Thrace Plastics

Reuters: THRr.AT, **Bloomberg:** PLAT GA

Sector: Specialty Chemicals

Ownership Structure:

Halioris Family	64%
Greek Institutional Investors	9%
Free Float	27%

Stock Data

Price (18/12/2006)	**€ 2.30**
Mkt Cap (in mn)	**€ 104.65**
Shares (in mn)	**45.50**

Stock Ratios

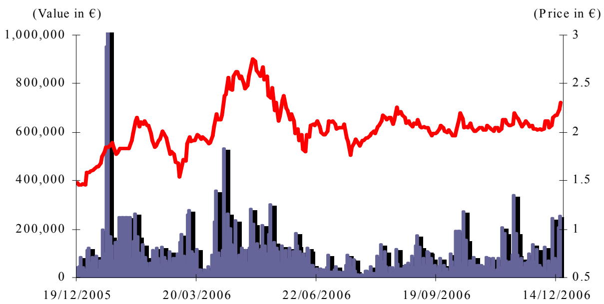
	2004	2005	2006 E	2007 E
P / E	15.51	10.44	10.96	10.49
P / BV	1.61	1.36	1.24	1.14
EV / EBITDA	6.11	5.72	5.64	5.41
D / Y	0.74%	2.16%	2.10%	2.38%
ROE	10.41%	14.14%	11.84%	11.34%
ROIC	5.35%	7.08%	6.44%	6.53%
Net debt / Equity	0.75	0.68	0.65	0.57

Summary Financials

P&L (in mil €)	2004	2005	2006 E	2007 E
Turnover	173.54	186.25	204.09	223.55
Gross Profit	46.23	49.08	50.34	54.17
OPEX	24.20	25.16	25.96	27.57
EBITDA	25.10	27.46	28.24	28.97
Financial Results	-2.51	-1.71	-2.73	-2.71
Depreciation	12.53	11.58	11.85	12.56
EBT	10.05	14.18	13.66	13.70
EAT & Minorities	6.75	10.02	9.55	9.98

Source: Company Data & VRS Projections

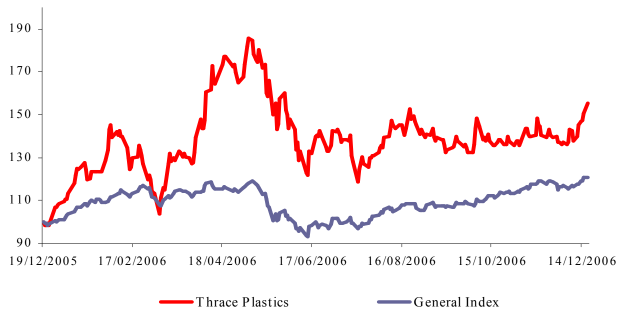
Stock Graph (52 weeks)
Min: € 1.46, Max: € 2.75



KEY INVESTMENT POINTS

- Thrace Plastics Group is a global player in the areas of technical fabrics (woven and non-woven plastics), rigid packaging, as well as big bags and FIBCs. The Group implements a strong investment plan targeting higher capacity levels and utilization rates in order to meet the growing international demand for its products.
- Thrace Plastics Group reports consolidated turnover according to revenues from four major business segments, each corresponding to a particular production line: woven, non-woven, rigid packaging, and big bags. As of 9M 2006, woven plastics generated the largest part of consolidated revenues however rigid packaging was the highest growing segment.
- The Group's long-term strategy assumes production capacity increases through investments in new machinery (technical fabrics & rigid division), and at the same time higher capacity utilization rates, targeting stonger sales to international markets. **For the period that we examine, 2006-2010, we anticipate Group turnover CAGR of 6.30%.** The Group is expected to operate on full capacity with future growth depending on further capacity increases through investments in current facilities or possible acquisitions of units abroad.
- By applying our forecasts for the coming 5-years in the DCF model, we derive a fair price of Thrace Plastics stock at € 2.72 implying an outperform rating. Our time horizon for this rating is approximately 12 months.

Relative performance with G.I. (52 weeks)
Stock Return: 55.41% - G.I. Return: 20.70%



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Investment Case

Thrace Plastics Group is a global player in the areas of technical fabrics (woven and non-woven plastics), rigid packaging, as well as big bags and FIBCs. The Group implements a strong investment plan, favored by tax incentive laws and investment subsidies. The plan targets higher capacity levels and utilization rates in order to meet the growing international demand for the Group's products. Raw material prices remain a key issue in determining future profitability, although the Management has shown ability to efficiently manage the adverse market conditions and minimize any negative effects on profit margins.

