

General Commercial & Industrial (GCIr.AT)

Sector:
Trade of Industrial – Hydraulic
Equipment & Industrial Tools

Year of Establishment: 1966

Year of Listing: 1990

Main Shareholders:

Kremydas Georgios	20.56%
Kremydas Con/nos	8.69%
Kremydas Panayiotis	10.11%
Bamis Philipos	10.24%
Free Float	50.40%

Analysts:

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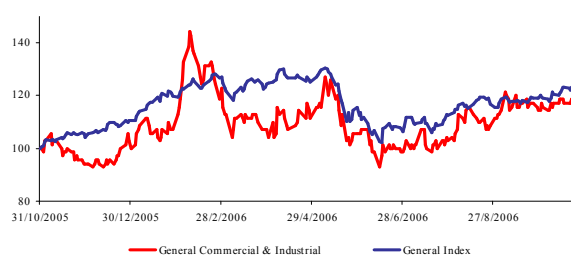
Stock Data

Price (26/10/2006)	€ 0.85
Number of Shares	24,060,000
Capitalization	€ 20,451,000
Beta	0.99

Return

R – 1 M	6.25%
R – 6 M	3.66%
R – 12 M	21.43%

Relative Performance with ASE General Index (52 weeks)



Key Investment Points

- The Company **maintains a significant market share** in the trade sector of industrial – hydraulic equipment, while it has **expanded its activities** in the industrial tools sector, where it supplies a large number of wholesale businesses mainly in central and southern Greece and in the Greek islands.
- The Company's main growth streams for the upcoming years are:
 1. **The reinforcement of its market share in Northern Greece**, where it operates through a subsidiary. During 2005, the Company purchased a plot of 20 thousand m² in the Sindos area in Thessaloniki, and is currently at the stage of constructing modern buildings and warehouses.
 2. **The expansion of sales in the Balkans.** The Company is planning to expand its sales in the Balkan market, mainly through its subsidiary in Thessaloniki. At the same time, it is considering the potential of entering the Bulgarian market first through its own presence. The prospects in the sectors of infrastructure projects and construction in Bulgaria as well as the broader Balkan region are particularly prosperous. As a result, there seems to exist a growing market with strong potential demand for the Company's products.
 3. **The enrichment of the Company's product portfolio** with the addition of new competitive products in order to strengthen its position mainly in the tools sector. The Company is continuously looking for new tools that could appear attractive (low penetration, new technology, new functions). At the same time, the Company is aiming at targeting and approaching new clients.
 4. **The implementation of significant infrastructure projects**, such as national roads, ports and other similar projects, as well as the potential growth of the energy sector in Greece during the forthcoming years are expected to boost demand for the Company's products, mainly in the sector of pipes and related products.
- During the 1st half of 2006, consolidated sales increased by 11.6% and amounted to € 19.2 million compared to € 17.2 million in the 1st half of 2005. On the other hand, net consolidated earnings decreased by 17.3%, mainly due to non-operating extraordinary expenses and the increase in financial expenses.

Company Fundamentals and Financial Ratios

(in mill. €)	Turnover	EBITDA	EAT	P/E	P/BV	EV/EBITDA	Net Loans / Total Equity	ROE
2004	34.22	4.46	2.11	9.70x	1.15x	7.23x	0.81	11.86%
2005	33.81	3.44	1.34	15.23x	1.14x	6.88x	0.32	7.52%
2006 E	38.80	3.43	1.40	14.66x	1.10x	7.18x	0.33	7.66%
2007 E	42.55	3.84	1.54	13.28x	1.07x	6.65x	0.34	8.20%

Please refer to the important disclosures at the end of this research report

Company Profile

The Company was established in 1966 and operates in the trade sector of industrial – hydraulic equipment. The most important items it trades mainly concern materials for the construction – maintenance of land reclamation works, sewage plants, industrial plants, refineries, athletic facilities as well as materials that cover the needs of shipbuilding and ship repairs. In 1995, the Company expanded its commercial activity in the sector of hand tools and abrasive products. A significant percentage of the Company's merchandise in the hydraulic equipment sector is absorbed by the construction sector and technical companies, while part of its activity covers the needs for the construction of buildings and housing in general. The products of the tools sector cover basic needs of a large number of Greek companies and refer to hand tools (benders, screwdrivers, etc.), professional and non-professional electrical tools (drills, pulverizers), industrial tools (air compressors, electrical conglutination etc.), abrasive products and other items. Apart from the parent, the Group includes the following companies (consolidated with the full consolidation method): a) 'General Commercial Northern Greece' with an equity participation of 75% and b) 'Viomotor Tools – Machines' with an equity participation of 98.75%.

The Company has a self-owned business office complex and fully equipped storage areas in Aspropyros, within a self-owned plot and also within a plot owned by third parties, which is under a long-term lease by the company, while it also owns many self-owned trucks. The Company's commercial network exclusively concerns wholesale trade. Sales throughout Greece and abroad are covered by its central warehouse in Aspropyrgos. Specifically, in an effort to cover the needs of its customers in Northern Greece and also in the neighbouring countries of Balkans, the Company established in 1999 its subsidiary in Thessaloniki with the corporate name 'General Commercial Northern Greece'.

Financial Highlights

The full operation of the new modern storage areas in Aspropyrgos and the use of the new electronic warehouse management system, are expected to contribute the Company's more efficient operation and gradually strengthen profit margins. In December 2005, the Company issued a non-convertible 5 year corporate bond amounting to € 12 million (Euribor + 1-1.30% depending on the bondholder), aiming at refinancing its loans as well as serving its investment plan for the creation of new warehouses and for the use of the merchandise logistics center.

For the 2004 financial year, the Company distributed a dividend of € 0.04 / share, while for 2005 it distributed a dividend of € 0.03 / share.

Income Statement (mill. €)	2004	2005	2006 E	2007 E	Balance Sheet (mil. €)	2004	2005	2006 E	2007 E
Turnover	34.22	33.81	38.80	42.55	Net Fixed assets	4.61	6.49	8.86	8.52
Gross Profit	9.70	8.71	9.60	10.85	Current Assets	32.72	33.95	38.59	41.27
Operating Expenses	5.42	5.48	6.27	7.11	Cash Equivalents	0.26	0.22	0.42	0.56
EBITDA	4.46	3.44	3.43	3.84	Total Assets	37.59	40.66	47.87	50.35
Financial Results	-0.69	-0.77	-0.90	-0.94	Total Equity	18.29	18.48	19.14	19.76
Depreciations	0.32	0.32	0.36	0.48	Long-term Liabilities	0.38	13.34	15.00	15.44
Earnings before Taxes	3.45	2.36	2.17	2.42	Short-term Liabilities	18.92	8.84	13.73	15.15
Earnings after tax & minority interest	2.11	1.34	1.40	1.54	Total Equity & Liabilities	37.59	40.66	47.87	50.35

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Covered Company	Reuters	Price	Price Close	Disclosure
General Commercial & Industrial	GCIr.AT	€ 0.85	26 October 2006	6
Fashion Box Hellas	BOXr.AT	€ 2.36	20 November 2006	6

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5. VRS produces research reports for this company on systematic basis.
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