COMPANY REPORT

July 10, 2006

Target Price : **€ 15.24**

Recommendation **: BUY**

Share Price (07/07/06)	**€ 11.38**
Share Number (in ,000)	44,524.3
Capitalization (€ million)	506.69
Share Num. (post merger)	66,641.4
Capitaliz. (post merger)	758.38
Av. Daily Volume	103,300
Free Float	58%
Beta	1.1
Stock Statistics	
Max 52 weeks	€14.26
Min 52 weeks	€6.28
Stock Return (%)	
1 Month	9.94%
6 Months	13.23%
52 weeks	71.31%

Source: EUROXX Securities

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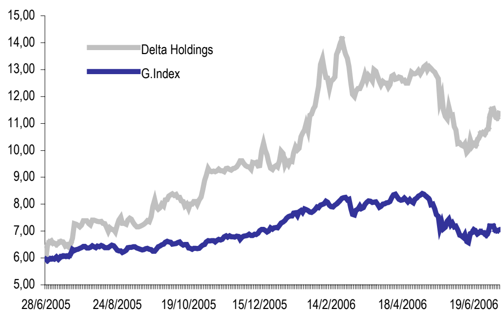
Delta Holdings vs G.I. (52 weeks)



DELTA HOLDING / VIVARTIA

Initial Coverage

Sector: Food

Key Investment Points

- Delta Holdings has managed to become **the largest diversified food group in Greece and S.E.-Europe,** after its corporate transformation (merger with Chipita International, the absorption of its key subsidiaries Delta Dairy, Goody's and General Frozen Foods and the sale of the ice-cream section) since the beginning of the year. **The new Group will be renamed to Vivartia.**

- The Group **aims to utilize the distribution channels of Chipita** and expand its international presence selling Delta range of products in Central & Eastern Europe. Management expects revenue synergies of € 6 mn and €12 mn in 2007 and 2008, respectively.

- Management estimates call for total synergies on EBITDA level amounting to € 22 – 27 mn for the years 2007 & 2008 and specifically : a) € 2-3 mn from additional revenues, b) € 9 – 11 mn from cost reduction and increased productivity and c) € 11-13 mn from marketing and media buying, sales and distribution, logistics and administrative expenses containment.

- The Group i**s the leader in the dairy products under the brand name Delta in Greece**. It has a strong portfolio of market-leading brands and is market leader with a market share of 26% share. The Group acquired the total of the activities of Nestle Hellas in the dairy market (Vlachas evaporated milk) and has agreed to acquire 21% of the Mevgal equity. In the Greek market, Mevgal holds 7.1% market share in milk, about 11.4% in the yogurt and desserts and approximately 14.4% in the packaged cheese.

- It sold its participation in Delta Ice Cream (96.53%) to Nestle Hellas S.A., abandoning a line of business that was seasonal and which impacted profitability of the Group. The move will have an immediate result of cash flow improvement of approximately € 211 mn.

- Group turnover is expected to post a 6.7% CAGR for the 2005-2010 period, with EBITDA and EPS CAGR posting a higher increase, by 11.2% and 23.0% respectively, following synergies from the Chipita International merger and merger of other subsidiaries.

- Our DCF valuation model indicates a fair value of € 15.24 for Delta stock indicating that it is currently trading on a 33.96% discount.

KEY FINANCIAL FIGURES & RATIOS

(in mn €)	Sales	EBITDA	EBT&AM	EPS	P/E (x)	P/BV (x)	EV / EBITDA
2005A*	871.9	131.7	31.7	0.48	23.9	1.51	7.97
2006E	935.8	142.3	37.9	0.57	20.0	1.43	7.41
2007P	1010.8	166.9	56.5	0.85	13.4	1.33	6.15
2008P	1078.8	186.8	69.2	1.04	11.0	1.23	5.40

Note : Ratios are figured with new shares *2005 pro forma results : based on group's data and our estimates of Vivartia excluding the amount of € 16 mn from Danone's transaction

Source: EUROXX Securities

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INVESTMENT CASE

Market Leader in Greek Food Sector

Delta Holdings has managed to become the largest diversified food group in Greece and S.E.-Europe, after its corporate transformation (merger with Chipita International, the absorption of its key subsidiaries Delta Dairy, Goody's and General Frozen Foods and the sale of the ice-cream section) since the beginning of the year. **The new Group will be renamed to Vivartia**.

The Group is currently operating in the sections of fresh dairy products (milk, yoghurt, cheese, fresh juices), snacks, frozen foods and quick service restaurant. Vivartia, under its new form, **is ranked 1st in the Greek food industry**, **7th in the wider Greek industrial sector** and **35th in the wider European food sector** (based on sales value).

In addition, **Delta (dairy products) and Goody's (quick service restaurants) rank among the 20 businesses with the best reputation in Greece** according to the annual survey entitled '2006 Reputation Balance Sheet – Famous Companies' conducted by Tradelink Reputation Research & Technology.