The Group's market positioning and expansion strategy may be illustrated as follows:

- Long-term relationships with suppliers and customers,
- High technology-based production, where significant barriers of entry exist,
- Emphasis on innovative and value added products,
- Targeting of niche markets,
- Strong international presence,
- Intra-group restructuring for maximization of synergies and cost savings (via mergers within the group, transfer of production activities, etc.).

Thrace Plastics Group reports consolidated turnover according to revenues from four major business segments, each corresponding to a particular production line: woven, non-woven, rigid packaging, and big bags. As of 9M 2006, woven division generated the largest part of consolidated revenues however non-woven division offered the highest gross profit margin (incl. depreciation) among the four business activities of Thrace Plastics Group. In the 3rd quarter of 2006 alone, revenues from woven accounted for 43% of total, from non-woven for 19.3% of total, from rigid packaging for 18% and from big bags for 19.6%. The investment plan for the period 2006-2007 amounts to € 21.8 million approximately, and provides for investments in the production of the technical fabrics division (approximately 50.5% of total) and rigid packaging (approximately 49.5% of total).

- **Woven Products**

Currently the largest revenue contributor on group level, this product category includes geotextiles, agro textiles, carpet backing, FIBC fabrics, industrial yarns, ropes & twines, etc. Thrace Plastics Group operates production facilities in two countries, particularly in Greece (under the parent company Thrace Plastics S.A.) and Scotland (under the subsidiary Don & Low LTD), with an annual capacity of approximately 51,000 tons. Apart from Greece, targeted markets include Europe and the US.

The Group implements an investment of € 11 million (with an investment subsidy of € 6.2 million) for the creation of new facilities with an annual production capacity of 9,000 tons. The new plant is expected to be operational in April 2007. As far as the expansion of its distribution network, the Group has entered into agreements with US and European partners, and at the same time has expanded into new markets such as Dubai, New Zealand, Turkey and Africa.

During the 9-month 2006 period, revenues from woven products amounted to € 67.49 million, with the share of this category settling at 43% of the total. According to our forecasting model, we project revenues of € 90 million from this product line for the full year 2006 (or 44.12% of total annual revenues), which are expected to reach the level of € 111 million in 2010 (or 44.02% of total annual revenues), assuming higher capacity utilization rates due to strong investments.

- **Non-Woven Products**

Non woven products include roof membranes, passenger care products, non-woven fabrics for furniture and bedding, work wear, filters, crop covers, etc. Thrace Plastics Group operates production facilities in two countries, particularly in Greece (under the subsidiary Don & Low Hellas S.A.) and Scotland (under the subsidiary Don & Low LTD), with an annual capacity of approximately 15,000 tons. In addition, the Group has been modernizing its machinery equipment for the production of laminates. Apart from Greece, targeted markets include Europe and the US, whereas the Management targets a larger penetration in the European construction sector.

During the 9-month 2006 period, revenues from non woven products amounted to € 30.3 million, with the share of this category settling at 19.32% of the total. According to our forecasting model, we project revenues of € 39.3 million from this product line for the full year 2006 (or 19.26% of total annual revenues), which are expected to reach the level of € 50.5 million in 2010 (or 19.96% of total annual revenues), assuming higher capacity utilization rates.

- **Rigid Packaging**

The rigid packaging division includes plastic packaging products for food industry and chemicals, bottles, bags in box, buckets, etc. The Group operates production facilities in 4 countries, Greece, Bulgaria, Romania and Turkey. Total annual production capacity currently settles at 13,000 tons, whereas the new investment of € 10.8 million (including a € 4.3 million investment subsidy) currently under progress will boost production capacity by the end of 2007. Thrace Plastics Group has penetrated the markets of Greece, Balkans and Turkey, where it constantly expands its distribution network.

During the 9-month 2006 period, revenues from rigid packaging products amounted to € 28.31 million, with the share of this category settling at 18.04% of the total. According to our forecasting model, we project revenues of € 34.7 million from this product line for the full year 2006 (or 17% of total annual revenues), which are expected to reach the level of € 47.6 million in 2010 (or 18.8% of total annual revenues), assuming higher capacity utilization rates and strong investments.

- **Big Bags & FIBCs (Industrial Packaging)**

This division includes products such as heavy-duty bags, container liners, 1 loop FIBC, etc. The Group operates production facilities in Greece and Bulgaria (where part of its production has been transferred to). Total annual production capacity currently settles at 6 million per year, whereas Thrace Plastics Group targets the markets of Ireland, UK, Scandinavia, as well as Greece.

