
- Sensitive to the regional politics (East Europe, Balkans, Middle East), which have been historically volatile.

## Company Overview

### Company Profile

Established in 1988, Alumil is the leading aluminium extruder in Greece. The Company was included 4 times in GrowthPlus Europe's Top 500 for its contribution to the European economy. The Group offers:

- integrated aluminium profile systems, certified from world known institutes;
- industrial profiles for automotive industry, sailing industry, transportations, etc;
- state-of-the-art automation systems;
- interiors;
- solar protection systems (trading);
- plastic products & accessories.

The Group also produces, imports and trades self-designed accessories for aluminium systems (to offer integrated technical support), produces and trades fine aluminium products and automation systems designed for specific applications, homogenized aluminium rods (bigettes), polycarbonate sheets and composite panels, namely J-Bond. Most products are designed, developed and tested by its R&D department. The Group's emphasis is on achieving leading market shares in attractive business sectors, where sustainable growth can be achieved.

Sites and warehouses are located in Kilkis, Serres, Xanthi, Komotini (Greece), Romania, Bulgaria, Serbia, Bosnia and Albania, covering 600,000 m<sup>2</sup> of land, 230,000 m<sup>2</sup> of industrial facilities, offering more than 80,000 tons of aluminium profiles per year (production capacity).

### Alumil Group Production Capacity (as of December 2004)

(in tons)	Foundry			Extrusion			Powder Coating		
	2003	2004	2005 E	2003	2004	2005 E	2003	2004	2005 E
Kilkis	18,000	28,000	28,000	46,000	46,000	46,000	24,000	24,000	24,000
Komotini				11,000	11,000	11,000			
Xanthi				14,000	8,000	8,000	6,000	6,000	6,000
Bulgaria							6,000	6,000	6,000
Romania							6,000	6,000	6,000
Serbia			2,500		8,000	8,000			8,000
Albania			2,500		6,000	6,000		6,000	6,000
Bosnia					6,000	6,000		1,500	1,500
<b>Total</b>	<b>18,000</b>	<b>28,000</b>	<b>33,000</b>	<b>71,000</b>	<b>85,000</b>	<b>85,000</b>	<b>42,000</b>	<b>49,500</b>	<b>57,500</b>

Alumil integrates all phases of the production process, from idea to design of the matrices, from billet over extrusion to surface treatment for the coating, insulation, packing and transport. By taking advantage of strong investment incentives, the Group has modern manufacturing facilities in Greece, operating on maximum capacity utilization rates. Further processing and painting of aluminium profiles take place in Greece as well as in Eastern Europe, where labour costs is significantly lower, offering at the same time better service to local customers. The commercial expansion of Alumil involves enhancing its distribution network, setting up storage facilities abroad and engaging on increased promotional activities.

---

### Sales Network

---

In small and medium-sized urban centres, Alumil usually co-operates with one or two clients (representatives), who sell to end-users (mainly fabricators, or engineers and construction agencies), while in large urban centres (Athens, Thessaloniki) it uses more than one representative for different, non-competitive areas. In this way, by not selling its products directly to the end-client (5,000 aluminium fabricators in Greece), the Company has achieved economies of scale in transportation expenses and better monitoring and collection of debt and checks receivables, since the number of its direct clients is significantly limited (approximately 150).

---

***Production Process:*** Aluminium profiles are produced through aluminium extrusion. The extrusion process aims to form aluminium rods in the desired shapes. In particular, homogenized rods ("raw material" for Alumil, 6", 7" and 8" (inches) diameter, that is, 152 mm, 178 mm & 203 mm), pre-heated at 400-500° C, enter into appropriate matrices with high pressures to produce profiles. The accomplishment of the desired technical characteristics of the produced profiles (without malformations, distresses, etc.) depends, to a great extent, on the quality of the matrices and their continuous maintenance. Completion of this first part, signals the next production stage: profiles processing (to take on final shape). Initially, they are cooled using water or air, they are then strained and cut to the desired length, and artificial ageing in special furnaces follows. Finally, depending on the desired technical characteristics, profiles are subjected to various further processes, such as powder coating, sublimation, and anodising techniques, covering with special protection and insulating materials, or in case of no further process, they simply enter the next step. Packaging follows, with special attention to avoid possible mechanical distresses. Scrap produced is transferred to Alumil foundry, where the afore-mentioned process is repeated.

