

ALUMIL

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by VALUATION & RESEARCH SPECIALISTS (VRS)

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VALUATION & RESEARCH SPECIALISTS

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Greek Equities - 29 June 2007

Alumil

Sector :Metals

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Company Description:

Parent company ALUMIL is among the top 3 aluminium extrusion and profiles production European groups (No 1 in Greece since 2000) establishing production sites, large sales networks and warehouses for products targeting architectural & industrial use, shipbuilding, transportation, etc. The Group participates, retaining the management in 26 subsidiaries, 20 of which are spread throughout Europe, Africa and the Middle East, and provides more than 100,000 aluminium profiles tons per year.

In million €	2005	2006	2007 E
Turnover	189.45	243.60	286.74
EBITDA	30.84	36.92	45.15
Margin %	16.28%	15.16%	15.75%
Net Income	4.28	7.39	10.93
Margin %	2.26%	3.03%	3.81%

Price (29/06/2007)	€ 5.24
Shares Outstanding	22,016,250
MktCap (in € ,000)	115.37

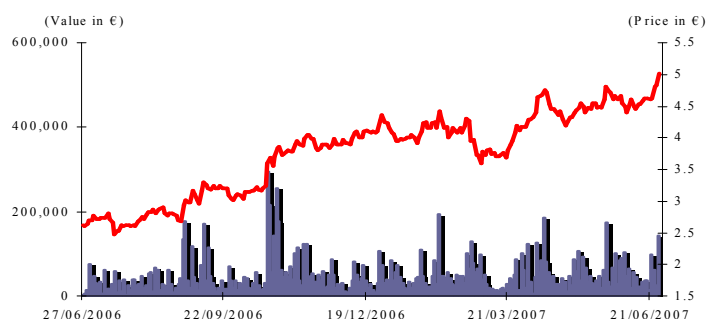
Beta (2 years)	1.24		
Dividend '06	€ 0.08		
Div. Yield	1.53%		
P/E	26.97x	15.62x	10.55x
P/BV	1.04x	0.97x	0.88x
Debt/Equity	1.51	1.39	1.29
ROE	3.90%	6.41%	8.73%

Source: The Company & VRS Projections

Key Investment Points

- Alumil Group has become one of the most important players in the Balkan market of aluminum extruders and the leader of Greek market. The Group has so far completed a strong investment program (period 2001-2006) of € 166 million that will allow it to retain its dominance and expand in new countries and targeted industries.
- Alumil is seeking to expand internationally, utilizing opportunities from the markets of S-E Europe. In addition, the Group proceeds in new commercial agreements enhancing its distribution network in new as well as existing European, Middle East and U.S. regions and industries.
- The majority of Group's turnover derives from processed profiles for architectural systems and industrial components. At end 2006, processed profiles (excluding special profiles) represented 50.5% of total Group turnover, with the majority production accounting for architectural systems.
- The Group is exploring opportunities in the production of polycarbonate sheets, products that replace the use of glass, and aluminum composite panels (namely J-Bond) with applications in buildings outer-walls, curtain walls, etc.
- For the period 2006-2011, we expect Group turnover CAGR₂₀₀₆₋₂₀₁₁ of 10.64%, with EBITDA and net income CAGR₂₀₀₆₋₂₀₁₁ of 10.93% & 18.05% respectively. The Group trades on attractive multiples compared to the ASE average based on our fiscal 2007 projections.

Share Price Graph (52 Weeks) - Max: € 5.24 - Min: € 2.47



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

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General Overview

Alumil Group has become one of the most important players in the Balkan market of aluminium extruders and the leader in the Greek market. The Group has so far completed a strong investment program (period 2001-2006) of € 166 million that will allow it to retain its dominance and expand in new countries and targeted industries. Alumil has managed to build a strong brand name in aluminium extrusion products with uses mostly in construction and related industries.

Having completed the above investment program, the Group managed to:

1. obtain the necessary production capacity;
2. achieve high quality products;
3. develop a broad product portfolio, targeting differentiated industries;
4. Organise a robust, non-to-second, management team, with Directors highly trained and most experienced in their fields.

These three developments, will allow the Group to further expand its sales network internationally, entering new countries and strengthening its position in countries that has already been active.

The development and dynamic promotion of new value added products, such as polycarbonate sheets, composite panels and automation systems has increased group's competitive edge, offering more alternative solutions for construction and other related activities. In addition, these products differentiate Group's targeted customers in other industries apart from the ones related to construction.

Future sales growth will mostly derive from international operations while domestically, special profiles, polycarbonate films and j-bonds will improve profitability margins.

Historic & Projected Turnover Breakdown

(in euro mn)	2005	2006	2007 E	2008 E	2009 E	2010 E	2011 E
Domestic	85.06	99.88	114.70	121.84	130.85	133.50	137.29
% of Total	44.9%	41.0%	40.0%	38.0%	37.0%	35.0%	34.0%
y-o-y growth		17.4%	14.8%	6.2%	7.4%	2.0%	2.8%
International	104.38	143.72	172.04	198.79	222.80	247.92	266.51
% of Total	55.1%	59.0%	60.0%	62.0%	63.0%	65.0%	66.0%
y-o-y growth		37.7%	19.7%	15.5%	12.1%	11.3%	7.5%
Group Turnover	189.45	243.60	286.74	320.63	353.66	381.42	403.81

Source: Historic Data & Projections by VRS

Investment Case

Domestic Leadership

The Group's strategy in the domestic market is to retain its leadership and gradually increase its market share. So far, Alumil's domestic sales were closely related to construction activity. Even though domestic construction activity posted a decline in volume during the fiscal 2006, compared to the fiscal 2005, the prospects for aluminium consumption in Greece are optimistic.

