

Blue Star Ferries

Reuters : STR.AT Bloomberg : BSTAR GA

Sector: Passenger Shipping

Ownership Structure:

Attica Enterprises	48.55%
Mitica Limited	5.01%
Free Float	46.44%

Stock Data

Price (01/09/06)	€3.28
Mkt Cap (in mn)	€342.30
Shares (in mn)	105.00

Stock Ratios

	2004	2005	2006 E	2007 E
P / E	32.55	19.56	15.30	14.55
P / BV	1.80	1.71	1.60	1.50
EV / EBITDA	16.77	12.95	11.64	10.57
D / Y	1.84%	2.15%	2.45%	3.07%
ROE	5.53%	8.96%	10.78%	10.64%
ROIC	2.62%	4.39%	5.65%	5.92%
Net debt / Equity	0.88	0.72	0.68	0.56

Summary Financials

P&L (in mil €)	2004	2005	2006 E	2007 E
Revenues	128.50	133.38	148.85	157.04
Gross Profit	51.71	60.13	65.73	69.04
OPEX	21.45	23.15	24.34	25.20
EBITDA	30.39	37.64	41.90	44.33
Financial Results	-6.33	-7.33	-6.68	-7.57
Depreciations	13.20	12.30	12.14	12.51
EBT	10.86	18.02	23.07	24.26
EAT & Minorities	10.52	17.50	22.38	23.53

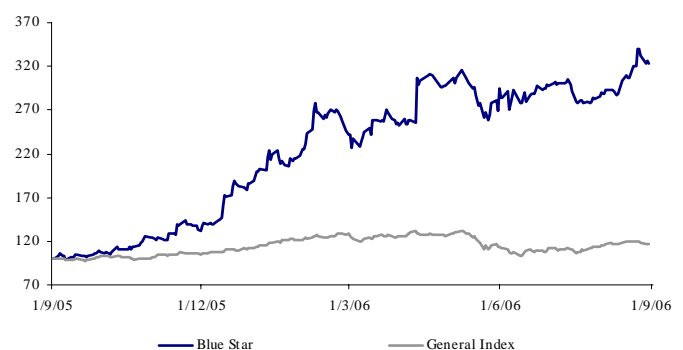
BS (in mil €)	2004	2005	2006 E	2007 E
Net Fixed Assets	345.7	335.4	343.6	334.4
Total Cur. Assets	72.7	79.1	73.1	84.0
Cash & Equivalent	44.1	49.2	36.8	43.3
Total Assets	418.4	414.5	416.7	418.3
Total Equity	190.0	200.6	214.6	227.6
L-Term Liabilities	154.8	182.8	169.8	157.4
S-Term Liabilities	73.6	31.1	32.3	33.4
Liability & Equity	418.4	414.5	416.7	418.3

Source: Company Data & VRS Projections

KEY INVESTMENT POINTS

- Blue Star Ferries (member of the Attica Group) is the leading ferry operator in the Aegean Sea with strong presence in the Greece - Italy Adriatic route. We expect the Group to retain its leading market share and benefit from the estimated growth of the market volume attributed to the potential growth of tourism.
- The competitive advantage of the Group is its newly build fleet that includes fast and high-quality ferries. The Group Attica operates 12 Ro-Pax cruise ferries, five of which carry the "Superfast" name and eight the "Blue Star" name.
- The recent (May 2006) liberalization of fares in the majority of the Greek domestic lines is altering conditions in the market, with large groups like Blue Star (as part of the Attica Group) being in the forerun of developments. We expect strong tariff war with Blue Star ferries proceeding to special offers and flexible pricing in peak and off peak season that will increase capacity utilization through the year.
- We expect Group EBITDA to sustain growth in the coming 2 years despite the continuous upward trend in the price of fuel oil. We note that in 1H 2006 Group EBITDA increased by 32.8% while total fuel and lubricant expenses for the Group rose by 41.7% year-on-year, despite the remarkably fewer sailings performed. EBITDA growth will be attributed to:
 - The significant revenue growth
 - The deployment of vessels on routes on which they can be fully exploited year-round
 - The decrease of other operational expenses of the vessels compared to the same period in the previous year
 - The upholding of distribution and administrative expenses at approximately the same levels as in the previous year
 - The impose of fuel surcharges

Relative Performance vs ASE G.I. (52 weeks)



Dynamic Securities S.A.

6-10, Harilaou Trikoupi Str., 10679 Athens -Greece
Tel.: +30 210 3677 700, Fax: +30 210 3677 777
Mail: info@dynamicsec.gr, url: www.dynamicsec.gr

INVESTMENT CASE

- ❖ The Group experiences sustained growth in all cargo categories. Total volumes for the Group, for the first half 2006 stood at 1,567,831 passengers, 206,305 private vehicles and 70,558 freight units. Compared to the same period last year, total volumes carried grew by 4.4% in passengers, by 9.9% in private vehicles and by 19.3% in freight units. It should be noted that the above growth was attained against 14.8% fewer sailings compared to the first half of 2005. **In the Greek market**, the Group's fleet carried 4.6% more passengers, 11.3% more private vehicles and 16.6% more freight units compared to 1H 2005. It should be noted that this growth was reached despite the sale of Seajet 2 and the redeployment of Blue Star 1 to the Greece – Italy routes. Market shares for the Group on the **Greece – Italy routes** stood at 12.4% in passengers (1.6% market share increase), 6.1% in private vehicles (7.6% market share decrease) and 9.8% in freight units (27.3% market share increase).

CORPORATE PROFILE

- ❖ Blue Star Maritime operates its fleet under the Blue Star Ferries brand both in the Greek Islands' market and between Greece and Italy. In the Greek Islands' market, Blue Star Ferries serves major destinations in the Cycladic Islands and the Dodecanese Islands complex, such as Paros, Mykonos, Santorini and Rhodes. Currently, Blue Star Ferries operates eight vessels in the Greek domestic market, of which four are built post-2000, enjoying market shares of over 50%, on average, on the different routes it operates, against approximately 20 vessels of the competition with an average age of about 20 years. The Greek domestic market comprises of a vast network of routes connecting mainland Greece with its dense insular community. Ferry transport in Greece is widely used for those traveling to and from the islands throughout the year for personal and business purposes and is vital for the supply of goods and produce to the islands. In the summer months, traffic is heightened with tourist movements to and between the islands.

COMPARATIVE RATIOS

Company	Country	Mkt Cap (mn)	P/E '06	P/BV '06
Finnlines Oyj	Finland	659.21	22.56	1.72
DFDS A/S	Denmark	3,940.0	16.19	1.38
Irish Continental Group	Ireland	262.70	N/A	1.96
National Shipping	Saudi Arabia	11,081.3	N/A	4.26
Tallink Group	Estonia	502.32	9.44	2.39

Data: Bloomberg estimates for fiscal 2006. Share prices as of September 1st 2006