---

## Subsidiaries

The Group consists of 25 subsidiaries in Greece and abroad, which are either production sites or commercial companies with distribution centres. Alumil is the major or unique shareholder.

### ALUMIL'S HOLDINGS IN SUBSIDIARIES, AS OF 30/09/2004

SUBSIDIARIES	COUNTRY	ALUMIL STAKE
ALUNEF	KILKIS/GREECE	98.90%
ALUKOM	KOMOTINI/GREECE	85.90%
ALUSYS	ATHENS/GREECE	51.00%
ALUMIL ROM INDUSTRY	ROMANIA	70.00%
ALUMIL EXTRUSION	ROMANIA	70.00%
ALUMIL BULGARIA	BULGARIA	100.00%
VARNA ALUMINIUM	BULGARIA	72.00%
ALUMIL HUNGARY	HUNGARY	100.00%
ALUMIL POLSKA	POLAND	51.00%
METRON AUTOMATIONS	SERRES/GREECE	68.50%
ALUFIL	KILKIS/GREECE	97.00%
G.A. PLASTICS S.A.	KILKIS/GREECE	50.00%
ALUMIL UKRAINE	UKRAINE	84.00%
ALUMIL S.R.B. D.O.O.	SERBIA	45.00%
ALUMIL MILONAS CYPRUS	CYPRUS	100%
ALUMIL CY	CYPRUS	100%
ALUMIL YU INDUSTRY	SERBIA	100%
ALUMIL COATING SRB	SERBIA	99.80%
ALUMIL MISR FOR ALUMINIUM	EGYPT	100%
ALUMIL MISR FOR ACCESORIES	EGYPT	100%
ALUMIL DEUTCHLAND	GERMANY	99.90%
ALUMIL ITALIA	ITALY	100%
ALUMIL ALBANIA	ALBANIA	97.30%
ALUMIL INDUSTRY (MOLDAVIA)	MOLDAVIA	70%
ALUMIL SKOPJE	FYROM	100%

Source: Alumil Data

**Share Price Performance vs. General Index & FTSE/ASE 80 (base=100, period=12months)**

	<b>Ticker</b>
ASE:	AAMY
Bloomberg	ALMY GA
Reuters	ALMr.AT

**Shares are included in the following indices of the ASE:**

- Basic Metals Price Index
- FTSE/ASE 80



Data as of	04/02/2005	2003 A	2004 E	2005 E	2006 E
------------	------------	--------	--------	--------	--------

Price (in €)	€ 2.88				
Shares Outstanding	22,016,250				
Market Capitalization (in €)	63,406,800				
EPS (in €)		0.37	0.32	0.36	0.40
Book Value / Share (x)		4.0	4.3	4.7	4.9
EV (in € mn)		158,664	195,462	205,452	207,136
P/E (a.t.& m.i.)		7.81x	8.95x	7.92x	7.20x
P/BV		0.72x	0.66x	0.62x	0.59x
P/Cash Flow		2.33x	2.14x	1.85x	1.69x
EV/EBITDA		5.62x	6.31x	5.72x	5.18x
EV/Sales		1.17x	1.21x	1.11x	1.01x
Dividend / Share (in €)		0.06	0.06	0.07	0.08
Dividend Yield		2.08%	2.24%	2.53%	2.78%

Source: VRS Estimates

## Valuation

### DCF Methodology

Applying our projections in the DCF valuation model, we end up on a fair value of € 78.26 million or € 3.55 per share.