International Expansion Utilizing Chipita Distribution Network

Delta Holdings Group proceeded with the merger with Chipita International, the largest snack producer in Greece with significant exposure to Central and Eastern Europe. Chipita has formed a broad distribution network with approximately 350,000 points of sale in 29 countries and 14 production facilities (3 in Greece and 11 abroad), while it has formed strategic partnership with PepsiCo in Portugal and Mexico.

The new Group anticipates the exploitation of economies of scales mainly as a result of cross sales and geographical expansion of its product portfolio (snacs, dairy products and frozen foods). Delta Holdings wishes to utilize the distribution channels of Chipita and expand its international presence selling dairy and frozen food products in Central & Eastern Europe. Management expects revenue synergies of € 6 mn and €12 mn in 2007 and 2008, respectively. In addition, the new Group is seeking to expand geographically in new markets like Russia and the Balkans.

The management of Delta Holdings targets at least 50% of total Group turnover to derive from international operations at the end of fiscal 2011 from approximately 30% at the end of fiscal 2005 (including Chipita sales). We believe this target is feasible since the Greek market is at the mature stage in most of Group's product categories, while estimated food consumption in Central & Eastern Europe is expected to grow significantly given the different per capita levels with developed countries.

Benefit from Synergies

The new Group will benefit significantly from synergies in all stages of production, distribution and sales. We have already referred to cross sales and geographical expansion of its product portfolio through the distribution channels of Chipita. In addition, the new Group will benefit from

1. the establishment of common suppliers in raw and packaging materials, assuming favorable agreements with suppliers to leverage the new scale in terms of pricing and payments improving gross margins and working capital needs

2. the identification and/or creation of opportunities for internal selling
3. the improvement of manufacturing utilizations, maximizing at the same time capacity utilization
4. the utilization of marketing and media buying (common approach to media and advertising purchasing)
5. the utilization of logistics, selling and distribution
   - optimize utilization of existing warehouses reducing the use of third parties
   - synergies in transportation
   - higher bargaining power with selling points
6. the integration of administration systems

The management anticipates about € 11-13 mn of additional EBITDA from the aforementioned synergies.

Total synergies benefit on Vivartia's FY2007-2008

€9-11m from cost reduction and increased productivity	€11-13m from cost, operational & production optimization	€2-3m from cross-selling, expansion and innovation
❖ *Establish common suppliers in raw, packaging material and supplies to leverage the new scale* ❖ *Identify/create opportunities for internal selling* ❖ *Design best practice common purchasing processes* ❖ *Improve manufacturing utilizations*	❖ *Establish a common approach to media and advertising purchasing* ❖ *Optimize fee and rebate structures* **Sales & Distribution** ❖ *Identify gaps in selling channels and territories* ❖ *Evaluate selling systems per channel and take advantage of combinations wherever feasible* ❖ *Optimize agents' systems and routings* **Logistics** ❖ *Optimize utilization of existing warehouses, reduce the use of third party warehouses* ❖ *Take advantage of synergies in the transportation of raw materials, packaging and finished goods to and from abroad* **Administration** ❖ *Implement a common IT platform* ❖ *Integrate support functions*	**Geography** ❖ *Balkans* ❖ *Russia/CIS* ❖ *selected export markets* **Cross-selling** ❖ *Delta products into Chipita system in Balkans* ❖ *Food service* ❖ *Integrated Sales & Distribution* ❖ *Trade contracts* **Innovation** ❖ *Accelerating ongoing developments in: FDP, Snack Milk, Foods*

Source: Delta Holdings / Vivartia

Increase Market Share in Fresh Dairy Products

The Group is the leader in the dairy products under the brand name Delta in Greece. It has a strong portfolio of market-leading brands and is market leader at 26% share. Delta Dairy sells to Greek consumers through the country's largest distribution network to more than 65,000 points of sale. For the fiscal 2005, total dairy revenues accounted for € 359.5 mn.

In 2006, the Group acquired the total of the activities of Nestle Hellas in the dairy market, including products marketed under the Vlachas trademark (evaporated milk). The move was of strategic importance as it expanded Delta's portfolio, covering most of the consumer's preferences in the Greek dairy market. Furthermore, it is value enhancing, as it is expected to add some € 40 mn and € 4 mn at its turnover and EBITDA line, respectively. In addition, the Group has agreed to acquire 21% of the total shares outstanding of Mevgal S.A. for a total price of € 15 mn. In fiscal 2005, Mevgal recorded sales of € 176.0 mn and EBITDA of € 15.3 mn. Its market share in total Greek milk market accounts for 7.1%, about 11.4% in the yogurt and desserts market and approximately 14.4% in the packaged cheese market.