During the 9-month 2006 period, revenues from industrial bags products amounted to € 30.79 million, with the share of this category settling at 19.62% of the total. According to our forecasting model, we project revenues of € 40 million from this product line for the full year 2006 (or 19.6% of total annual revenues), which are expected to reach the level of € 43.4 million in 2010 (or 17.2% of total annual revenues), assuming higher capacity utilization rates.

THRACE PLASTICS' GLOBAL POSITION

Thrace Plastics Group is a global player in the 4 major business activities it engages in. The Company is among the international leaders in certain product categories, one of the few worldwide specialists in other product categories and among the leaders in the broader Balkan region surrounding the Greek market.

Woven Products: In geotextiles and agrotextiles, Thrace Plastics is currently among the 3 largest European companies in terms of sales, while it holds a significant market share in the US market. In carpet backing, the Group is also among the 3 largest European companies in terms of sales. International companies with activities similar to the ones of Thrace Plastics Group in this market are Tencate (listed on Euronext), Low & Bonar (LSE), Propex, Lystex, etc.

Non-Woven Products: In the area of technical spundbond, Thrace Plastics is one of the few European players exclusively specialized in technical fabrics, while in the area of laminated products, the Group is considered to be among the biggest suppliers in the European market. International companies with activities similar to the ones of Thrace Plastics Group in this sector are Dupont (listed on NYSE), Fiberwabe Freundenberg, PGI Nonwovens, Texnovo, Pegas.

Rigid Packaging: The Company holds a dominant position in the broader Balkan region where it targets greater penetration in the following years. International companies with activities similar to the ones of Thrace Plastics Group in this market are the Greek companies Mornos and Superfos, as well as the RPC Group (listed on LSE).

Big Bags & FIBCs: The Company holds a dominant position in Greece, Ireland and Scandinavia, where it targets greater penetration in the following years. In this business activity, the Storsack Group is one of Thrace Plastics Group's competitors internationally.

CORPORATE PROFILE

Established in 1978 in Xanthi, Northeastern Greece, Thrace Plastics Group is nowadays among the largest technical fabric –woven and non woven- producers in Europe, operating production facilities in 5 countries (Greece, Scotland, Bulgaria, Romania and Turkey), with subsidiaries in 4 more countries (trading companies in Ireland, Norway, Sweden and Serbia) and sales channeled into more than 50 countries (Europe, North America, Japan and Australia). The Group employs 1,740 persons, whereas there are 23 companies within the Group, with their activities mainly concentrated on the production and trade of PP & PE products. Annual production capacity exceeds 80,000 tons per annum with the utilization rate ranging in the neighborhood of 90%-95%.

The Group's activities are reported as follows:

- Woven Polyolefin Textiles (production facilities in Greece and Scotland),
- Non Woven Polyolefin Textiles (production facilities in Greece and Scotland),
- Plastic Packaging Products for the Food Industry and Chemicals (production facilities in Greece, Bulgaria, Romania and Turkey),
- Big Bags & FIBCs (production facilities in Greece and Bulgaria).

The Group's supplier portfolio is geographically diversified, offering access to the most suitable raw materials at competitive market prices. Main suppliers are Basel (Italy, France, UK), Hellenic Petroleum (Greece), Ineos (Belgium, France, UK) and Lukoil (Bulgaria).

Thrace Plastics Group - Global Presence

Source: The Company.

Risk Factors

	Investment Risks / Concerns	Mitigating Factors / Important Notes
1	Volatility in raw material prices (mainly of polypropylene) affects gross profit margin. PP prices move in line with oil prices in most but not all periods of time according to historical data.	Investments in high-end technology and higher capacity utilization improve cost structure and alleviate part of this effect.
2	Foreign exchange risk due to existing activities in numerous countries may become an issue of concern. Major currencies are euro, US dollar and sterling.	The Group engages in hedging activities in order to minimize any effects.
3	The Group's competitiveness is negatively affected when market conditions favor a combination of strong euro and high oil prices.	Although this combination existed in the past few years, the Group's positive financial performance reflected Management's ability to handle unfavorable market conditions.
4	Management's guidance on earnings may be volatile depending on market conditions as for example was the case in 2006 (13%-15% downward revision of initially announced annual earnings target).	Any downward revision may be anticipated, since it mostly appears in periods of rising material prices.
5	Dependence on few and large customers.	According to the Management, this is only the case in the woven plastics.
6	Cyclicality of demand might affect revenues from time to time.	The large spectrum of products offers the ability to choose the appropriate product mix in economically weak periods.
7	Subsidiary company Don & Low has currently a deficit of EUR 22.4 million in its pension scheme (as of 30 Sept. 2006).	The deficit might significantly shrink if equity and bond markets evolve more favorable in the future.

Source: Company Data, Research Department.