Today, the Group is seeking to capture opportunities emphasizing on value added products with uses in:

1. The commercial malls and shopping center construction, with architects showing a preference in aluminium profile products;
2. Building refurbishment, with the potential replacement of architectural parts for high quality aluminium profiles (the trend for aluminium to replace materials such as wood and plastic, utilizing polycarbonate films and j-bonds);
3. Special profiles, new complementary products & accessories (solar protection, energy saving systems, etc.);
4. Automation Systems (doors) and elevators.

For the fiscal 2007, domestic sales are expected to represent about 40% of total group turnover from 41% last year (+14.8% y-o-y growth), while at the end of fiscal 2011, about 34% of total, growing on a CAGR₂₀₀₆₋₂₀₁₁ of 6.57%.

International Expansion

Future growth for the Group will mostly derive from international expansion and high value-added products. The Group's international sales account for about 59% of total, with activities in more than 45 countries (from about 55% at end 2005 and 40% at end 2004). Sales cover mostly S-E Europe, where the construction sector is set to deliver solid growth in the coming years. Alumil has already set a strong sales network, which plans to reinforce by expanding storage spaces and improving logistics in order to support the market's high growth.

Today, the Group is targeting to strengthen its market share in S-E Europe (Alumil is considered to be one of the leaders in the Balkans and other S-E European countries) and at the same time enforce its presence in the Gulf Area and in Russia, where construction activity is also expected to present strong growth. The Group is exploiting opportunities from new commercial agreements enhancing its distribution

network. In addition, Alumil will offer specialized services with focus on large projects, where operating margins appear more attractive.

In West-European countries, the Group will reinforce the promotion of new products, for industrial applications, automotive and photovoltaic systems, seeking to grab a light market share at the beginning and test the potential for more dynamic expansion in the future. The strategy of the Group is to increase branded architectural profiles production, through additional partnerships with world-class industries and design houses.

The Group is also penetrating into the U.S. market settling initially warehouse network facilities in New York and Pennsylvania area. The Group is also planning to develop an aluminium profile processing plant with the investment initializing in the fiscal 2008.

Turnover Breakdown by Country

(in € ,000)	2005	2006	2007 E	2008 E	2009 E	2010 E	2011 E
Greece	44.90%	41.00%	40.00%	38.00%	37.00%	35.00%	34.00%
The Balkans	30.25%	33.50%	34.00%	35.00%	36.00%	36.50%	37.00%
W. Europe	11.60%	11.50%	10.50%	10.00%	10.00%	10.00%	9.00%
Cyprus	1.50%	1.50%	1.30%	1.00%	0.80%	0.80%	0.80%
C-E. Europe	8.90%	9.60%	11.40%	12.20%	12.60%	12.60%	13.60%
Africa & M. East	2.25%	2.40%	2.20%	3.20%	3.00%	4.50%	5.00%
U.S.A.	0.60%	0.50%	0.60%	0.60%	0.60%	0.60%	0.60%

Source: Historic Data & VRS Projections

Alumil Rom

The Romanian subsidiary Alumil Rom Industry (Alumil holds 55.9% equity stake, as of May 31st 2007) is the leader of the Romanian market of aluminium profiles (holds around 35% of the total market value). Alumil Rom's main activities in Romania are processing and selling of aluminium profile systems with uses in construction activities. In addition, it offers composite panels, sun-protection systems and accessories for aluminium profiles.

The company was listed on the Bucharest Stock Exchange in April 2007 (*Symbols: Bloomberg: ALU RO, BSE: ALU*), with its current capitalization ranging in the region of € 76-80 million. The prospects of the Romanian market appear extremely attractive with construction activity experiencing strong growth, while the company exports a light percent in Moldova. The opportunity for the subsidiary derives not only from the expected growth of the construction activity in the country, but also from the potential replacement of the PVC profiles that currently dominate the market towards aluminium. In that case, the company would consolidate its market position, with a favorable impact on future financial results. For the fiscal 2007, we expect approximately € 31 million sales from around € 26 million during the fiscal 2006, with net profit accounting for more than € 4.2 million from around € 3.4 million during the fiscal 2006 (consolidated basis).

Strong & Innovative Industrial Product Portfolio

Below, we are analyzing our expectations for each main product category.

☞ **Processed Profiles**

The majority of Group's turnover derives from processed profiles for architectural systems and industrial components. At end 2006, processed profiles (excluding special profiles) represented 50.5% of total Group turnover, with the majority production accounting for architectural systems. This product category is expected to represent about 47.5% of total turnover at the end of the fiscal 2011, growing on a CAGR₂₀₀₆₋₂₀₁₁ of 9.28%. The Growth will mostly derive from exports (on both product categories), utilizing robust construction activity of S-E Europe, while for the domestic market we expect a light increase from current volume levels.

Architectural Systems: The leading product group for Alumil 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 is the market leader in Greece holding about 30% market share. The Group's target is to maintain its leadership domestically, both in sales and quality issues, focusing on innovation and customer satisfaction. However, growth in this product category for the Group will derive from expansion in South-East Europe via both production and commercial activities, as well as in Central - Western Europe, Middle East and U.S.A. via commercial activities.