For the period 2005-2010 we expect **dairy products' revenue $CAGR_{2005\text{-}2010}$ of 5.1% attributed to the recent acquisitions that will expand Group's market share in Greece and to the organic growth that is expected to excess 2.2%.** Our assumptions for the organic growth, account for the:

- Stable dairy product consumption in Greece,
- Strong increase of consumption in Central & Eastern European targeted countries and
- Introduction of new innovative and value added products. The Group is planning to launch new products in functional milks category and desserts

In addition, **EBITDA margin is expected to gradually increase to 18.8% at the end of fiscal 2010 from 13.7% at the end of fiscal 2005 (excluded the amount of 16mn from Danone's transaction) due to the synergies we mentioned above.**

Expand Operations with New Products in Frozen Food Division

The Group is a market leader (80% market share) in the Greek frozen vegetables market utilizing the high brand awareness of 'Uncle Stathis'. The Group is seeking to increase the product portfolio of frozen foods launching ready made meals, more frozen vegetables and tomato sauce. The Group is seeking to capture the opportunity that arises from the trend of consumer needs for convenience. This division will also benefit from cross sales and geographical expansion as we have already discussed above. Frozen food division represents approximately 10% of total Group turnover, with revenues accounting for € 69 mn at the end of fiscal 2005. **We expect that frozen food revenues will reach at least € 91mn at the end of fiscal 2010, growing on a $CAGR_{2005\text{-}2010}$ of 5.7%, with EBITDA margin settling at around 26.2% in 2010 compared to 19.8% in 2005.**

Exploit opportunities in the Snacks Market

In the snacks division, Chipita dominates the market holding about 70% market share in packaged croissants and 96% share in bake rolls. The Group is seeking to exploit opportunities from the introduction of new innovative products (new flour-based products launched in the domestic market during 2006) leading to a solid organic growth. In addition, the completion of three new production lines in Egypt and expected investments in the Polish and Romanian market will boost international sales. At the same time the management is looking for new targets in Eastern and Central Europe in order to launch snacks as well as other product categories from Group's portfolio. **We expect that revenues from the snacks division will reach at least € 480 mn at the end of fiscal 2010, growing on a $CAGR_{2005\text{-}2010}$ of 10.2%, with EBITDA margin settling at around 17.1% in 2010 compared to 15.1% in 2005.**

Quick Service Restaurant

In the QSR market, the Group operates the Goody's restaurants, which are the largest 'fast food' chain in Greece (184 outlets in 2005). In addition Goody's owns the brand of Flocafe chain of Espresso bars, (71 outlets in 2005), and the catering service company Hellenic Catering. The Group aims to increase the number of restaurants and cafes by 8 -10 p.a. focusing on prime locations (places in towns with high young and/or student population percent) enriching at the same time its menus with innovative, value adding products, aiming to increase the average ticket per customer per restaurant. QSR division represents approximately 17% of total Group turnover, with revenues accounting for € 146 mn at the end of fiscal 2005. **We expect that revenues from the QSR division will reach at least € 172 mn at the end of fiscal 2010, growing on a $CAGR_{2005\text{-}2010}$ of 3.4%, with EBITDA margin settling at around 18.1% in 2010 compared to 16.4% in 2005.**

Strong Cash Inflow from the Disposal of the Ice Cream Division

The Group sold its participation in Delta Ice Cream (96.53%) to Nestle Hellas, withdrawing from a business line of high seasonality with declining profits, which impacted total profitability of the Group. With this move the Group will generate a positive cash flow of approximately € 211 mn..

RISKS

- Intense competition in Greece and abroad in almost all Group's product categories
- Nutritional regime that affect consumer's eating trends and demand
- The Greek market is at its mature stage in almost all Group's product categories
- Further expansion need strong Capex support
- Risks associated with the large scale of the merger and the difficulties that arise from the different corporate cultures