VALUATION

Based on our forecasts for the next 5-years (explicit period) and the long-term assumptions, the application of the discounted free cash flow methodology leads to a fair price of € 2.72 for Thrace Plastics stock (implying a total value € 123.73 million).

	2006 E	2007 E	2008 E	2009 E	2010 E	L-Term Assumptions
ASSUMPTIONS						
Growth Rate (Sales)	9.6%	9.5%	4.7%	4.2%	3.7%	**2.2%**
EBIT Margin	8.0%	7.3%	7.7%	8.0%	8.4%	**8.6%**
Tax Rate	29.0%	26.0%	25.0%	25.0%	25.0%	**25.0%**
Working Capital (% of sales)	2.8%	3.5%	1.7%	1.6%	1.3%	**1.2%**
Capex (% of sales)	9.5%	4.6%	1.2%	3.9%	1.2%	**2.0%**
Cost of Capital	7.5%	7.8%	8.2%	8.7%	9.3%	**8.9%**
Depreciation (% of sales)	5.8%	5.6%	5.7%	5.7%	5.9%	**2.0%**
CASH FLOW STATEMENT						
Turnover	**204,086**	**223,546**	**234,019**	**243,938**	**252,851**	**258,414**
EBIT	16,388	16,408	18,021	19,535	21,170	22,224
Less: Adjusted Tax	4,752	4,266	4,505	4,884	5,292	5,556
Adjusted Operating Profit	**11,635**	**12,142**	**13,516**	**14,652**	**15,877**	**16,668**
Plus: Depreciation	11,849	12,563	13,384	14,017	14,848	5,168
Operating Cash Flow	**23,484**	**24,705**	**26,900**	**28,669**	**30,725**	**21,836**
Less: Change in Working Capital	5,745	7,916	3,977	3,822	3,367	3,101
Less: Capex	19,378	10,321	2,894	9,533	3,043	5,168
Cash Flow to the Firm (FCFF)	**-1,639**	**6,467**	**20,028**	**15,313**	**24,315**	**13,567**
Discount Factor	0.93	0.86	0.79	0.72	0.64	0.65
Present Value of Cash Flows	-1,525	5,564	15,803	10,972	15,552	
Accumulated Present Value	-1,525	4,039	19,842	30,813	**46,365**	
Residual Value						202,300
Present Value of Residual Value						**132,048**

VALUATION	
Enterprise Value	178,413
% Residual Value of Total	74.0%
Less: Net Debt	54,678
Value of firm (€ ,000)	**123,735**
Outstanding # of shares (000)	**45,500**
Value of share (€)	**2.72**

WACC CALCULATION	
Risk Free Rate	4.5%
Beta Factor	120.0%
Market risk Premium	5.0%
Cost of Equity	**10.5%**
Debt / Debt + Equity	25.0%
Cost of Debt	5.5%
Tax Rate	25.0%
Weighted Average Cost of Capital	**8.9%**

Source: VRS Estimates

We have applied the following major assumptions in our model:

- Average cost of capital at 8.9% for the infinite period.
- We have estimated sustained growth in all activities during the examined period and infinity sales growth of 2.2%.
- Infinite EBIT margin of 8.6%.

Applying a sensitivity analysis to the above DCF model, through different growth rates and different values for weighted average cost of capital (WACC), we end up with the following table:

		WACC				
		6.9%	7.9%	8.9%	9.9%	10.9%
GROWTH	0.70%	2.91	2.60	2.15	1.81	1.53
	1.70%	3.90	3.09	2.50	2.07	1.74
	2.20%	4.35	3.39	**2.72**	2.23	1.86
	2.70%	4.92	3.75	2.97	2.41	1.99
	3.20%	5.63	4.19	3.26	2.62	2.15

Source: VRS Estimates

Peer Group Valuation

We compare Thrace Plastics (consolidated accounts) with a peer group of international specialty chemical producers. The analysis demonstrates that its earnings multiple trades lower compared to its peers (based on projected fiscal 2006 P/E multiples). However, the Group can be only partially compared to its peers, as there are considerable differences in size and scope.

Company	Country	Sector	P/E '06 E	P/BV '06 E
Low & Bonar	U.K.	Woven	na	2.03
Rpc Group	U.K.	Rigid	11.47	1.59
TenCate	NL	Woven	13.95	na
Dupont	US	Non-Woven	18.80	4.53
Thrace Plastics	**GR**	**-**	**10.96x**	**1.24x**

Source: Bloomberg & Reuters estimates for fiscal 2006. Share prices as of December 18th 2006.

