

Nireus Aquaculture

Rtr : (NIRr.AT), Bloomberg: NIR GA

Sector: Food

Ownership Structure:

Main Shareholders	28.3%
Other Strategic Investors	9.0%
Free Float	62.7%

Stock Data

Price (04/12/06)	€3.94
Mkt Cap (in mn)	€159.05
Shares (in mn)	40.37

Stock Ratios

	2004	2005	2006 E	2007 E
P / E	10.39	21.32	15.95	11.99
P / BV	1.55	1.44	1.36	1.26
EV / EBITDA	7.84	12.06	9.45	7.91
D / Y	1.17%	1.82%	2.21%	2.87%
ROE	16.29%	7.00%	8.77%	10.90%
ROIC	7.97%	3.09%	3.56%	4.21%
Net debt / Equity	0.64	0.73	0.95	0.92
Pay out (%)	12.13%	38.85%	35.23%	34.41%

Summary Financials

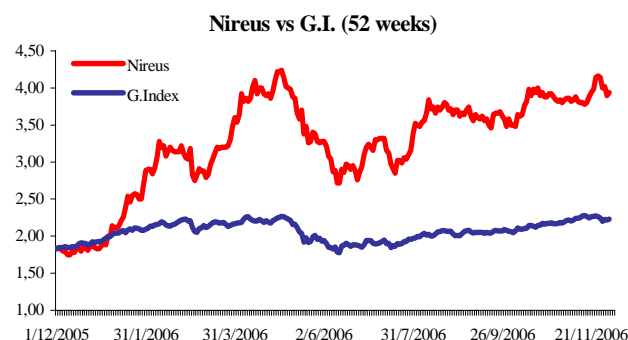
P&L (in mil €)	2004	2005	2006 E	2007 E
Turnover	115.1	138.1	162.9	193.9
Gross Profit	41.7	37.9	44.6	54.5
OPEX	17.9	23.4	29.6	34.9
EBITDA	28.5	19.7	27.7	34.3
Finan. Results	-3.6	-4.0	-5.3	-5.6
Depreciations	4.8	5.2	12.6	14.7
EBT	21.0	11.2	14.6	19.0
EAT & Minorities	15.3	7.5	10.0	13.3

BS (in mil €)	2004	2005	2006 E	2007 E
Net Fixed Assets	115.8	115.1	140.0	155.0
Total Cur. Assets	119.4	150.5	175.5	188.4
Cash & Equivalent	1.0	2.6	8.4	3.9
Total Assets	235.3	265.6	315.5	343.4
Total Equity	102.8	110.2	117.1	126.4
L-Term Liabilities	16.2	61.1	87.7	84.2
S-term Liabilities	49.1	19.5	23.5	32.7
Liability & Equity	235.3	265.6	315.5	343.4

Source: Company Data & VRS Projections

KEY INVESTMENT POINTS

- Nireus Group holds about **45.3% market share in Fry (fish juveniles) and 20.9% in farmed fish (market size fish) in Greece** (data as of 13-12-2005) surpassing significantly all Greek companies in fish farming sector, in terms of sales, profits and total own funds. In addition, the Group is **the largest sea-bream and sea-bass producer globally**, exporting to more than 25 countries.
- The Group invests on hatchery and cage fish farming units either through investments on existing units or through acquisitions of other companies, seeking to expand its production capacity in fish juveniles and market size fish.
- Nireus's strategy is to **keep production cost as tight as possible and improve operating margins**. For that reason the company funds a R&D program in order to improve the production procedure seeking at the same time to control all stages of production efficiently, aiming at genetical selection, continuous reduction of the annual production costs and shortening of the production period.
- Furthermore, **the Group invests in order to further diversify its operations**. So, in addition to the pre-on growing units, Nireus invests on fish-feed factories, fish processing plants, branded fish products and new products, improving its operating margins and gradually boosting profitability.
- The total investment program of the period 2007-2010 accounts for approximately €50 mn.
- During the 9M 2006 Group's sales increased by 13.31% y-o-y reaching €121.21 mn. as opposed to €106.97 mn. for the relative period of the previous year. EBITDA raised by 31.2% on y-o-y basis, and EBT increased by 21.18% at €12.09 mn vs €10.06 mn in 9M 2005.



INVESTMENT CASE

The increase of group's production capacity in all of the three production activities (fry production, market size fish production and fish-feed production), the improvement of operating margin, the production of new species (such as blue fin tuna and flatfish), the increase of international sales as a proportion of total sales and the operating expansion in new profitable activities (fish filet and branded fish), compose the main growth drivers of group's management.

- ❖ With regard to fry production and sales, Nireus achieved its planned production capacity for 2005, and added 12 mn pieces in 2006. The group is planning to add another 10 mn pieces in 2007 and 23 mn pieces in 2008 (including the completion of a hatchery unit in Turkey). Furthermore, the Group is investing €5.7 mn in new technology hatchery units (pre-on growing farms) that can grow fish juveniles of higher size. This new size is expected to boost selling price by at least 55% as it reduces the production cycle (from fish juvenile to market size fish) for the buyer.
- ❖ Nireus is capitalizing its valuable experience on fish production and management of fish farming units, by undertakes the management of other fish farming companies and implements facon type production for Nireus, which creates considerable synergies and increases profit margins for the Group.
- ❖ The Group plans to invest approximately €10 million in order to increase its own production of fish-feed by 40,000 – 45,000 tons annually. A new fish-feed factory which will be established in Turkey is expected to operate during 2008, while all its production will be absorbed by the local Turkish market.

CORPORATE PROFILE

The main activities of the Nireus Group is the production of fry, part of which is used internally for the production of market size fish, while the rest is traded, the production and trading of market size fish, the production and trading of processed fish as well as the production of fish farming equipment such as nets, cages etc. for NIREUS and other fish farming companies abroad, the production and trade of confectionary products and the unique Chios mastic chewing gum. The Group distributes and sells its various products in the domestic and international markets. The group owns 7 hatchery units, 52 fish cage farming units, 13 state of art packaging units one fish-feed factory, one confectionary and one Chios natural mastic chewing cum factory.

COMPARATIVE RATIOS

Company	Country	Mkt Cap (mn)	P/E '06	P/BV '06
Selonda	Greece	84.3	15.70x	1.31x
Pescanova	Spain	357.5	20.43x	1.46x
Leroy	Norway	4,406	7.32x	3.19x
Pan Fish	Norway	18,067	6.49x	1.45x
Nireus	Greece	159.05	15.95	1.36

Data: Bloomberg estimates for fiscal 2006. Share prices as of Dec 4th 2006

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