Industrial Components: Alumil excels in the manufacture and export of aluminium extrusions for industrial profiles that represent approximately 15% 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 opportunities for Alumil to capture. The Group is currently diversifying its product range seeking to exploit opportunities in the automobile industry, entering at the same time into new areas where aluminium parts represent important portion of final product.

☞ **Special Aluminium Profiles**

Special aluminium profiles derive from a further process of aluminum profiles, providing added value to final products through 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 24%-25% to total turnover and refers to architectural systems. Special profiles' sales are expected to represent about 27.5% of total turnover at the end of the fiscal 2011, growing on a CAGR₂₀₀₆₋₂₀₁₁ of 13.21%. Once more, the growth is attributed to the international expansion of the Group, although demand for this kind of products remains strong in the domestic market.

☞ **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 demand for this product category is continuously expanding, since this product provides significant benefits (almost unbreakable, heat and noise insulated, with long lifetime). For the fiscal 2007, polycarbonate product sales are expected to reach € 5.74 million, while total capacity of current production line is estimated at € 12 million. We expect polycarbonate product sales to reach € 8 million in 2011, representing about 2% of total Group turnover.

☞ Composite Panels

The Group has already invested in the production of aluminium composite panels (namely J-Bond) with applications in buildings outer-walls, curtain walls, redecoration of old buildings outer-walls, balconies, installation units, indoor partitions, inner-wall decorating panels, roof panels, ceilings, advertisement signboards, etc. The aluminium composite panel products have low penetration in Greece, creating a favorable environment for potential growth. For the fiscal 2007, we expect composite panels to add about € 1.43 million to Alumil Group's turnover, representing about 0.5% of total Group turnover. Cumulative annual growth rate for the next 5-year period is estimated at 10.63%.

Group Historic & Projected Turnover Breakdown

	2005	2006	2007 E	2008 E	2009 E	2010 E	2011 E
Processed Profiles	89,619	123,079	143,369	157,109	169,754	183,080	191,808
% of Total Turnover	47.3%	50.5%	50.0%	49.0%	48.0%	48.0%	47.5%
y-o-y growth		37.3%	16.5%	9.6%	8.0%	7.9%	4.8%
Special Profiles	40,736	59,712	71,684	83,364	93,719	102,983	111,047
% of Total Turnover	21.5%	24.5%	25.0%	26.0%	26.5%	27.0%	27.5%
y-o-y growth		46.6%	20.1%	16.3%	12.4%	9.9%	7.8%
Polycarbonate Sheets	3,304	4,755	5,735	6,413	7,073	7,628	8,076
% of Total Turnover	1.7%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
y-o-y growth		43.9%	20.6%	11.8%	10.3%	7.9%	5.9%
J-Bond	976	1,219	1,434	1,603	1,768	1,907	2,019
% of Total Turnover	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
y-o-y growth			17.7%	11.8%	10.3%	7.9%	5.9%
Commercial Activities	37,894	41,433	48,745	54,507	60,121	62,934	66,628
% of Total Turnover	20.0%	17.0%	17.0%	17.0%	17.0%	16.5%	16.5%
y-o-y growth		9.3%	17.7%	11.8%	10.3%	4.7%	5.9%
Automations	7,443	8,530	10,036	11,222	14,146	15,257	16,152
% of Total Turnover	3.9%	3.5%	3.5%	3.5%	4.0%	4.0%	4.0%
y-o-y growth		14.6%	17.7%	11.8%	26.1%	7.9%	5.9%
Other	8,526	2,437	2,867	3,206	3,537	3,814	4,038
% of Total Turnover	4.5%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
y-o-y growth		-71.4%	17.7%	11.8%	10.3%	7.9%	5.9%
Services	947	2,437	2,867	3,206	3,537	3,814	4,038
% of Total Turnover	0.5%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
y-o-y growth		157.3%	17.7%	11.8%	10.3%	7.9%	5.9%
Total Group Turnover	189,445	243,601	286,738	320,630	353,655	381,417	403,806
y-o-y growth		28.59%	17.71%	11.82%	10.30%	7.85%	5.87%

Source: Company Data & VRS Projections

Investment Risks

Below, we highlight some of Alumil's major risks with regard to its future business development:

- Competition in the broader market of aluminium profile products;
- Competition from alternative solutions deriving from the plastic sector;
- Unpredictable price fluctuations in raw materials. Final product prices and profitability margins depend directly on the fluctuation of international aluminium prices;
- Exchange rate risk due to its internationalization;
- Dependence on the evolution of construction activities;
- Sensitive to the regional politics (East Europe, Balkans, Middle East), which have been historically volatile.

Company Overview

Company Profile

Alumil, established in 1988, is the leading aluminium extruder in Greece, included 7 times in GrowthPlus Europe's Top 500 for its contribution to the European economy.

The Group provides:

- integrated aluminium profile systems, certified from world known institutes;
- industrial profiles for automotive industry, sailing industry, transportations, etc.

Additionally, the Group produces and provides:

- 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 (billets), 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 positions in attractive market sectors, where sustainable growth can be achieved.