Stock Data & Valuation Ratios (historic & projected figures)

	2005	2006 E	2007 E	2008 E	2009 E	2010 E
Price (in €, as of 18/12/2006)	**2.30**					
Shares Outstanding	**45,500**					
Market Capitalization (in € ,000)	**104,650**					
EPS (in €)	0.22	0.21	0.22	0.25	0.28	0.32
Book Value / Share (x)	1.69	1.85	2.02	2.21	2.41	2.63
EV (in € mn)	157,214	159,328	156,614	140,658	130,599	111,475
P/E (a.t. & m.i.)	10.44x	10.96x	10.49x	9.09x	8.08x	7.12x
P/BV	1.36x	1.24x	1.14x	1.04x	0.96x	0.87x
EV/EBITDA	5.72x	5.64x	5.41x	4.48x	3.89x	3.10x
EV/Sales	0.84x	0.78x	0.70x	0.60x	0.54x	0.44x
Dividend / Share (in €)	0.05	0.05	0.05	0.06	0.09	0.10
Dividend Yield	2.16%	2.10%	2.38%	2.75%	3.71%	4.21%

Source: Company Data & VRS Projections

FINANCIAL ANALYSIS

- **Revenue Growth Assumptions**

The Group's long term strategy assumes production capacity increases through investments in new machinery (technical fabrics & rigid division) and at the same time increase of capacity utilization rates, strengthening sales to international markets. For the period that we examine, 2006-2010, we expect Group turnover CAGR of 6.3%, making the following key assumptions:

- We have assumed selling price/tone increases in all product categories with average annual growth in the range of:
  1. 2.3 - 2.7% for woven and non-woven products,
  2. 5% for rigid products,
  3. 1.2-1.4% for F.I.B.C. products.
- We have further assumed that the completion of investments will:
  1. Increase capacity in non-woven production division by 10,000 tones (5,000 tones in final products and 5,000 in semi-final products, all ready for sales but of different selling price). Total Capex for this investment is estimated at € 11 million and will be completed in March 2007. We have also assumed that the Group will proceed with a new investment expanding non-woven production capacity in 2009, in order to further process 5,000 semi-final products (instead of selling them) and produce another 5,000 tones of final products.
  2. Higher capacity in rigid packaging production division by 1,600 tones of final products. Total Capex for this investment is estimated at € 10.8 million and will be completed in late 2007.
- We have estimated total capacity utilization rate in all divisions of 95% on average for the period 2008-2010.
- We have estimated sustained demand in all product categories.

- **Revenue Growth Potential**

The Group is expected to operate on full capacity with future growth depending on further capacity increases through investments in current facilities or possible acquisitions of units abroad. Our forecasting model does not assume any acquisition or investment that has not been announced yet (only the investment in non-woven facilities that we believe the Group should proceed with, during the period 2008-2009). Thrace Plastics Group however has the financial strength (strong cash flows and low bank debt / equity ratio) to make investments and increase its financial results beyond our forecasts.

Activity Turnover Breakdown (historic & projected figures)

	2004	2005	2006 E	2007 E	2008 E	2009 E	2010 E
Woven	**80,250**	**82,061**	**90,039**	**95,288**	**101,097**	**106,090**	**111,293**
% of Total	46.24%	44.06%	44.12%	42.63%	43.20%	43.49%	44.02%
y-o-y Change %		2.26%	9.72%	5.83%	6.10%	4.94%	4.90%
Non-Woven	**34,474**	**37,267**	**39,301**	**45,599**	**47,564**	**49,576**	**50,475**
% of Total	19.86%	20.01%	19.26%	20.40%	20.33%	20.32%	19.96%
y-o-y Change %		8.10%	5.46%	16.03%	4.31%	4.23%	1.81%
Rigid Packaging	**19,470**	**25,530**	**34,723**	**40,668**	**42,888**	**45,311**	**47,622**
% of Total	11.22%	13.71%	17.01%	18.19%	18.33%	18.57%	18.83%
y-o-y Change %		31.12%	36.01%	17.12%	5.46%	5.65%	5.10%
F.I.B.C.	**39,347**	**41,395**	**40,024**	**41,992**	**42,470**	**42,960**	**43,461**
% of Total	22.67%	22.23%	19.61%	18.78%	18.15%	17.61%	17.19%
y-o-y Change %		5.20%	-3.31%	4.92%	1.14%	1.15%	1.17%
Total Turnover	**173,541**	**186,253**	**204,086**	**223,546**	**234,019**	**243,938**	**252,851**
y-o-y Change. %		**7.32%**	**9.57%**	**9.54%**	**4.69%**	**4.24%**	**3.65%**

Cost of Sales Breakdown (historic & projected figures)