(in ,000 €)	2004 E	2005 E	2006 E	2007 E	2008 E	L-Term Assumptions
<b>Cash Flow to the Firm (FCFF)</b>						
EBIT	16,509	19,033	21,165	22,736	23,852	24,496
Less: Adjusted Tax	1,320	1,722	2,328	2,920	3,586	3,855
Adjusted Operating Profit	15,188	17,310	18,836	19,817	20,266	20,641
Plus: Depreciation	14,458	16,913	18,790	20,380	21,378	16,670
<b>Operating Cash Flow</b>	<b>29,647</b>	<b>34,224</b>	<b>37,626</b>	<b>40,197</b>	<b>41,644</b>	<b>37,311</b>
Less: Working Capital	27,838	18,160	12,091	9,924	8,156	8,335
Less: Capex	30,562	18,386	16,607	15,615	14,622	16,670
<b>Cash Flow to the Firm (FCFF)</b>	<b>-28,753</b>	<b>-2,322</b>	<b>8,929</b>	<b>14,658</b>	<b>18,866</b>	<b>12,305</b>
Discount Factor	0.941	0.882	0.825	0.770	0.716	0.720
Present Value of Cash Flows	-27,068	-2,048	7,365	11,288	13,508	
Accumulated Present Value	-27,068	-29,116	-21,751	-10,464	3,044	
Residual Value						300,362
<b>Present Value of Residual Value</b>						<b>216,199</b>
<b>Enterprise Value</b>	<b>219,243</b>					
<b>VALUATION</b>						
Value of Firm	219,243					
Less: Net Debt	143,055					
Plus: Participations	2,070					
<b>Fair Value of Firm</b>	<b>78,258</b>					
<b>Fair Value of Share</b>	<b>€3.55</b>					
<b>WACC CALCULATION</b>						
Risk Free Rate	4.6%	4.6%	4.6%	4.6%	4.6%	4.6%
Beta Factor	1.10	1.10	1.10	1.10	1.10	1.10
Market Risk Premium	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
<b>Cost of Equity</b>	<b>10.1%</b>	<b>10.1%</b>	<b>10.1%</b>	<b>10.1%</b>	<b>10.1%</b>	<b>10.1%</b>
Debt / Debt + Equity	58.7%	57.8%	56.5%	54.0%	50.6%	50.6%
Cost of Debt	4.0%	4.5%	4.7%	4.8%	4.8%	4.8%
Tax Rate	11.71%	13.31%	15.99%	18.10%	20.31%	25.0%
<b>Weighted Average Cost of Capital</b>	<b>6.22%</b>	<b>6.49%</b>	<b>6.63%</b>	<b>6.75%</b>	<b>6.91%</b>	<b>6.80%</b>

