

Kleemann

Rtr : KLEr.AT, Bloomberg: KLEM GA

Sector: Industrial Machinery / Mechanical Equipments

Ownership Structure:

Main Shareholders 60.59%
Free Float 39.41%

Stock Data

Price (11/12/06)	€8.40
Mkt Cap (in mn)	€99.33
Shares (in mn)	11.82

Stock Ratios

	2004	2005	2006 E	2007 E
P / E	15.40	15.19	10.23	8.99
P / BV	1.77	1.62	1.51	1.38
EV / EBITDA	10.42	8.88	7.01	6.46
D / Y	2.56%	2.94%	4.15%	4.71%
ROE	12.49%	11.11%	15.24%	16.03%
ROIC	11.00%	9.45%	13.71%	14.35%
Net debt / Equity	2.81	1.60	1.25	0.98
Pay out (%)	41.26%	48.12%	48.26%	48.34%

Summary Financials

P&L (in mil €)	2004	2005	2006 E	2007 E
Turnover	73.4	79.2	82.8	86.4
Gross Profit	23.4	27.0	30.9	33.8
OPEX	14.0	16.5	16.6	18.0
EBITDA	10.4	11.9	15.9	16.9
Finan. Results	0.4	0.6	0.6	0.5
Depreciations	1.0	1.5	1.6	1.1
EBT	9.0	9.8	13.6	15.3
EAT & Minorities	6.4	6.5	9.7	11.1

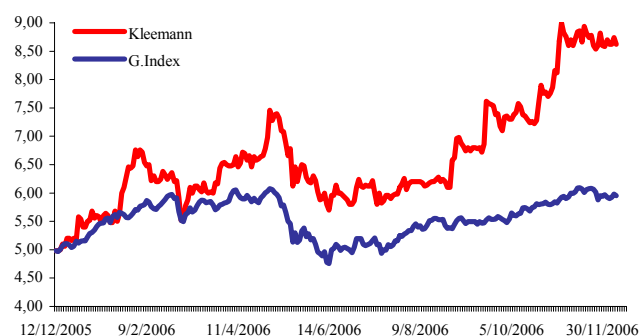
BS (in mil €)	2004	2005	2006 E	2007 E
Net Fixed Assets	24.3	27.2	29.5	30.9
Total Cur. Assets	65.3	68.7	73.3	78.8
Cash & Equivalent	6.2	5.3	4.5	5.4
Total Assets	89.6	95.8	102.8	109.8
Total Equity	56.2	61.5	65.9	72.0
L-Term Liabilities	0.0	0.0	0.0	0.0
S-term Liabilities	14.4	10.9	15.2	14.0
Liability & Equity	89.6	95.8	102.8	109.8

Source: Company Data & VRS Projections

KEY INVESTMENT POINTS

- Kleemann Hellas **holds a leading position** in the domestic market for hydraulic elevators, commanding a market share of **70% in terms of volume** (number of units installed) and **45.9% of total value**. Its main target is the market share in value to equal that of the volume. **At the same time Kleemann is one of the leading European players holding 4%** of the global elevator market, with a strong presence in the UK, Germany, France, Turkey and Cyprus.
- Kleemann's **primary object** is to strengthen its presence in international markets and mainly in Eastern Europe and Middle East. The Groups aims to increase **international sales to 50% of total group turnover** in the coming 3 year period from approximately 40% today.
- In addition, **the strong construction activity and the 95/16 EC Directive** regarding the replacement of the old elevators according to the lift safety standards are expected to maintain Group's strong domestic sales.
- At the end of 2005 Kleemann proceeded with the **sale of its participation in its subsidiary Leistritz in Germany** (reported losses for the last 5 years). As a result, the Group will abolish about € 8 mn sales during 2006 but it will be overbalanced by the rapid growth in both domestic and foreign markets.
- During the 9-month period of fiscal 2006, consolidated revenues reached €61.15 mn, posting a 6.7% increase compared to 9M '05. EBITDA increased by 28.9% to € 12.63 mn, compared to the same period last year. Earnings before taxes (EBT) recorded an increase of 30.7% y-o-y, reaching €11.18mn compared to €8.55 mn in 9M '05. EPS increased by 36.0% at € 0.68 vs € 0.50 in 9M 2005.

Kleemann vs G.I. (52 weeks)



INVESTMENT CASE

- ❖ The increase in building activity during the last 4 years constitutes one of the most important sales growth drivers in the domestic market. Although building activity growth is expected to slow down, the company is expected to **maintain its high level of sales in the domestic market benefited from the 95/16 EC Directive for the replacement of the old elevators according to the lift safety standards**. In the Greek market the number of elevators to be replaced within the next decade exceeds 300,000 which correspond to a turnover of at least € 1.5 bn.
- ❖ The “internalization” of Kleemann is still at an early stage and is expected to be the next important growth driver in the next 5 year period. For the fiscal 2005, about 40% of the Group sales were realized abroad mainly through exports. In addition, **the Group expects strong turnover growth from the subsidiaries in Turkey (Kleemann Asansör) and Serbia (Kleemann Liftovi) as well as the recently established subsidiary in Romania (Kleemann Lift Ro)**. The management’s target for international sales is to account for at least 50% of the total Group sales in the next 5 years. This target is feasible considering the **potential development of construction activity in the Balkans**.
- ❖ The Group is currently under a 2-year (2006-2007) € 6 mn capital expenditure plan targeting mostly productivity improvements and additions. More specifically, the Group aims at the development of new manufacturing facilities, obtaining new state-of-the-art mechanical equipment, the installation of energy saving systems, the development of an e-commerce system, the implementation of contemporary inventory management systems, and the construction of a multi-storey testing tower for the development of high speed lifts.

CORPORATE PROFILE

Kleemann Hellas is active in the production of Complete Lift Systems which includes hydraulic and mechanical suspension components. Moreover the company produces electronic panels in collaboration with the French Autinor and lift doors through its subsidiary Klefer (Kleemann set up the subsidiary with the Spanish Fermator). The main lift components that the Group trades are: Klefer automatic lift doors, traction machines, guide rails, wire ropes, cables, buffers, car operation panels, Kleemann - BP special hydraulic oil. Kleemann products are distributed through installation and maintenance lift companies among which are Kone, Otis, Shindler, and Thyssen.

COMPARATIVE RATIOS

Company	Country	Mkt Cap (mn)	P/E '06	P/BV '06
Kone Oy	Spain	4,937.32	21,22	7.43
ThyssenKrupp AG	Finland	16,479.08	10,21	1.94
Schindler Holding AG	Switzerland	9,175.29	19,02	5.22
Zardoya OTIS SA	Germany	6,281.16	38,43	45.20
Kleemann	Greece	99.33	10.23	1.51

Data: Bloomberg estimates for fiscal 2006. Share prices as of Dec 11th 2006

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