	2004	2005	2006 E	2007 E	2008 E	2009 E	2010 E
Woven	**61,395**	**61,536**	**68,826**	**72,876**	**76,810**	**79,936**	**83,192**
Woven margin	76.51%	74.99%	76.44%	76.48%	75.98%	75.35%	74.75%
% of Total	48.23%	44.86%	44.77%	43.03%	43.52%	43.63%	44.07%
y-o-y Change %		0.23%	11.85%	5.89%	5.40%	4.07%	4.07%
Non-Woven	**23,132**	**26,148**	**28,051**	**33,235**	**34,902**	**36,685**	**37,471**
Non-Woven margin	67.10%	70.17%	71.37%	72.89%	73.38%	74.00%	74.24%
% of Total	18.17%	19.06%	18.25%	19.62%	19.77%	20.02%	19.85%
y-o-y Change %		13.04%	7.28%	18.48%	5.01%	5.11%	2.14%
Rigid Packaging	**13,030**	**17,556**	**25,819**	**30,242**	**31,102**	**32,171**	**32,992**
Rigid Pack. margin	16.24%	21.39%	28.68%	31.74%	30.76%	30.32%	29.64%
% of Total	10.24%	12.80%	16.79%	17.85%	17.62%	17.56%	17.48%
y-o-y Change %		34.73%	47.06%	17.13%	2.85%	3.44%	2.55%
F.I.B.C.	**29,749**	**31,934**	**31,048**	**33,025**	**33,695**	**34,419**	**35,136**
Non-Woven margin	75.61%	77.15%	77.57%	78.65%	79.34%	80.12%	80.85%
% of Total	23.37%	23.28%	20.19%	19.50%	19.09%	18.79%	18.61%
y-o-y Change %		7.35%	-2.78%	6.37%	2.03%	2.15%	2.08%
Total Cost of Sales	**127,307**	**137,175**	**153,743**	**169,378**	**176,508**	**183,210**	**188,791**
y-o-y Change. %		**7.75%**	**12.08%**	**10.17%**	**4.21%**	**3.80%**	**3.05%**

Source: Company Data & VRS Projections

- **Profit Margin Improvement**

According to our forecasts, EBITDA margin should follow a downtrend during the period 2006-2007 (decrease to 12.96% at the end of fiscal 2007 from 13.84% in fiscal 2006 and 14.75% in fiscal 2005). Our forecasts are based on the following assumptions:

1. The Group completes its investments in fiscal 2007 and reaches maximum capacity utilization from the fiscal 2008 and on.
2. The Group has recently completed acquisitions and needs time to reorganize operations in order to maximize performance.
3. The increase of raw material prices. We have assumed total cost / tone increase of about:
    a. 2.5% in woven and non-woven division,
    b. 4.7% in rigid packaging division,
    c. 2.4% in F.I.B.C. division.

- **Bank Debt / Equity Improvement**

Total bank debt is expected to decline from € 64 million projected for fiscal 2006 to €26 million at the end of fiscal 2010. The ratio 'bank debt / equity' is expected to sustain well below 1x (0.38x at end 2010 from 0.84x at end 2005) based on current conditions.

9-MONTH 2006 FINANCIAL RESULTS

During the 9-month period of fiscal 2006, consolidated turnover reached € 156.9 million, posting 14.01% increase compared to 9M 2005. EBITDA enhanced by 10.6% y-o-y with EBITDA margin decreasing to 13.94% from 14.37% due to cost of sales higher increase compared to turnover. Cost of sales was affected by the strong increase of raw material costs.

Earnings after tax & minorities recorded an increase of 17.84% y-o-y reaching € 7.96 million compared to € 6.76 million in 9M 2005, favorably affected by the light increase of depreciation expenses (+1.14%), and the reduction of the proportion of minority rights, despite the increase of net financial expenses.

	9M 2006	9M 2005	% Change
Turnover	**156,910**	**137,631**	**14.01%**
Cost of Sales	126,781	109,979	15.28%
% of Turnover	80.80%	79.91%	
Total Gross Operating Results	30,129	27,652	8.96%
Gross Operating Margin	19.20%	20.09%	
Other operating income - expense	2,966	2,084	42.32%
Operating Expenses	19,985	18,625	7.30%
% of Turnover	12.74%	13.53%	
EBITDA	**21,872**	**19,774**	**10.61%**
EBITDA Margin	**13.94%**	**14.37%**	
Depreciation	8,762	8,663	1.14%
EBIT	**13,110**	**11,111**	**17.99%**
% of Turnover	8.36%	8.07%	
Net Financial Results	-2,125	-1,188	78.87%
Net Results Before Taxes	**10,985**	**9,923**	**10.70%**
EBT Margin	**7.00%**	**7.21%**	
Tax income	2,923	2,264	29.11%
Effective Tax Rate	26.61%	22.82%	
Proportion of Minority rights	95	898	
Consolidated Net Results (a.t.&m.i.)	**7,967**	**6,761**	**17.84%**
Net Margin	**5.08%**	**4.91%**	