Source: VRS Estimates

## GROUP HISTORIC &amp; PROJECTED PROFIT &amp; LOSS ACCOUNT

	2002 A	2003 A	2004 E	2005 E	2006 E	2007 E	2008 E
<b>Turnover</b>	<b>126,557</b>	<b>135,447</b>	<b>160,886</b>	<b>185,096</b>	<b>204,455</b>	<b>220,367</b>	<b>231,889</b>
y-o-y Change %	16.57%	7.02%	18.78%	15.05%	10.46%	7.78%	5.23%
<b>Cost of Sales</b>	<b>89,101</b>	<b>89,966</b>	<b>107,910</b>	<b>122,934</b>	<b>135,317</b>	<b>145,639</b>	<b>153,305</b>
% of Turnover	70.40%	66.42%	67.07%	66.42%	66.18%	66.09%	66.11%
y-o-y Change %	10.98%	0.97%	19.95%	13.92%	10.07%	7.63%	5.26%
<b>Total Gross Operating Results</b>	<b>37,456</b>	<b>45,481</b>	<b>52,976</b>	<b>62,162</b>	<b>69,138</b>	<b>74,728</b>	<b>78,583</b>
Gross Operating Margin	29.60%	33.58%	32.93%	33.58%	33.82%	33.91%	33.89%
y-o-y Change %	32.42%	21.43%	16.48%	17.34%	11.22%	8.09%	5.16%
Other operating income	1,687	2,556	2,607	2,659	2,712	2,766	2,822
Administrative Expenses	4,576	7,106	8,849	10,365	11,449	12,341	12,986
% of Turnover	3.62%	5.25%	5.50%	5.60%	5.60%	5.60%	5.60%
Research and development costs	232	257	644	925	1,022	1,102	1,159
% of Turnover	0.18%	0.19%	0.40%	0.50%	0.50%	0.50%	0.50%
Distribution Cost	9,040	12,437	15,123	17,584	19,423	20,935	22,029
% of Turnover	7.14%	9.18%	9.40%	9.50%	9.50%	9.50%	9.50%
<b>Total Expenses</b>	<b>13,848</b>	<b>19,800</b>	<b>24,616</b>	<b>28,875</b>	<b>31,895</b>	<b>34,377</b>	<b>36,175</b>
% of Turnover	10.94%	14.62%	15.30%	15.60%	15.60%	15.60%	15.60%
y-o-y Change %	42.88%	42.98%	24.32%	17.30%	10.46%	7.78%	5.23%
<b>EBITDA</b>	<b>25,294.71</b>	<b>28,236</b>	<b>30,967</b>	<b>35,946</b>	<b>39,955</b>	<b>43,117</b>	<b>45,230</b>
EBITDA Margin	<b>19.99%</b>	<b>20.85%</b>	<b>19.25%</b>	<b>19.42%</b>	<b>19.54%</b>	<b>19.57%</b>	<b>19.51%</b>
y-o-y Change %	<b>27.18%</b>	<b>11.63%</b>	<b>9.67%</b>	<b>16.08%</b>	<b>11.15%</b>	<b>7.91%</b>	<b>4.90%</b>
<b>Depreciation</b>	<b>9,779</b>	<b>12,045</b>	<b>14,458</b>	<b>16,913</b>	<b>18,790</b>	<b>20,380</b>	<b>21,378</b>
% of Turnover	7.73%	8.89%	8.99%	9.14%	9.19%	9.25%	9.22%
<b>EBIT</b>	<b>15,515</b>	<b>16,192</b>	<b>16,509</b>	<b>19,033</b>	<b>21,165</b>	<b>22,736</b>	<b>23,852</b>
% of Turnover	12.26%	11.95%	10.26%	10.28%	10.35%	10.32%	10.29%
y-o-y Change %	34.50%	4.36%	1.96%	15.29%	11.20%	7.43%	4.91%
Total Financial Results	4,461	4,556	5,536	6,392	6,904	6,905	6,500
Net Extraordinary Results	18	536	300	300	300	300	300
<b>Net Results Before Taxes</b>	<b>11,072</b>	<b>12,172</b>	<b>11,273</b>	<b>12,941</b>	<b>14,561</b>	<b>16,132</b>	<b>17,652</b>
EBT Margin	8.75%	8.99%	7.01%	6.99%	7.12%	7.32%	7.61%
y-o-y Change %	22.13%	9.94%	-7.39%	14.80%	12.52%	10.79%	9.42%
(-) Prior years' taxes differences	649	912	713	845	819	950	980
Tax Income	1,025	982	1,320	1,722	2,328	2,920	3,586
Effective Tax Rate	9.25%	8.07%	11.71%	13.31%	15.99%	18.10%	20.31%
Taxes not charged to the Oper. Cost	200	200	0	0	0	0	0
<b>Net Results After Taxes</b>	<b>9,198</b>	<b>10,078</b>	<b>9,239</b>	<b>10,374</b>	<b>11,414</b>	<b>12,262</b>	<b>13,087</b>
EAT Margin	7.27%	7.44%	5.74%	5.60%	5.58%	5.56%	5.64%
y-o-y Change %	5.89%	9.56%	-8.33%	12.29%	10.02%	7.43%	6.72%
Proportion of Minority Rights	1,266	1,956	2,151	2,366	2,603	2,863	3,149
<b>Consolidated Net Results (a.t.&amp;m.i.)</b>	<b>7,932</b>	<b>8,123</b>	<b>7,088</b>	<b>8,008</b>	<b>8,811</b>	<b>9,399</b>	<b>9,937</b>
Net Margin	6.27%	6.00%	4.41%	4.33%	4.31%	4.27%	4.29%
y-o-y Change %	1.50%	2.40%	-12.74%	12.98%	10.03%	6.67%	5.73%