Delta Holdings / Vivartia Sales & EBITDA Breakdown

In ,000 €	2005*	2006e	2007p	2008p	2009p	2010p	GAGR 05-10
Dairy							
Sales	359,480	383,346	415,311	436,932	450,584	461,537	5.1%
% change		*6.6%*	*8.3%*	*5.2%*	*3.1%*	*2.4%*	
EBITDA	49,237	53,356	65,203	73,043	79,592	86,891	12.0%
Margin %	*13.7%*	*13.9%*	*15.7%*	*16.7%*	*17.7%*	*18.8%*	
Frozen Foods							
Sales	69,074	73,236	77,362	82,126	86,601	91,024	5.7%
% change		*6.0%*	*5.6%*	*6.2%*	*5.4%*	*5.1%*	
EBITDA	13,684	15,221	17,522	19,488	21,828	23,858	11.8%
Margin %	*19.8%*	*20.8%*	*22.6%*	*23.7%*	*25.2%*	*26.2%*	
Quick Service Restaurant							
Sales	146,256	150,896	156,077	161,438	166,987	172,730	3.4%
% change		*3.2%*	*3.4%*	*3.4%*	*3.4%*	*3.4%*	
EBITDA	23,932	25,088	26,840	28,356	29,749	31,204	5.5%
Margin %	*16.4%*	*16.6%*	*17.2%*	*17.6%*	*17.8%*	*18.1%*	
Delta Base Business	**574,810**	**607,478**	**648,750**	**680,496**	**704,172**	**725,291**	**4.8%**
% change		*5.7%*	*6.8%*	*4.9%*	*3.5%*	*3.0%*	
EBITDA	86,854	93,665	109,565	120,887	131,169	141,953	10.3%
Margin %	*15.1%*	*15.4%*	*16.9%*	*17.8%*	*18.6%*	*19.6%*	
Snacks							
Sales	297,082	328,276	362,088	398,297	438,126	481,939	10.2%
% change		*10.5%*	*10.3%*	*10.0%*	*10.0%*	*10.0%*	
EBITDA	44,804	48,602	57,354	65,918	74,077	82,325	12.9%
Margin %	*15.1%*	*14.8%*	*15.8%*	*16.5%*	*16.9%*	*17.1%*	
Group Sales	**871,892**	**935,754**	**1,010,838**	**1,078,793**	**1,142,298**	**1,207,230**	**6.7%**
% change		*7.3%*	*8.0%*	*6.7%*	*5.9%*	*5.7%*	
Group EBITDA	**131,658**	**142,267**	**166,919**	**186,804**	**205,246**	**224,278**	**11.2%**
Margin %	*15.1%*	*15.2%*	*16.5%*	*17.3%*	*18.0%*	*18.6%*	

* 2005 pro forma results : based on group's data and our estimates of Vivartia excluding the amount of € 16 mn from Danone's transaction

Management guidance on Vivartia synergies

Excluding Synergies					
					CAGR
Sales	872	936	1,005	1,080	7.39%
EBITDA	132	144	156	173	9.44%
FCF	41	72	77	85	27.51%
EPS	0.48	0.54	0.67	0.81	19.06%

Including Synergies					
					CAGR
Sales	872	936	1,011	1,092	7.79%
EBITDA	132	144	166	188	12.51%
FCF	41	72	87	99	34.16%
EPS	0.48	0.54	0.76	0.95	25.55%

Total Synergies	
6	12
10	15
10	14
0.09	0.14

COMPANY PROFILE

Delta Holdings

Delta Holdings has been for several years the holding company of a broader food-producing group of companies, with leading market shares in the markets of fresh milk, yogurt, fresh juices, frozen food, as well as fast food. In addition, Delta Holdings has assumed a leading position in the broader Southeast European region, strengthening its market share and enhancing revenue generation. The Group produces over 400 products in various food areas, whereas in the fresh milk market, it co-operates with 1,000 local cattle-breeders in order to collect high quality milk for its production activity.

Total targeted market exceeds 60 million consumers, with the Group operating 12 production plants in Greece and in SE Europe, and utilizing an extended network of 85,000 points of sale. In the first semester of 2006, Delta Holdings sold its participation of 96.53% in Delta Ice Cream to Nestle Hellas SA for a total consideration of EUR 211 million.

Delta Holdings has been listed on Athens Exchange since 1990 and currently participates in more than 50 companies in Greece and abroad. According to Nielsen data, in the dairy market, Delta Holdings commands the leading market share in Greece, with 26% (including Nestle's evaporated milk division), followed by FAGE (10,7%), Friesland (22,8%), Mevgal (7%).

Delta Holdings, Financial Highlights

In EUR million	2004	2005	Q1 06
Turnover*	576.40	584.24	138.08
Gross Profit*	230.69	236.98	58.63
Net Profit*	47.62	43.41	19.47
Shareholders' Funds (excl. minorities)	209.17	257.68	291.11
Bank Debt	424.00	432.75	407.12
Fixed Assets	483.58	364.89	361.80
Total Assets	998.74	1,032.69	1,060.30

Source: Official financial accounts (IFRS).

*excl. Delta Ice Cream

Goody's

Goody's is listed on the Athens Exchange and activates in the sectors of fast food and coffee chains. The Company is the largest fast food chain in Greece and one of the leading companies in the European market. The Company operated its first fast food store in 1975. Today, the chain has more than 80 million consumers visiting its chain on annual basis, serving more than 250,000 meals per annum.

As for year 2005, in the total branded Fast Food market in Greece, Goody's chain possessed the leading market share of 49.7%, while its main competitor McDonald's held 5.1% (source: Prisma, Options).

Since 1994, the Company operates the Flocafe chain, which is the largest coffee chain in the Greek market. Flocafe has a network of 71 stores in Greece and Cyprus, serving more than 25 different flavors of coffee. The Flocafe chain holds a market share of 9.8% in the total Coffee Service market (source: Prisma, Options, Survey 2005).