Sites and warehouses are spread in Kilkis, Xanthi, Komotini (Greece); internationally in Romania, Bulgaria, Serbia, Bosnia and Albania, covering 600,000 m² of land, 220,000 m² of industrial establishments. The extrusion capacity will account for 102,000 tons in '07 with thermal powder coating capacity of 57,500 tons.

Alumil Group Production Capacity (as of December 2006)

(in tons)	Foundry			Extrusion			Powder Coating		
	2005	2006	2007 E	2005	2006	2007 E	2005	2006	2007 E
Kilkis	23,000	23,000	23,000	46,000	46,000	46,000	24,000	24,000	24,000
Komotini				12,000	12,000	13,000			
Xanthi				8,000	8,000	20,000	6,000	6,000	6,000
Bulgaria							6,000	6,000	6,000
Romania							6,000	6,000	6,000
Serbia				8,000	8,000	8,000	8,000	8,000	8,000
Albania				6,000	6,000	7,000	6,000	6,000	6,000
Bosnia		5,000	5,000	6,000	6,000	8,000	1,500	1,500	1,500
Total	28,000	28,000	28,000	86,000	86,000	102,000	49,500	57,500	57,500

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. The Group has manufacturing operations in Greece, utilizing maximum plant production, reinforced by strong investment incentives that enjoys in its production domestically. Further processing and painting of aluminium profiles take place in Greece as well as in Eastern Europe, where labor cost 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 strong promotional activities.

Sales Network

In small and medium-sized urban centers, Alumil usually cooperates with one or two clients (representatives), who sell to end-users (mainly fabricators, or engineers and construction agencies), while in large urban centers (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 (aluminium fabricators overpass 5,500 in Greece), the Company has succeeded in achieving economies of scale in transportation expenses and better monitoring the collection of debt and checks receivables, since the number of its direct clients is significantly limited.

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 anodizing 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 aforementioned process is repeated.*

Subsidiaries

The Group consists of 26 subsidiaries in Greece and abroad, which are either production sites or commercial companies with distribution centers. Alumil is the major or unique shareholder of those companies.

ALUMIL'S HOLDINGS IN SUBSIDIARIES, AS AT 31/03/2007

SUBSIDIARIES	COUNTRY	ALUMIL STAKE
ALUKOM S.A.	GREECE	85.86%
ALUNEF S.A.	GREECE	99.44%
ALUSIS S.A.	GREECE	51%
ALUFIL S.A.	GREECE	99.98%
G.A. PLASTICS S.A	GREECE	50.00%
METRON AUTOMATIONS	GREECE	66%
ALUMIL EGYPT FOR ALUMINIUM	EGYPT	98%
ALUMIL EGYPT ACCESSORIES	EGYPT	99%
ALUMIL ALBANIA	ALBANIA	96.90%
ALUMIL BULGARIA	BULGARIA	99.87%
ALUMIL VARNA S.R.L.	BULGARIA	71%
ALUMIL FRANCE S.A.S.	FRANCE	97%
ALUMIL DEUTZ	GERMANY	100%
ALUMIL ITALY IN LIQUIDATION	ITALY	100%
ALUMIL MILONAS CYPRUS	CYPRUS	100%
ALUMIL CY LTD	CYPRUS	97%
ALUMIL MOLDAVIA	MOLDAVIA	70%
ALUMIL HUNGARY K.F.T.	HUNGARY	100%
ALUMIL UKRANIA	UKRAINE	90%
ALUMIL POLSKA S.R.L.	POLAND	51%
ALUMIL ROM INDUSTRY S.A.	ROMANIA	55.90%
ALUMIL YU INDUSTRY	SERBIA	99.96%
ALUMIL SRB	SERBIA	45%
ALUMIL COATING S.R.B	SERBIA	99.97%
ALUMIL SKOPJE	FYROM	99.89%
ALUMIL GULF	UNITED ARAB EMIRATES	99.00%

Source: Alumil Data

Shareholder's Structure

Milonas Family	70.50%
Free Float	29.50%

Source: Alumil Data.

The Sector

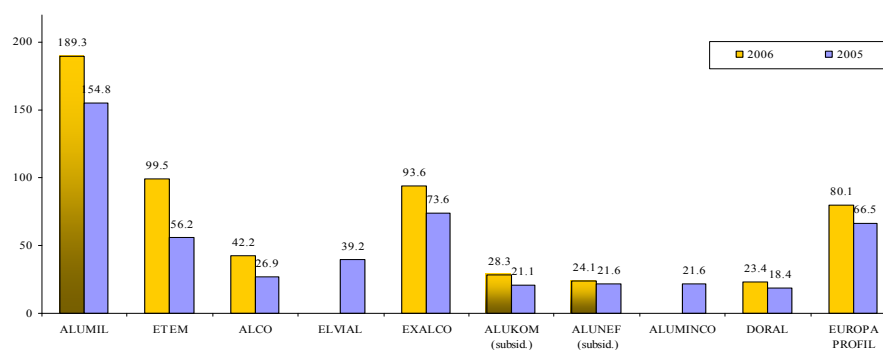
The sector is closely linked with the growth potential of construction activity (construction activity consumes about 70% of total aluminium profile products in Greece). For the coming years, we expect a 3%-5% increase in aluminium extrusion sector affected by the light though stable increase in the construction activity due to:

1. the progress of the public projects that are estimated at € 4.2 bn;
2. the increase of the private construction activity;
3. the expansion of real estate companies in Greece and the potential investments in tourism and other forms of real estate projects;
4. the expansion of the Greek construction companies in S-E Europe.