Source: Company Data &amp; VRS Estimates

## GROUP HISTORIC &amp; PROJECTED BALANCE SHEET

	2002 A	2003 A	2004 E	2005 E	2006 E	2007 E	2008 E
<b>Assets</b>							
Formation Expenses	8,783	11,365	14,665	16,465	17,995	19,275	20,475
Accumulated depreciation	5,562	6,758	8,711	11,045	13,630	16,239	19,021
<b>Total Net Formation Expenses</b>	<b>3,222</b>	<b>4,607</b>	<b>5,955</b>	<b>5,420</b>	<b>4,366</b>	<b>3,037</b>	<b>1,454</b>
<b>Total Net Intangible Assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Tangible Assets	122,025	157,749	185,011	201,597	216,673	231,008	244,430
Accumulated depreciation	35,892	46,738	59,244	73,823	90,028	107,799	126,395
<b>Total Net Tangible Assets</b>	<b>86,133</b>	<b>111,011</b>	<b>125,767</b>	<b>127,774</b>	<b>126,645</b>	<b>123,208</b>	<b>118,035</b>
Financial Assets	7,953	2,070	2,070	2,070	2,070	2,070	2,070
<b>TOTAL FIXED ASSETS</b>	<b>94,085</b>	<b>113,081</b>	<b>127,836</b>	<b>129,844</b>	<b>128,715</b>	<b>125,278</b>	<b>120,104</b>
% Total Assets	<b>47.78%</b>	<b>45.25%</b>	<b>43.18%</b>	<b>40.55%</b>	<b>38.43%</b>	<b>36.24%</b>	<b>34.34%</b>
Inventories	37,127	55,885	61,494	70,729	75,629	81,797	86,103
Debtors	37,247	42,774	64,355	76,067	84,023	90,562	95,297
Checks Receivables	15,900	15,548	16,309	17,242	18,485	19,320	19,695
Other Receivables	5,742	10,979	14,546	17,242	19,605	21,131	22,236
Securities (net)	0	0	0	0	0	0	0
Cash in bank and at hand	3,391	6,603	4,945	2,955	3,271	3,658	3,893
<b>TOTAL CURRENT ASSETS</b>	<b>99,406</b>	<b>131,789</b>	<b>161,649</b>	<b>184,235</b>	<b>201,012</b>	<b>216,468</b>	<b>227,224</b>
% Total Assets	<b>50.5%</b>	<b>52.7%</b>	<b>54.6%</b>	<b>57.5%</b>	<b>60.0%</b>	<b>62.6%</b>	<b>65.0%</b>
Prepayments & Accrued Income	203	426	600	700	800	900	1,000
<b>GRAND TOTAL ASSETS</b>	<b>196,916</b>	<b>249,903</b>	<b>296,040</b>	<b>320,199</b>	<b>334,893</b>	<b>345,683</b>	<b>349,782</b>

Note: Balance sheet accounts may change following fixed asset revaluation.

Source: Company Data & VRS Estimates

	2002 A	2003 A	2004 E	2005 E	2006 E	2007 E	2008 E
<b>Equity &amp; Liabilities</b>							
Share Capital	7,045	7,045	7,045	7,045	7,045	7,045	7,045
Share Premium Account	33,921	33,921	33,921	33,921	33,921	33,921	33,921
Total Reserves	33,546	39,096	39,521	40,002	40,530	41,094	41,690
Revaluation Reserves-Invest. Grants	8,764	9,644	10,786	11,472	9,883	8,930	8,358
Profit Carried Forward	82	-1,111	4,133	10,059	16,579	23,535	30,888
Minority Rights	5,012	6,698	8,850	11,216	13,819	16,682	19,831
<b>TOTAL CAPITAL &amp; RESERVES</b>	<b>88,370</b>	<b>95,292</b>	<b>104,256</b>	<b>113,714</b>	<b>121,777</b>	<b>131,206</b>	<b>141,734</b>
% Total Equity & Liabilities	44.88%	38.13%	35.22%	35.51%	36.36%	37.96%	40.52%
Provisions	93	119.3	160.9	185.1	204.5	220.4	231.9
<b>Long Term Liabilities</b>							
Bank Loans	38,205	70,749	99,000	88,000	77,000	66,000	55,000
<b>Total L-Term Liabilities</b>	<b>38,205</b>	<b>70,749</b>	<b>99,000</b>	<b>88,000</b>	<b>77,000</b>	<b>66,000</b>	<b>55,000</b>
<b>Short Term Liabilities</b>							
Suppliers	16,007	23,489	27,199	30,986	34,107	36,709	38,641
Notes & Cheques Payable	5,481	4,302	5,026	5,726	6,302	6,783	7,140
Banks	31,183	31,111	38,000	57,000	70,000	77,000	79,000
Current portion of long term debt	8,940	12,880	11,000	11,000	11,000	11,000	11,000
Taxes-Duties	1,170	1,727.2	1,320	1,722	2,328	2,920	3,586
Social Charges	489	802.0	973	1,140	1,259	1,357	1,428
Dividends	1,101	1,358	1,418	1,602	1,762	1,880	1,987
Sundry Debtors	5,490	6,461	6,686	8,123	8,151	9,607	9,033
<b>Total Current Liabilities</b>	<b>69,861</b>	<b>82,130</b>	<b>91,623</b>	<b>117,299</b>	<b>134,911</b>	<b>147,256</b>	<b>151,817</b>
<b>TOTAL LIABILITIES</b>	<b>108,066</b>	<b>152,879</b>	<b>190,623</b>	<b>205,299</b>	<b>211,911</b>	<b>213,256</b>	<b>206,817</b>
% Total Equity & Liabilities	54.88%	61.18%	64.39%	64.12%	63.28%	61.69%	59.13%
Accrued Expenses	386	1,612	1,000	1,000	1,000	1,000	1,000
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>196,916</b>	<b>249,903</b>	<b>296,040</b>	<b>320,199</b>	<b>334,893</b>	<b>345,683</b>	<b>349,782</b>