Goody's, Financial Highlights

In EUR million	2004	2005	Q1 2006
Turnover	148.36	146.25	33.15
Gross Profit	78.34	78.03	17.72
Net Profit	10.83	12.21	1.90
Shareholders' Funds (excl. minorities)	73.87	76.77	78.29
Bank Debt	7.69	7.04	6.81
Fixed Assets	71.38	69.60	69.63
Total Assets	145.88	150.91	143.95

Source: Official financial accounts (IFRS).

General Foods SA (GFF)

The Company is the leader of the Greek frozen food market trading products under the brand names "Uncle Stathis" and "Froza". General Foods trades a broad range of frozen food products, such as vegetables, potatoes, dough, fruit, etc.

As of year 2005, in the frozen vegetables market in Greece, General Foods possessed the leading market share of 80%, while the retailers on brand (private label products) held 12%. On the other hand in the dough market GFF held a market share of 30% followed by Kanakis (21.1%) and Alfa (11.4%).

General Foods, Financial Highlights

In EUR million	2004	2005	Q1 2006
Turnover	68.63	69.07	21.38
Gross Profit	31.97	30.67	9.93
Net Profit	7.52	6.86	2.95
Shareholders' Funds (excl. minorities)	49.73	51.46	54.42
Bank Debt	13.98	27.71	27.77
Fixed Assets	42.42	46.74	46.51
Total Assets	90.25	104.42	108.55

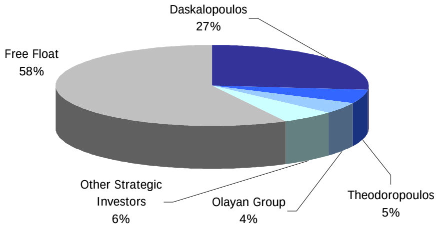
Source: Official financial accounts (IFRS).

Chipita, Financial Highlights

In EUR million	2004	2005	Q1 2006
Turnover	255.39	297.08	77.05
Gross Profit	84.12	99.39	26.56
Net Profit	8.53	11.5	2.77
Shareholders' Funds (excl. minorities)	79.81	101.94	102.81
Bank Debt	171.44	182.97	229.95
Fixed Assets	231.38	279.36	281.21
Total Assets	357.98	447.90	461.72

Source: Official financial accounts (IFRS).

Group's ownership structure (post merger)



Chipita

The Company is a leading producer of extruded snacks (corn curls) and long shelf-life croissants in Greece, with a strong international presence via production plants in Bulgaria, Portugal, Egypt, Romania, Poland, and Russia.

The core business of the Company is the production and distribution of flour-based snacks (croissants, bake rolls, bake bars, other dough products such as strudel, etc.) as well as salty snacks (potato chips, corn curls, etc.). All flour-based products are considered as trans-national products and are produced, marketed and distributed in a large number of countries from Eastern Europe to the Middle East and Central America.

As of year 2005, in the so-called baked food market in Greece, Chipita possessed the leading market share of 16%, followed by Papadopoulos (6%), Katselis (5%), and Ion (4%).

Share Exchange Ratios

Merging Companies	Share exchange ratio per each merging company	Vivartia (in million)	Participation percentage in Vivatria (%)
Delta Holding	1.00 new / 1.00 old	44.5	66.8%
Chipita	0.33 / 1.00	16.0	24.0%
Goody's	1.05 / 1.00	4.9	7.4%
General Frozen Foods	0.54 / 1.00	1.2	1.8%

Valuation based on DCF Method

- This valuation is calculated based on the discounted cash flow method, with a conservative terminal value growth rate of 1.0% and WACC of 7.7%.
- The model's assumptions reflect the ongoing profitability of the Group and its expansion both in domestic and International market. We approach this valuation estimating a constant expansion of each division's revenues. Evaluating our projections on the DCF valuation method, we end up on a fair value of € 1,015.9 mil. or € 15.24 per share.

