

ELECTRONIKI ATHINON

Reuters : ELCr.AT Bloomberg : ELATH GA

Sector: Retail - Electric & Electronic Appliances

Ownership Structure (31/10/2006):

Stroutsis Ioannis	57.038%
Limberopoulou-Stroutsi Paraskevi	17.186%
Free Float	25.776%

Stock Data

Price (22/11/2006)	€ 6.42
Mkt Cap (in mn)	€ 110.745
Shares (in mn)	17.25

Stock Ratios

	2004/05	2005/06	2006/07E	2007/08E
P / E	45.84	20.62	17.48	13.60
P / BV	3.86	4.82	4.12	3.41
EV / EBITDA	12.38	8.25	7.12	5.81
D / Y	1.87%	2.02%	2.18%	2.34%
ROE	8.43%	20.80%	25.41%	27.45%
ROIC	8.20%	20.21%	24.57%	26.55%
Net debt / Equity	-0.32	-0.76	-0.48	-0.39

Summary Financials

P&L (in mil €)	2004/05	2005/06	2006/07E	2007/08E
Revenues	118.1	145.7	168.9	197.6
Gross Profit	30.4	37.0	42.5	50.0
OPEX	22.1	25.5	28.8	33.1
EBITDA	8.3	11.5	13.7	16.9
Financial Results	-0.9	-1.5	-1.8	-2.1
Depreciations	3.5	2.0	2.3	2.6
EBT	3.9	7.9	9.6	12.2
EAT & Minorities	2.4	5.4	6.3	8.1

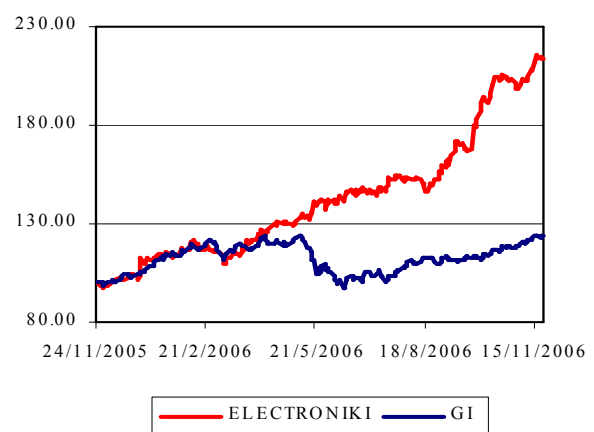
BS (in mil €)	2004/05	2005/06	2006/07E	2007/08E
Net Fixed Assets	15.8	17.1	24.6	28.4
Total Cur. Assets	48.6	61.7	66.5	76.0
Cash & Equivalent	8.4	16.9	14.0	13.6
Total Assets	64.4	78.9	91.2	104.5
Total Equity	28.7	23.0	26.9	32.4
L-Term Liabilities	0.8	1.3	1.2	1.1
S-Term Liabilities	0.8	0.7	1.0	1.0
Liability & Equity	64.4	78.9	91.2	104.5

Source: Company Data & VRS Projections

KEY INVESTMENT POINTS

- Electroniki Athinon (EA) is one of the most recognized retail chain in the Greek electric & electronic appliances market, holding about 11% market share. **The Group targets to increase its market share to at least 16% in the domestic market in the next 3-years.** The competitive advantages of EA are the long experience and understanding of the Greek market and the flexibility to adopt alternatives in order to benefit or avoid losses from changes in market conditions.
- Electroniki Athinon is operating about 27,000 m² through a network of 46 stores in Greece and 2 in Cyprus (as of 30/6/2006). **The domestic growth is generated by the operation of new stores,** with the Company seeking to increase the total selling area to 10,500 m² in the next 3-year period.
- In addition, the strategy of the Group applies for a **modest approach with regard to international operations, expanding into markets where it can identify profitable opportunities** (low competition, low penetration of new tech products and increasing customer spending).
- The Group **is seeking to increase the return / m² per year** applying the concept of aggressive marketing, efficient product mix & merchandising and high quality service through well organized operations.
- The bankruptcy and gradual withdrawal of the second largest retail chain 'Radio Korasidis' (along with the sister chain 'Elephant') from the Greek market during fiscal 2005 **led Electroniki Athinon to capture a large part of their market share and become the second player in the market.**

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



INVESTMENT CASE

- ❖ The Group is planning to increase its network by 5 new stores in Greece and 1 in Serbia raising its total selling area by 10,500 m² during the fiscal 2006-2007. The expansion of Group's network will continue in financial years 2007-2008 with the launching of at least 4 new stores in Greece and the potential of 2 more in Cyprus (as soon as current stores turn positive). All new stores will satisfy the condition of an average 1,500 - 1,700 m² selling area. In addition, the Group examines the potential of increasing the selling area of older stores. **The future development of the retail network will target the full geographical coverage of Greece.**
- ❖ **International expansion is one of the most significant “engines” for the future growth of the Group.** The Group is currently completing the establishment of a 2,500 m² Megastore in Serbia. The new Megastore is expected to launch operations during Christmas time or in early 2007. The successful course of the Serbia investment would signal the Company's further expansion in other South European countries with Bulgaria, Albania and FYROM being the first in the list.
- ❖ **Electroniki Athinon is also examining the benefits from a potential acquisition of a smaller domestic player** in order to expand its geographical presence into areas of low penetration. The Group currently examines the potential acquisition of the Sarafidis chain which has strong presence in North Greece with 9 stores and total turnover of about € 40 million.

CORPORATE PROFILE

- ❖ Electroniki Athinon SA was founded on 25 July 1989. The Group specializes in the sale of high technology consumer electronics, household electric appliances, personal computers, photographic equipment, communication products and related services and after sales services. The Group operates 46 stores in Greece (as of 30/6/2006), on a total selling area of about 27,000 m², holding 11% share of the Greek retail electric and electronic appliances market. In 2002, the Company entered the Cypriot market by establishing the 100% subsidiary Electroniki Athinon (Cyprus) Ltd. The company operates two stores, holding about 6% share of the Cypriot retail electric and electronic appliances market. On August 2000, the company completed a 16,000m² warehouse.

COMPARATIVE RATIOS

Company	Country	Mkt Cap (€ mn)	P/E '06	P/BV '06
Dixons Group	UK	3,709	15.44	2.61
Best Buy	US	26,817	19.88	4.94
Kesa Electr.	UK	1,970	18.63	6.29
Electroniki Athinon	Greece	111	20.62	4.82

Data: Bloomberg estimates for fiscal 2006. Share prices as of November 22nd, 2006.

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