Source: Group accounts based on IFRS

Historic & Projected Profit & Loss Account

		2004	2005	2006 E	2007 E	2008 E	2009 E	2010 E
Turnover		**173,541**	**186,253**	**204,086**	**223,546**	**234,019**	**243,938**	**252,851**
	y-o-y Change. %		7.32%	9.57%	9.54%	4.69%	4.24%	3.65%
Cost of Sales		**127,307**	**137,175**	**153,743**	**169,378**	**176,508**	**183,210**	**188,791**
	% of Turnover	73.36%	73.65%	75.33%	75.77%	75.42%	75.11%	74.67%
	y-o-y Change. %		7.75%	12.08%	10.17%	4.21%	3.80%	3.05%
Other operating income / expense		**3,067**	**3,546**	**3,856**	**2,372**	**2,125**	**1,997**	**1,925**
Operating Expenses		**24,201**	**25,159**	**25,963**	**27,569**	**28,231**	**29,172**	**29,967**
	% of Turnover	13.95%	13.51%	12.72%	12.33%	12.06%	11.96%	11.85%
	y-o-y Change. %		3.96%	3.20%	6.19%	2.40%	3.33%	2.73%
EBITDA		**25,100**	**27,465**	**28,236**	**28,971**	**31,405**	**33,552**	**36,018**
EBITDA Margin		14.46%	14.75%	13.84%	12.96%	13.42%	13.75%	14.24%
	y-o-y Change. %		9.42%	2.81%	2.60%	8.40%	6.84%	7.35%
Depreciation		**12,534**	**11,580**	**11,849**	**12,563**	**13,384**	**14,017**	**14,848**
	% of Turnover	7.22%	6.22%	5.81%	5.62%	5.72%	5.75%	5.87%
EBIT		**12,566**	**15,885**	**16,388**	**16,408**	**18,021**	**19,535**	**21,170**
	% of Turnover	7.24%	8.53%	8.03%	7.34%	7.70%	8.01%	8.37%
	y-o-y Change. %		26.41%	3.17%	0.12%	9.83%	8.40%	8.37%
Net Financial Results		**-2,511**	**-1,707**	**-2,730**	**-2,713**	**-2,435**	**-1,990**	**-1,270**
Net Results Before Taxes		**10,055**	**14,178**	**13,658**	**13,695**	**15,586**	**17,545**	**19,900**
EBT Margin		5.79%	7.61%	6.69%	6.13%	6.66%	7.19%	7.87%
	y-o-y Change. %		41.01%	-3.67%	0.27%	13.81%	12.57%	13.42%
Tax income		**1,910**	**3,998**	**3,961**	**3,561**	**3,897**	**4,386**	**4,975**
	Effective Tax Rate	19.00%	30.00%	29.00%	26.00%	25.00%	25.00%	25.00%
Net Results After Taxes		**8,145**	**10,181**	**9,697**	**10,134**	**11,690**	**13,159**	**14,925**
EAT Margin		4.69%	5.47%	4.75%	4.53%	5.00%	5.39%	5.90%
	y-o-y Change. %		24.99%	-4.75%	4.51%	15.35%	12.57%	13.42%
Proportion of Minority rights		**1,397**	**156**	**149**	**156**	**180**	**202**	**229**
Net Results (a.t.&m.i.)		**6,748**	**10,024**	**9,548**	**9,979**	**11,510**	**12,957**	**14,696**
Net Margin		**3.89%**	**5.38%**	**4.68%**	**4.46%**	**4.92%**	**5.31%**	**5.81%**
	y-o-y Change. %		**48.56%**	**-4.75%**	**4.51%**	**15.35%**	**12.57%**	**13.42%**