	2006 E	2007 E	2008 E	2009 E	2010 E	LT Assumptions
ASSUMPTIONS						
Growth Rate (Sales)	7.3%	8.0%	6.7%	5.9%	5.7%	**1.0%**
EBIT Margin	10.0%	11.3%	12.4%	13.2%	13.9%	**13.0%**
Tax Rate	32.0%	30.0%	28.0%	28.0%	28.0%	**25.0%**
Working Capital (% of sales)	3.9%	1.9%	3.3%	2.0%	1.5%	**1.5%**
Capex (% of sales)	3.7%	3.9%	4.0%	3.9%	4.0%	**3.9%**
Cost of Capital	6.3%	7.0%	7.3%	7.5%	7.7%	**7.7%**
Depreciation (% of sales)	5.2%	5.2%	4.9%	4.8%	4.7%	**3.3%**
CASH FLOW STATEMENT						
Turnover	**935,754**	**1,010,838**	**1,078,793**	**1,142,298**	**1,207,230**	**1,219,302**
EBIT	93,354	114,520	133,553	150,354	167,571	**158,509**
Less: Adjusted Tax	22,274	28,838	32,016	36,511	41,390	**37,977**
Adjusted Operating Profit	**71,080**	**85,682**	**101,537**	**113,842**	**126,180**	**120,532**
Plus: Depreciation	48,915	52,398	53,249	54,897	56,711	**40,237**
Operating Cash Flow	**119,995**	**138,080**	**154,786**	**168,740**	**182,891**	**160,769**
Less: Change in Working Capital	36,605	19,127	35,797	22,398	18,043	**18,223**
Less: Capex	34,200	39,800	43,000	45,000	48,000	**47,248**
Cash Flow to the Firm (FCFF)	**49,191**	**79,153**	**75,989**	**101,342**	**116,849**	**95,298**
Discount Factor	0.94	0.87	0.81	0.75	0.69	0.69
Present Value of Cash Flows	46,295	69,185	61,485	75,866	80,815	
Accumulated Present Value	46,295	115,480	176,965	252,831	**333,646**	
Residual Value						1,418,723
Present Value of Residual Value						**978,303**

VALUATION	
Enterprice Value	1,311,948
% Residual Value of Total	74.6%
Less: Net Debt	296,059
Value of firm	**1,015,889**
Outstanding number of shares (000)	**66,641**
Value of share	**15.24**

	2006 E	2007 E	2008 E	2009 E	2010 E	LT Assumptions
WACC CALCULATION						
Risk Free Rate	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Beta Factor	1.1	1.1	1.1	1.1	1.1	1.1
Market risk Premium	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Cost of Equity	**9.5%**	**9.5%**	**9.5%**	**9.5%**	**9.5%**	**9.5%**
Debt / Debt + Equity	55.0%	44.9%	41.0%	38.5%	35.7%	35.7%
Cost of Debt	5.3%	5.5%	5.8%	6.0%	6.0%	6.0%
Tax Rate	32.0%	30.0%	28.0%	28.0%	28.0%	25.0%
Weighted Average Cost of Capital	**6.3%**	**7.0%**	**7.3%**	**7.5%**	**7.7%**	**7.7%**

Sensitivity Analysis

We have chosen to use the DCF methodology in order to calculate our fundamental valuation, since it better reflects the intrinsic value of the Group, future net profit growth and strong cost control efforts on behalf of the Company's management. The model's assumptions reflect:

1. Growing market share,
2. Continuing expansion of each division's revenues,
3. Ongoing profitability of the Group, and
4. Ability to finance its long-term investment program.

Sensitivity Analysis for Fair Value

		WACC				
	Parameters	**5.7%**	**6.7%**	**7.7%**	**8.7%**	**9.7%**
Growth	**0.50%**	19.37	17.10	14.16	11.97	10.27
	0.75%	22.31	17.84	14.68	12.35	10.57
	1.00%	23.52	18.64	15.24	12.76	10.88
	1.50%	26.37	20.47	16.50	13.67	11.56
	2.00%	29.99	22.68	17.98	14.72	12.33

Financial Analysis - Projections

Sales

The corporate transformation since the beginning of the year changes significantly the growth prospects of the Group for the next 5 year period. According to our estimates, and the company's guidance, the average annual sales growth rate will range around 6.72%, which under certain conditions could be proven as conservative.

The established position of Chipita in foreign markets and the wide sales network it possesses – which is expected to broaden further within the next 3 years – provide Delta Group considerable synergy opportunities at a sales level. **We estimate that these synergies will yield the company extra revenues of about € 6 million for 2007, € 11.63 million for 2008 (in line with Delta's guidance), € 17.14 million for 2009 and € 22.82 million for 2010**.

Dairy Division: The domestic dairy market is saturated and, therefore, opportunities for sutained revenue growth depend almost exclusively on the development of new innovative products (we estimate at least 1-2 new products annually) and pricing increases, (we expect pricing prowth to stand around annual inflation rate). It is estimated that the organic growth of the dairy division will not exceed 2.2% on an average annual rate for the period 2005 – 2010.

The acquisition of the Vlachas evaporated milk business from Nestle constitutes the main growth driver of the company's dairy division in the coming 5-year period. Initially it will directly add € 40 million per year to the sales revenues (it is included in the company's revenues from the 3Q 2006). **Furthermore the evaporated milk constitutes the first domain in which important synergies at a sales level will derive from the merger with Chipita, which will reach 1.46 million for 2007 and € 4.07 million for 2008, according to our estimates**.

