

KIRIAKIDIS GROUP

[Bloomberg Ticker: KYRM:GA] [Reuters Ticker: KRKr.AT]
Listed on Athens Exchange, Greece

December 17, 2015

Greek Equities | Industrials
www.vrs.gr

Earnings Estimates Update

STOCK PRICE € 2.16 | MKT CAP € 51.23 MN

Corporate Profile

- FHL Kiriakidis SA (or Kiriakidis Group) activates in the trading, processing and quarrying of marbles and granites since 1991. The Company's shares were listed on Athens Exchange, Greece, in December 1998.
- The Group produces and / or trades the internationally recognized white marbles SIVEC, THASSOS WHITE, PRINOS and VOLAKAS. FHL Kiriakidis is a non-exclusive distributor of the SIVEC WHITE products. The Group owns quarries for Thassos and Prinost marbles on the homonymous island of Thassos, Greece and for the Volakas semi-white marble in Drama, Northern Greece.
- Apart from Greece, the Group has strong presence in the international markets. A significant part of Kiriakidis' production output is sold in the market of China, which is a major customer of the Group, whereas sales are generated in additional geographies such as in Asia, Middle East and Eastern Europe. Asian markets also include Singapore, South Korea and Indonesia. In fiscal year (FY) 2014 exports represented 75% of the Group's total sales demonstrating the management's strategy of strong export orientation.

Financial Highlights & Investment Considerations

- During the past five years, Kiriakidis has boosted its financial performance and strengthened its capital structure. Bank debt has been decreasing, working capital cycle has been improving and profit margins have been rising to higher levels.
- As of end FY 2014, the Group's equity stood at € 46.56 million with total bank debt at € 8.33 million and cash position at € 7.76 million. Gross profit margin and net profit margin stood at 62% and 17% respectively in FY 2014 versus 55% and 9% in FY 2012. Working capital cycle was at -67 days in 2014 versus 83 days in 2012.
- Kiriakidis stock has strongly outperformed the domestic equity market's index over the last 5 years. The stock is characterized by thin trading volumes due to the Company's low free float. According to the shareholders' structure of December 7th, 2015, the Company's major shareholder, Ilias Kiriakidis, held 62.53% of total outstanding shares with the free float standing at 37.47%.

Nine-Month 2015 Results

- During the nine-month period of 2015 and on consolidated basis, turnover settled at € 33.75 million with earnings after taxes and minorities amounting to € 7.58 million. Net cash flows from operating activities accounted for € 7.42 million, while bank debt settled at € 3.93 million and cash position at € 1.98 million. It is noted that as of September 30th, 2015, doubtful receivables stood at € 6.37 million.

Kiriakidis Group – Summary of Consolidated Financials

December 17, 2015

(in € mn)	TOTAL SALES	OPER. EXPENSES	EBT	EATAM	P/E (x)	TOTAL ASSETS	FIXED ASSETS	LOANS	EQUITY (EXCL. MIN.)	P/BV (x)	ROE %
2012	34.7	11.9	4.6	3.1	16.6	71.5	29.4	13.1	35	1.5	9%
2013	41.1	8.6	14.4	11.0	4.6	67.2	30.5	5.7	44	1.2	25%
2014	44.0	10.6	11.1	7.6	6.7	78.7	31.6	8.3	47	1.1	16%
2015	46.8	10.8	13.1	9.2	5.6	78.4	30.3	6.8	51	1.0	18%
2016	50.9	10.7	14.8	10.4	4.9	79.9	28.9	5.0	56	0.9	18%
2017	55.8	11.2	15.6	11.0	4.7	82.7	27.6	4.0	62	0.8	18%

Note: P/E = Current mkt cap / EATAM. P/BV = Current mkt cap / Equity.

Please see important disclosure and disclaimer statements at the end of this report.

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Note: Projections are based on IFRS consolidated accounts. Projected years concern the period 2015 – 2017.

Income Statement

Source: Company Historical Financial Accounts, VRS Estimates
In € thousand unless otherwise stated