The prospects appear extremely attractive in S-E Europe where construction activity experiences strong growth implying an opportunity for Greek exporting companies. We should mention that for the fiscal 2006, domestic aluminium volume sales reached 365,000 tons (in total, i.e. extrusion and other aluminium products) from 350,000 tons in the fiscal 2005, with domestic consumption accounting for 135,000 tons, and the remaining referring to exports. With regard to raw material pricing, the expectations refer to a decrease of aluminium prices during the fiscal 2007 due to higher supply by China. This trend will affect positively profit margins of the extruding companies like Alumil.



Hellenic Aluminum Extrusion Sector (in € million)

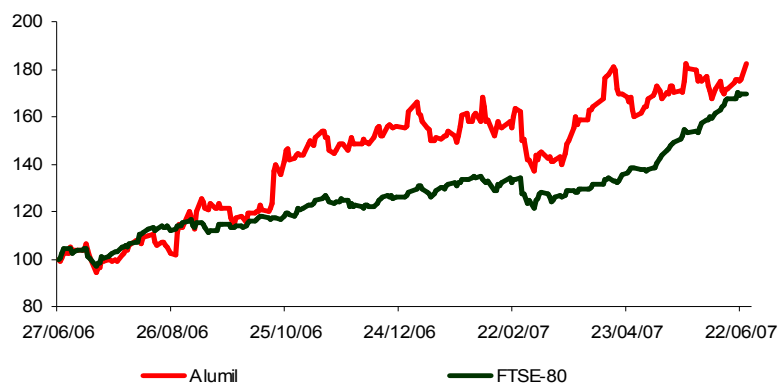


Share Price Performance vs. FTSE / ASE 80 (base=100)

	Ticker
ASE	ALMY
Bloomberg	ALMY GA
Reuters	ALMr.AT

Shares are included in the following indices of the ASE:

- FTSE/ASE 80
- FTSE/ASE Basic Resources



	27 June 2007	2006	2007 E	2008 E	2009 E	2010 E	2011 E
Price (in €)	€ 5.24						
Shares	22,016,250						
Market Capitaliz. (in €)	115,365,150						
EPS (in €)		0.34	0.50	0.56	0.68	0.71	0.77
Book Value / Share (x)		5.4	6.0	6.4	6.8	7.3	7.9
EV (in € thous.)		271,296	275,348	280,020	281,005	277,058	267,818
P/E (a.t.& m.i.)		15.62x	10.55x	9.33x	7.71x	7.33x	6.81x
P/BV		0.97x	0.88x	0.82x	0.77x	0.71x	0.67x
EV/EBITDA		7.35x	6.10x	5.50x	5.04x	4.65x	4.32x
EV/Sales		1.11x	0.96x	0.87x	0.79x	0.73x	0.66x

Source: VRS Estimates

Valuation (DCF Method)

Evaluating our projections on the **DCF model**, we end up with a fair value of €140.48 million or € 6.38 per share.

	2007 E	2008 E	2009 E	2010 E	2011 E	L-Term Assumptions
ASSUMPTIONS						
Growth Rate (Sales)	17.7%	11.8%	10.3%	7.9%	5.9%	1.5%
EBIT Margin	10.2%	10.6%	10.7%	10.6%	10.3%	10.4%
Tax Rate	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Working Capital (% of sales)	10.2%	6.3%	5.2%	4.0%	3.0%	2.8%
Capex (% of sales)	3.4%	3.9%	3.7%	3.6%	3.5%	3.8%
Cost of Capital	6.9%	6.9%	7.0%	7.2%	7.4%	7.6%
Depreciation (% of sales)	5.5%	5.3%	5.1%	5.0%	5.0%	3.8%
CASH FLOW STATEMENT						
Turnover	286,738	320,630	353,655	381,417	403,806	409,863
EBIT	29,268	33,955	37,726	40,380	41,789	42,626
Less: Adjusted Tax	5,061	5,622	6,722	7,344	7,976	8,136
Adjusted Operating Profit	24,207	28,333	31,004	33,036	33,812	34,490
Plus: Depreciation	15,881	16,936	18,038	19,141	20,243	15,575
Operating Cash Flow	40,088	45,269	49,043	52,177	54,056	50,064
Less: Change in Working Capital	29,385	20,261	18,341	15,429	12,283	11,476
Less: Capex	15,000	15,000	15,000	15,000	15,000	15,575
Cash Flow to the Firm (FCFF)	-4,298	10,008	15,702	21,748	26,772	23,013
Discount Factor	0.94	0.87	0.82	0.76	0.70	0.69
Present Value of Cash Flows	-4,022	8,754	12,805	16,479	18,738	
Accumulated Present Value	-4,022	4,732	17,537	34,016	52,754	
Residual Value						378,744
Present Value of Residual Value						262,883
VALUATION						
Enterprise Value	315,638					
% Residual Value of Total	83.3%					
Value of firm	140,482					
Value of share	6.38					
WACC CALCULATION						
Risk Free Rate	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Beta Factor	1.2	1.2	1.2	1.2	1.2	1.2
Market risk Premium	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Cost of Equity	10.4%	10.4%	10.4%	10.4%	10.4%	10.4%
Debt / Debt + Equity	56.3%	55.4%	53.6%	51.3%	47.8%	45.0%
Cost of Debt	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
Tax Rate	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Weighted Average Cost of Capital	6.9%	6.9%	7.0%	7.2%	7.4%	7.6%

Source: VRS Estimates

We have applied the following major assumptions in our model:

- Weighted Average Cost of Capital at 7.60% (Cost of Equity = 10.4%);
- We have estimated sustained growth in all activities during the examined period and infinity sales growth of 1.5%;
- Infinite EBIT margin of 10.4%.