Frozen food Division: This division will also benefit from significant synergies from the exploitation of Chipita's network in foreign markets. **Turnover $CAGR_{05-10}$ is estimated to reach 5.67%, a level that is rather conservative according to our opinion**; given the potential that Chipita's network provides and the nature of these specific products (current trend of consumer needs for convenience implies significant upside potential for demand).

The contribution of the domestic market in the sales growth – particularly in frozen vegetables – will be limited because, on the one hand, the market is saturated and, on the other hand, the company's market share is particularly high. However, the domestic dough and ready meals frozen market is expected to show higher growth potential with the Group aiming to achieve a considerable market share.

Quick Service Restaurants Division: It is estimated that this division will contribute to the revenue increase by 3.38% at an average annual rate. Through the meal renewal the stable expansion and restructuring plans for Goody's and Flocafé network, the company is expected to achieve sustained annual growth rates.

Snacks Division: The completion of the two new production units in Romania and Poland, which are expected to be put into full action in 2006 and the geographic expansion in Russia and the other Balkan countries assumes total targeted population of 200 mn. At the same time the policy of promoting 2-3 new innovative products per year will sustain market shares increasing Group's potential in existing and new markets abroad.

Historic & Projected Profit & Loss Account

	2005	2006 E	2007 E	2008 E	2009 E	2010 E
Turnover	**871,896**	**935,754**	**1,010,838**	**1,078,793**	**1,142,298**	**1,207,230**
y-o-y Change. %		*7.32%*	*8.02%*	*6.72%*	*5.89%*	*5.68%*
Cost of Sales	504,327	530,788	566,766	601,858	634,090	667,236
% of Turnover	*57.84%*	*56.72%*	*56.07%*	*55.79%*	*55.51%*	*55.27%*
Total Gross Operating Results	**367,569**	**404,966**	**444,072**	**476,934**	**508,208**	**539,994**
Gross Operating Margin	*42.16%*	*43.28%*	*43.93%*	*44.21%*	*44.49%*	*44.73%*
y-o-y Change. %		*10.17%*	*9.66%*	*7.40%*	*6.56%*	*6.25%*
Other operating income (expense)	23,554	17,000	17,000	17,000	17,000	17,000
Administrative Expenses	236,304	255,087	268,681	280,702	292,657	304,463
% of Turnover	*27.10%*	*27.26%*	*26.58%*	*26.02%*	*25.62%*	*25.22%*
Research and development costs	3,699	3,930	4,043	4,315	4,569	4,829
% of Turnover	*0.42%*	*0.42%*	*0.40%*	*0.40%*	*0.40%*	*0.40%*
Distribution Cost	19,458	20,680	21,430	22,115	22,732	23,420
% of Turnover	*2.23%*	*2.21%*	*2.12%*	*2.05%*	*1.99%*	*1.94%*
Total Expenses	**259,461**	**279,697**	**294,154**	**307,132**	**319,958**	**332,713**
% of Turnover	*29.76%*	*29.89%*	*29.10%*	*28.47%*	*28.01%*	*27.56%*
y-o-y Change. %		*7.80%*	*5.17%*	*4.41%*	*4.18%*	*3.99%*
EBITDA	**131,662**	**142,269**	**166,918**	**186,802**	**205,251**	**224,281**
EBITDA Margin	*15.10%*	*15.20%*	*16.51%*	*17.32%*	*17.97%*	*18.58%*
y-o-y Change. %		*8.06%*	*17.33%*	*11.91%*	*9.88%*	*9.27%*
Depreciation	**43,163**	**48,915**	**52,398**	**53,249**	**54,897**	**56,711**
% of Turnover	*4.95%*	*5.23%*	*5.18%*	*4.94%*	*4.81%*	*4.70%*
EBIT	**88,499**	**93,354**	**114,520**	**133,553**	**150,354**	**167,571**
% of Turnover	*10.15%*	*9.98%*	*11.33%*	*12.38%*	*13.16%*	*13.88%*
y-o-y Change. %		*5.49%*	*22.67%*	*16.62%*	*12.58%*	*11.45%*
Net Financial Results	-19,866	-23,748	-18,392	-19,210	-19,957	-19,749
Net Results Before Taxes	**68,633**	**69,606**	**96,128**	**114,343**	**130,397**	**147,822**
EBT Margin	7.87%	7.44%	9.51%	10.60%	11.42%	12.24%
y-o-y Change. %		*1.42%*	*38.10%*	*18.95%*	*14.04%*	*13.36%*
Tax income	30,746	22,274	28,838	32,016	36,511	41,390
Effective Tax Rate	44.80%	32.00%	30.00%	28.00%	28.00%	28.00%
Net Results After Taxes	**37,887**	**47,332**	**67,289**	**82,327**	**93,886**	**106,432**
EAT Margin	4.35%	5.06%	6.66%	7.63%	8.22%	8.82%
y-o-y Change. %	*318.82%*	*24.93%*	*42.17%*	*22.35%*	*14.04%*	*13.36%*
Proportion of Minority rights	6,167	9,466	10,766	13,172	15,022	17,029
Consolidated Net Results (a.t.&m.i.)	**31,720**	**37,865**	**56,523**	**69,155**	**78,864**	**89,403**
Net Margin	**3.64%**	**4.05%**	**5.59%**	**6.41%**	**6.90%**	**7.41%**
y-o-y Change. %		*19.37%*	*49.27%*	*22.35%*	*14.04%*	*13.36%*
EPS	**0.48**	**0.57**	**0.85**	**1.04**	**1.18**	**1.34**