Source: Company Data & VRS Projections

Historic & Projected Balance Sheet

	2004	2005	2006 E	2007 E	2008 E	2009 E	2010 E
Assets							
Net Intangible Assets	9,876	9,897	11,277	11,227	11,177	11,127	11,077
Net Tangible Assets	91,404	88,839	94,988	92,797	82,357	77,924	66,169
Investments in Associates	285	1,158	926	945	964	983	1,003
Other L-term assets	6,809	6,622	7,284	6,556	6,000	6,000	6,000
Total Non-Current Assets	**108,374**	**106,516**	**114,476**	**111,524**	**100,498**	**96,034**	**84,249**
% Total Assets	53.56%	50.19%	51.08%	48.68%	43.78%	42.22%	38.01%
Inventories	27,663	36,271	37,909	41,764	43,523	45,175	46,551
Trade Receivables	36,153	41,689	47,527	52,671	55,139	57,476	59,576
Other Receivables	17,548	15,644	14,862	14,119	13,413	12,742	12,105
Cash in bank and at hand	12,588	12,104	9,322	9,036	16,992	16,051	19,175
Total Current Assets	**93,952**	**105,708**	**109,620**	**117,590**	**129,066**	**131,444**	**137,407**
% Total Assets	46.44%	49.81%	48.92%	51.32%	56.22%	57.78%	61.99%
TOTAL ASSETS	**202,326**	**212,224**	**224,096**	**229,115**	**229,564**	**227,477**	**221,655**
Equity & Liabilities							
Shareholder's Equity	64,842	76,934	84,289	91,773	100,405	109,475	119,762
Minority Rights	15,707	2,936	3,025	3,119	3,227	3,348	3,486
Total Equity	**80,549**	**79,870**	**87,314**	**94,892**	**103,632**	**112,823**	**123,248**
% Total Equity & Liabilities	39.81%	37.63%	38.96%	41.42%	45.14%	49.60%	55.60%
L-Term Bank Loans	22,417	18,827	20,000	19,000	18,000	17,000	16,000
Provisions for Staff Retirement	26,937	27,240	31,326	31,953	32,592	33,243	33,908
Deferred Tax Liabilities	5,070	4,930	4,437	3,993	3,594	3,235	2,911
Other long term debts	208	182	820	738	664	598	538
Total L-Term Liabilities	**54,632**	**51,179**	**56,583**	**55,684**	**54,850**	**54,076**	**53,357**
Suppliers	15,835	19,954	21,943	23,710	24,225	24,643	24,876
Banks	38,899	45,841	44,000	42,000	35,000	25,000	10,000
Taxes-duties	821	1,436	1,782	1,602	1,753	1,842	1,990
Other Payables	11,590	13,944	12,474	11,226	10,104	9,093	8,184
Total Current Liabilities	**67,145**	**81,175**	**80,199**	**78,539**	**71,082**	**60,578**	**45,050**
Total Liabilities	**121,777**	**132,354**	**136,782**	**134,223**	**125,932**	**114,654**	**98,408**
% Total Equity & Liabilities	60.19%	62.37%	61.04%	58.58%	54.86%	50.40%	44.40%
TOTAL EQUITY & LIABILITIES	**202,326**	**212,224**	**224,096**	**229,115**	**229,564**	**227,477**	**221,655**

Source: Company Data & VRS Projections

NOTES

Dynamic Securities Rating System

Rating	Ratings Breakdown	Definition of Rating System
Outperformed	100%	Expected to Outperform the Index by more than 10%
Neutral	0%	Expected to perform relative to the Index by +/- 5%
Underperform	0%	Expected to Underperform the Index by more than 10%

Notes: 1/ Ratings refer to a 12-month period.
2/ Benchmark Index: ASE General Index.
3/ Stock Universe: 40 Companies.
4/ Current Stocks Covered: 2 Companies.

Ratings History

Company	Date	Rating	Target Price
SARANTIS	**27/07/2006**	Outperform	**€ 9.10**
INTRALOT	**31/10/2006**	Outperform	**€ 25.55**
THRACE PLASTICS	**18/12/2006**	Outperform	**€ 2.72**

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Dynamic Securities SA
Member of Athens Stock Exchange
Member of Derivatives Exchange
6-10 Harilaou Trikoupi Str.
106 79, Athens, Greece
Tel : +30 210 3677700
Fax : +30 210 3677777
E-mail : info@dynamicsec.gr

Equity Sales & Trading
Konstantinos Feggos +30 210 3677747
Dimitrios Kannelos +30 210 3677715
Katerina Tziafa +30 210 3677743
Olga Mpoziou +30 210 3677725
Barbara Abatzi +30 210 3677714

Derivatives Sales & Trading
Elias Mantoudiotis +30 210 3677740
George Christou +30 210 3677755
George Zoropoulos +30 210 3677746

Research Department
Nicholas I. Georgiadis (VRS) +30 210 3219557
Christophoros J. Makrias (VRS) +30 210 3219557
Nikolaos Kollias +30 210 3677795

Institutional Sales
Mary Anthopoulou +30 210 3677756
Michalis Stathikis +30 210 3677728

Investment Services
Christos Retsas +30 210 3677704