Sensitivity Analysis

The model's assumptions reflect the ongoing profitability of Alumil Group, its expansion program and a higher penetration in the international markets.

Our valuation incorporates a sensitivity analysis based on the discounted free cash flow method employing a discount rate in the range of 5.6% - 9.6%, and a growth rate ranging between 0.5 - 2.5%.

		WACC				
		5.6%	6.6%	7.6%	8.6%	9.6%
GROWTH	0.50%	8.59	6.83	4.59	2.93	1.66
	1.00%	11.77	8.01	5.42	3.54	2.12
	1.50%	13.99	9.42	6.38	4.23	2.63
	2.00%	16.83	11.13	7.52	5.03	3.22
	2.50%	20.60	13.27	8.87	5.95	3.88

Source: VRS Estimates

Financial Analysis

Profit & Loss Analysis

With the 4-year investment program being successfully completed, we expect turnover to grow in line with capacity utilization, higher market share in most product categories and regions, and penetration in new geographic areas.

- For the period 2006-2011, **Group's turnover is expected to increase by approximately 10.64% on average annually**, mostly attributed to the international expansion and the promotion of special processed profiles.
- **Gross profit margin will improve** and settle at about 30.08% at end 2011 from 27.59% during the fiscal 2006 and 30.22% during 2005) despite pressures on pricing due to high competition. The improvement will be the outcome of:
 1. increased productivity, due mainly to synergies and efficiencies that arrive from higher production capacity;
 2. fully utilization of the new production and storage facilities;
 3. higher stake of value added new products to total turnover;
 4. tighter cost control.

We note that most products are at a mature stage domestically and at a growth stage in S-E Europe.

- **EBITDA** margin accounted for approximately 16.28% at the end of the fiscal 2005 and 15.16% at the end of the fiscal 2006, positively affected by the attachment of investment grants to the other income account. This effect is expected to be repeated in the next 5-year period. EBITDA margin for the Group will range in the area of 15.5% growing on a **CAGR₂₀₀₆₋₂₀₁₁ of 10.93%**, affected;

Positively by:

1. strong turnover growth;
2. improvement of gross profit margin;
3. lower pace of administrative expenses growth compared to turnover (CAGR₂₀₀₆₋₂₀₁₁ of 9.65%).

Negatively by:

4. higher pace of distribution expenses growth compared to turnover growth (CAGR₂₀₀₆₋₂₀₁₁ of 11.62% mostly attributed to higher advertising spending

that will represent about 0.8% of total Group turnover for the fiscal 2011 from 0.66% during the fiscal 2006, and higher transportation costs that will represent 1.55% of total turnover for the fiscal 2011 from 1.34% for the fiscal 2006);

5. decrease of other income, affected by the decrease of investment grants that is attached in other income account over the time;
6. increasing stake of research and development expenses as a percent of total turnover (0.51% in fiscal 2011, from 0.30% in fiscal 2006).

Historic & Projected P&L Financial Ratios

	2005	2006	2007 E	2008 E	2009 E	2010 E	2011 E
Profit Margins							
Gross Margin	30.22%	27.59%	28.63%	29.16%	29.57%	29.90%	30.08%
EBITDA Margin	16.28%	15.16%	15.75%	15.87%	15.77%	15.61%	15.36%
EBIT Margin	9.44%	9.09%	10.21%	10.59%	10.67%	10.59%	10.35%
Pre-tax profit margin	5.57%	5.99%	7.06%	7.01%	7.60%	7.70%	7.90%
Net Profit margin	2.26%	3.03%	3.81%	3.86%	4.23%	4.12%	4.19%
Cost Absorption & Sources							
Cost of sales on sales	69.78%	72.41%	71.37%	70.84%	70.43%	70.10%	69.92%
Administrative cost on sales	6.10%	5.74%	5.18%	5.23%	5.37%	5.45%	5.49%
Distribution cost on sales	10.20%	9.33%	8.96%	9.07%	9.24%	9.48%	9.75%

Source: Company Data & VRS Projections

Key Elements of Balance Sheet

The Group has recently completed a 2000-2006 investment program of more than € 166 million and is currently seeking to increase the utilization of the new facilities. For the next 5 year period (2006-2011), the Group is planning to invest approximately € 15 million / year, for the further expansion and renovation of buildings, machinery and transportation vehicles. The allocation of capital expenditures will be:

	% of Total	Total Expense (in € ,000s)
Intangible Assets	7.50%	1,125
Buildings & Technical Works	22.00%	3,300
Machinery & Mechanical Installation	60.00%	9,000
Transportation Equipment	3.00%	450
Furniture	7.50%	1,125
Total Capex		15,000

With regard to current assets for the Group, inventory turnover ratio is expected to settle at 150 days (avg.) from fiscal 2007 and on, from 147 (avg.) during 2006. Debtor's turnover ratio is expected to increase and range around 150 days (avg.) from 147 (avg.) during 2006, while creditor's turnover ratio will drop at approximately 80 days.