Note: Balance sheet accounts may change following fixed asset revaluation.

Source: Company Data & VRS Estimates

**Notes**

---

**Notes**

---

---

# VALUATION & RESEARCH SPECIALISTS

Value Invest - [www.valueinvest.gr](http://www.valueinvest.gr)

Investment Research & Analysis Journal - [www.iraj.gr](http://www.iraj.gr)

---

## Equity Research

---

### DISCLOSURE STATEMENT

**VALUATION & RESEARCH SPECIALISTS (VRS)** is an independent firm providing advanced equity research, quality valuations and value-related advisory services to local and international business entities and / or communities. VRS services include valuations of intangible assets, business enterprises, and fixed assets. VRS's focus business is in providing independent equity research to its institutional and retail clients / subscribers. VRS is not a brokerage firm and does not trade in securities of any kind.

VRS accepts fees from the companies it covers and researches (the "covered companies"), and from major financial institutions. The sole purpose of this policy is to defray the cost of researching small and medium capitalization stocks which otherwise receive little research coverage. In this manner VRS can minimize fees to its clients / subscribers and thus broaden investor's attention to the "covered companies."

VRS analysts are compensated on a per-company basis and not on the basis of their recommendations. Analysts are not allowed to solicit prospective "covered companies" for research coverage by VRS and are not allowed to accept any fees or other consideration from the companies they cover for VRS. Analysts are also not allowed to trade in the shares, warrants, convertible securities, or options of companies they cover for VRS.

Furthermore, VRS, its officers, and directors cannot trade in shares, warrants, convertible securities or options of any of the "covered companies." VRS accepts payment for research only in cash and will not accept payment in shares, warrants, convertible securities or options of "covered companies" by no means.

To ensure complete independence and editorial control over its research, VRS follows certain business practices and compliance procedures, which are also applied internationally. Among other things, fees from "covered companies" are due and payable prior to the commencement of research and, as a contractual right, VRS retains complete editorial control over the research process and the final equity analysis report.

Information contained herein is based on data obtained from recognized statistical services, issue reports or communications, or other sources, believed to be reliable. However, such information has not been verified by VRS, and VRS does not make any representation as to its accuracy and completeness. Opinions, estimates, and statements nonfactual in nature expressed in its research represent VRS's judgment as of the date of its reports, are subject to change without notice and are provided in good faith and without legal responsibility. In addition, there may be instances when fundamental, technical and quantitative opinions, estimates, and statements may not be in concert. Neither the information nor any opinion expressed shall constitute an offer to sell or a solicitation of an offer to buy any shares, warrants, convertible securities or options of "covered companies" by no means.

---

Please contact " <b>VALUATION &amp; RESEARCH SPECIALISTS</b> " for further information on Equity Research Related Fees.
---