Source: EUROXX Securities Estimates

Historic & Projected Balance Sheet

	2005	2006 E	2007 E	2008 E	2009 E	2010 E
Assets						
Net Intangible Assets	**4,512**	**4,606**	**4,140**	**3,635**	**3,089**	**2,503**
Tangible Assets	842,176	875,376	914,676	957,176	1,001,676	1,049,176
Accumulated depreciation	197,918	245,928	297,360	349,602	403,454	459,079
Net Tangible Assets	**644,258**	**629,448**	**617,316**	**607,574**	**598,222**	**590,097**
Other L-term assets	32,410	32,410	32,410	32,410	32,410	32,410
Goodwill	187,330	187,330	187,330	187,330	187,330	187,330
TOTAL NON-CURRENT ASSETS	**868,510**	**853,794**	**841,197**	**830,948**	**821,051**	**812,340**
% Total Assets	*59.02%*	*65.75%*	*64.51%*	*62.66%*	*60.15%*	*58.03%*
Inventories	78,186	85,217	92,391	99,101	105,519	111,693
Debtors	166,586	184,587	202,168	215,877	230,244	241,611
Other Receivables	33,772	38,456	40,157	44,216	47,319	49,645
Cash in bank and at hand	324,509	136,438	128,078	136,085	160,824	184,687
TOTAL CURRENT ASSETS	**603,053**	**444,698**	**462,793**	**495,278**	**543,906**	**587,637**
% Total Assets	*41.0%*	*34.2%*	*35.5%*	*37.3%*	*39.8%*	*42.0%*
TOTAL ASSETS	**1,471,563**	**1,298,492**	**1,303,989**	**1,326,226**	**1,364,957**	**1,399,977**
Equity & Liabilities						
Share capital	195,926	195,926	195,926	195,926	195,926	195,926
Share premium account	148,960	148,960	148,960	148,960	148,960	148,960
Total Reserves	117,619	120,648	125,170	129,319	134,051	139,415
Profit carried forward	-43,751	-25,481	2,969	39,160	80,432	127,220
Minority Rights	84,397	90,077	96,537	104,440	113,453	123,670
TOTAL EQUITY	**503,151**	**530,130**	**569,562**	**617,805**	**672,822**	**735,191**
% Total Equity & Liabilities	*34.19%*	*40.83%*	*43.68%*	*46.58%*	*49.29%*	*52.51%*
Long Term Liabilities						
L-Term Bank Loans	516,613	367,742	337,065	317,065	317,065	210,065
Provisions for Staff Retirement	10,971	12,499	13,165	13,754	14,340	14,919
Deffered Government Grands	21,542	15,079	13,873	12,763	11,742	10,803
Other long term debts	101,936	96,902	92,322	88,154	84,361	80,909
Total L-Term Liabilities	**651,062**	**492,223**	**456,425**	**431,736**	**427,508**	**316,695**
Short Term Liabilities						
Suppliers	130,540	129,425	138,058	129,935	135,678	142,021
Banks	78,572	48,572	48,911	58,911	45,361	127,000
Current portion of long term debt	20,556	16,234	10,431	10,431	10,431	10,431
Taxes-duties	17,550	16,685	16,685	16,685	16,685	16,685
Other Receivables	70,132	65,223	63,918	60,722	56,472	51,954
Total Current Liabilities	**317,350**	**276,139**	**278,002**	**276,684**	**264,626**	**348,090**
TOTAL LIABILITIES	**968,412**	**768,362**	**734,428**	**708,420**	**692,134**	**664,786**
% Total Equity & Liabilities	*65.81%*	*59.17%*	*56.32%*	*53.42%*	*50.71%*	*47.49%*
TOTAL EQUITY & LIABILITIES	**1,471,563**	**1,298,492**	**1,303,989**	**1,326,226**	**1,364,957**	**1,399,977**

Source: EUROXX Securities Estimates

NOTES

Disclosure

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Rating according EUROXX Inv. Services S.A.	Expect target price in 24 months period in comparison with ATHEX index.
Buy	At least 20% higher from present value
Increase position	10% to 20% higher from present value
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Decrease position	10% to 20% lower from present value
Sell	At least 20% lower from present value

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Analysis & Corporate

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