Historic & Projected Financial Ratios

	2005	2006	2007 E	2008 E	2009 E	2010 E	2011 E
Activity							
Stock Days	218	147	150	150	150	150	150
Debtors Days	162	147	150	150	150	150	150
Creditors Days	106	87	82	80	80	80	80
Operating Cycle	380	294	300	300	300	300	300
Cash Cycle	274	208	218	220	220	220	220

Source: Company Data & VRS Projections

For the fiscal 2007, Group's **total bank debt** is expected to reach € 169 million, from € 165 million during the fiscal 2006 in order to finance investments and cover working capital needs. The same is expected to occur in fiscal 2008 and 2009, with total bank debt accounting for € 174 million. However, from the fiscal 2010 and on, bank debt will start declining due to strong operating cash flows settling at 159 million by the end of the fiscal 2011. According to the above assumption, the '*bank debt / equity*' ratio will gradually reduce below 1x during the fiscal 2011.

Historic & Projected Financial Ratios

	2005	2006	2007 E	2008 E	2009 E	2010 E	2011 E
Capital Structure							
Total Debt/ Total Equity	2.21	2.10	2.01	1.95	1.84	1.71	1.55
Bank Loans/ Total Equity	1.51	1.39	1.29	1.24	1.16	1.05	0.92
Capital Gearing							
Interest Coverage	3.63	3.54	4.64	4.36	5.05	5.31	6.15
Bank Debt / EBITDA	5.46	4.47	3.74	3.42	3.12	2.86	2.56
Liquidity							
Current Ratio	0.73	0.76	0.85	0.92	0.99	1.06	1.15
Quick Ratio - Acid Ratio	0.41	0.48	0.53	0.58	0.62	0.67	0.72

Source: Company Data & VRS Projections

GROUP HISTORIC & PROJECTED PROFIT & LOSS ACCOUNT

(in euro ,000)		2005	2006	2007 E	2008 E	2009 E	2010 E	2011 E
Turnover		189,445	243,601	286,738	320,630	353,655	381,417	403,806
	y-o-y Change %	5.43%	28.59%	17.71%	11.82%	10.30%	7.85%	5.87%
Cost of Sales		132,191	176,391	204,655	227,150	249,095	267,381	282,326
	% of Turnover	69.78%	72.41%	71.37%	70.84%	70.43%	70.10%	69.92%
	y-o-y Change %	4.42%	33.44%	16.02%	10.99%	9.66%	7.34%	5.59%
Total Gross Operating Results		57,255	67,211	82,083	93,480	104,561	114,036	121,480
Gross Operating Margin		30.22%	27.59%	28.63%	29.16%	29.57%	29.90%	30.08%
	y-o-y Change %	7.85%	17.39%	22.13%	13.88%	11.85%	9.06%	6.53%
Other operating income		5,372	7,123	5,017	4,836	4,599	4,364	4,127
Administrative Expenses		11,548	13,977	14,849	16,774	18,978	20,785	22,154
	% of Turnover	6.10%	5.74%	5.18%	5.23%	5.37%	5.45%	5.49%
Research and development costs		920	719	1,421	1,580	1,754	1,917	2,061
	% of Turnover	0.49%	0.30%	0.50%	0.49%	0.50%	0.50%	0.51%
Distribution Cost		19,320	22,716	25,681	29,071	32,662	36,177	39,361
	% of Turnover	10.20%	9.33%	8.96%	9.07%	9.24%	9.48%	9.75%
Total Expenses		31,787	37,412	41,951	47,425	53,395	58,879	63,575
	% of Turnover	16.78%	15.36%	14.63%	14.79%	15.10%	15.44%	15.74%
	y-o-y Change %	14.53%	17.69%	12.13%	13.05%	12.59%	10.27%	7.98%
EBITDA		30,840	36,921	45,149	50,891	55,764	59,521	62,032
EBITDA Margin		16.28%	15.16%	15.75%	15.87%	15.77%	15.61%	15.36%
	y-o-y Change %	-2.88%	19.72%	22.28%	12.72%	9.58%	6.74%	4.22%
Depreciation		12,957	14,772	15,881	16,936	18,038	19,141	20,243
	% of Turnover	6.84%	6.06%	5.54%	5.28%	5.10%	5.02%	5.01%
EBIT		17,883	22,150	29,268	33,955	37,726	40,380	41,789
	% of Turnover	9.44%	9.09%	10.21%	10.59%	10.67%	10.59%	10.35%
	y-o-y Change %	-17.98%	23.86%	32.14%	16.01%	11.10%	7.04%	3.49%
Net Financial Results		-8,206	-10,022	-9,523	-11,466	-10,839	-11,004	-9,883
Exchange Differences		880	2,468	500	0	0	0	0
Net Results Before Taxes		10,557	14,596	20,245	22,489	26,887	29,376	31,906
EBT Margin		5.57%	5.99%	7.06%	7.01%	7.60%	7.70%	7.90%
	y-o-y Change %	-31.60%	38.26%	38.71%	11.08%	19.55%	9.26%	8.61%
Income Tax		4,150	4,488	5,061	5,622	6,722	7,344	7,976
	Effective Tax Rate	39.31%	30.75%	25.00%	25.00%	25.00%	25.00%	25.00%
Net Results After Taxes		6,407	10,108	15,184	16,867	20,165	22,032	23,929
EAT Margin		3.38%	4.15%	5.30%	5.26%	5.70%	5.78%	5.93%
	y-o-y Change %	-52.37%	57.76%	50.22%	11.08%	19.55%	9.26%	8.61%
Proportion of Minority rights		2,131	2,722	4,250	4,500	5,200	6,300	7,000
Consolidated Net Results (a.t.&m.i.)		4,277	7,386	10,934	12,367	14,965	15,732	16,929
Net Margin		2.26%	3.03%	3.81%	3.86%	4.23%	4.12%	4.19%
	y-o-y Change %	-63.03%	72.69%	48.04%	13.10%	21.01%	5.12%	7.61%

Source: Company Data & VRS Estimates.

GROUP HISTORIC & PROJECTED BALANCE SHEET

(in euro ,000)	2005	2006	2007 E	2008 E	2009 E	2010 E	2011 E
Assets							
Net Intangible Assets	1,990	1,672	2,089	2,396	2,545	2,536	2,370
Tangible Assets	236,230	252,808	261,487	272,950	285,016	297,534	310,391
Accumulated depreciation	51,282	65,100	80,272	96,390	113,452	131,460	150,412
Net Tangible Assets	184,948	187,708	181,215	176,560	171,563	166,074	159,979
Deferred Taxes	740	1,196	1,076	1,022	1,074	1,127	1,184
Long Term Receivables	747	725	696	668	641	615	591
Total Non-Current Assets	188,425	191,301	185,076	180,646	175,823	170,353	164,124
% Total Assets	51.34%	50.08%	45.12%	41.92%	39.13%	36.71%	34.73%
Inventories	79,069	70,928	84,105	93,349	102,368	109,883	116,024
Debtors	83,945	98,382	117,837	131,766	145,338	156,747	165,948
Other Receivables	7,481	12,123	14,140	15,812	17,441	18,810	19,914
Cash in bank and at hand	8,064	9,236	9,017	9,345	8,360	8,308	6,546
Total Current Assets	178,559	190,668	225,100	250,272	273,506	293,746	308,431
% Total Assets	48.7%	49.9%	54.9%	58.1%	60.9%	63.3%	65.3%
Total Assets	366,983	381,969	410,176	430,918	449,329	464,099	472,555

Source: Company Data & VRS Estimates.

GROUP HISTORIC & PROJECTED BALANCE SHEET

(in euro ,000)	2005	2006	2007 E	2008 E	2009 E	2010 E	2011 E
Equity & Liabilities							
Share capital	7,045	7,045	7,045	7,045	7,045	7,045	7,045
Share premium account	33,153	33,153	37,153	37,153	37,153	37,153	37,153
Total Reserves	47,723	53,183	53,839	54,581	55,479	56,423	57,438
Profit carried forward	23,414	25,720	33,264	41,179	50,757	60,826	71,660
Minority Rights	10,043	12,197	15,172	18,322	21,962	26,372	31,272
Total Capital & Reserves	121,378	131,299	146,474	158,281	172,397	187,819	204,570
% Total Equity & Liabilities	33.07%	34.37%	35.71%	36.73%	38.37%	40.47%	43.29%
Long Term Liabilities							
L-Term Bank Loans	106,678	78,321	104,000	84,000	58,000	46,998	35,994
Provisions for Staff Retirement	955	1,198	1,188	1,342	1,518	1,663	1,772
Investment Grants	20,850	23,447	27,543	26,890	25,277	23,760	22,334
Other long term debts	6,125	7,737	7,585	7,435	7,289	7,146	7,005
Total L-Term Liabilities	134,609	110,703	140,315	119,667	92,084	79,567	67,106
Short Term Liabilities							
Suppliers	38,316	41,812	45,977	49,786	54,596	58,604	61,880
Banks	40,996	57,669	50,000	70,000	90,000	112,000	112,000
Current portion of long term debt	20,606	29,177	15,000	20,000	26,000	11,002	11,004
Taxes-duties	2,541	1,901	2,531	2,811	3,361	3,672	3,988
Dividends	0	0	0	0	0	0	0
Sundry debtors	8,538	9,408	9,878	10,372	10,891	11,436	12,007
Total Current Liabilities	110,997	139,967	123,386	152,970	184,848	196,714	200,879
Total Liabilities	245,605	250,670	263,702	272,637	276,932	276,280	267,985
% Total Equity & Liabilities	66.93%	65.63%	64.29%	63.27%	61.63%	59.53%	56.71%
Total Equity & Liabilities	366,983	381,969	410,176	430,918	449,329	464,099	472,555

Source: Company Data & VRS Estimates.

Notes

Notes

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Value Invest - www.valueinvest.gr Investment Research & Analysis Journal - www.iraj.gr

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DISCLOSURE CHECKLIST

Covered Company	Reuters	Price	Price Close	Disclosure
Alumil	ALMr.AT	€ 5.24	29 June 2007	2, 4, 5, 6

1. VRS has acted as financial consultant for the covered company within the past 24 months.
2. VRS has sent the research report to the covered company, prior to publication or dissemination, for factual verification.
3. VRS has changed the contents of the initially sent report, with respect to: no change has been made.
4. VRS has received compensation from the covered company for the preparation of this research report.
5. VRS produces research reports for this company on systematic basis.
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