		2012	2013	2014	2015	2016	2017
Turnover		34,727	41,147	43,969	46,800	50,900	55,800
	y-o-y Change %		18.5%	6.9%	6.4%	8.8%	9.6%
Cost of Sales		18,938	19,237	16,835	18,252	20,360	22,878
	% of Turnover	54.5%	46.8%	38.3%	39.0%	40.0%	41.0%
	y-o-y Change %		1.6%	-12.5%	8.4%	11.5%	12.4%
Total Gross Operating Results		15,789	21,910	27,134	28,548	30,540	32,922
Gross Operating Margin		45.5%	53.2%	61.7%	61.0%	60.0%	59.0%
	y-o-y Change %		38.8%	23.8%	5.2%	7.0%	7.8%
Operating Expenses		11,914	8,628	10,576	10,764	10,689	11,160
	% of Turnover	34.3%	21.0%	24.1%	23.0%	21.0%	20.0%
	y-o-y Change %		-27.6%	22.6%	1.8%	-0.7%	4.4%
EBITDA		8,241	16,801	17,808	18,284	20,351	22,262
EBITDA Margin		23.7%	40.8%	40.5%	39.1%	40.0%	39.9%
	y-o-y Change %		103.9%	6.0%	2.7%	11.3%	9.4%
Depreciation		1,650	1,565	1,776	2,445	2,482	2,520
	% of Turnover	4.8%	3.8%	4.0%	5.2%	4.9%	4.5%
EBIT		6,591	15,236	16,033	15,839	17,869	19,742
	% of Turnover	19.0%	37.0%	36.5%	33.8%	35.1%	35.4%
	y-o-y Change %		131.2%	5.2%	-1.2%	12.8%	10.5%
Net Financial Results		-1,982	-853	-4,938	-2,710	-3,060	-4,174
Net Results Before Taxes		4,609	14,382	11,095	13,129	14,808	15,568
EBT Margin		13.3%	35.0%	25.2%	28.1%	29.1%	27.9%
	y-o-y Change %		212.0%	-22.9%	18.3%	12.8%	5.1%
Income Tax		1,595	3,076	3,202	3,807	4,294	4,515
	Effective Tax Rate	34.6%	21.4%	28.9%	29.0%	29.0%	29.0%
Net Results After Taxes		3,014	11,306	7,893	9,322	10,514	11,053
EAT Margin		8.7%	27.5%	18.0%	19.9%	20.7%	19.8%
	y-o-y Change %		275.2%	-30.2%	18.1%	12.8%	5.1%
Net Results (a.t.&m.i.)		3,094	11,033	7,640	9,222	10,414	10,953
Net Margin		8.9%	26.8%	17.4%	19.7%	20.5%	19.6%
	y-o-y Change %		256.6%	-30.8%	20.7%	12.9%	5.2%

Balance Sheet

Source: Company Historical Financial Accounts, VRS Estimates.

In € thousand unless otherwise stated

	2012	2013	2014	2015	2016	2017
Assets						
Intangible Assets	7,810	7,814	16,468	16,468	16,468	16,468
Accumulated Depreciation	1,333	1,854	2,744	3,073	3,403	3,732
Net Intangible Assets	6,477	5,960	13,724	13,394	13,065	12,736
Tangible Assets	49,593	52,428	54,041	54,841	55,641	56,461
Accumulated Depreciation	20,226	21,975	22,439	24,555	26,708	28,899
Net Tangible Assets	29,367	30,453	31,602	30,287	28,934	27,563
Long-Term Receivables & Other Assets	3,738	771	484	437	437	437
Total Non-Current Assets	39,581	37,184	45,810	44,118	42,436	40,736
% Total Assets	55.32%	55.35%	58.20%	56.25%	53.10%	49.29%
Inventories	9,679	5,409	6,395	7,131	7,138	8,550
Trade Receivables	14,976	13,632	12,898	16,472	16,570	18,058
Other Items	0	5,509	5,846	3,785	5,047	4,893
Cash in Bank and at Hand	7,308	5,445	7,759	6,924	8,724	10,416
Total Current Assets	31,963	29,995	32,898	34,313	37,479	41,916
% Total Assets	44.68%	44.65%	41.80%	43.75%	46.90%	50.71%
TOTAL ASSETS	71,544	67,179	78,708	78,431	79,915	82,652
Equity & Liabilities						
Share Capital	22,945	28,146	23,245	23,245	23,245	23,245
Treasury Shares	-2	-220	-82	-82	-82	-82
Reserves & Profit Carried Forward	12,230	15,764	23,400	28,010	33,217	38,694
Minority Rights	425	697	951	951	951	951
Total Equity	35,598	44,387	47,513	52,124	57,331	62,807
% Total Equity & Liabilities	49.76%	66.07%	60.37%	66.46%	71.74%	75.99%
L-Term Bank Loans	12,025	4,379	5,618	5,000	4,500	4,000
Provisions (Retirement Benefits)	596	549	532	500	500	500
Deferred Tax Liabilities	4,007	1,961	3,703	2,500	2,000	2,000
Total L-Term Liabilities	16,823	6,888	9,853	8,000	7,000	6,500
Suppliers	13,544	9,458	14,440	12,000	10,000	8,000
Banks	489	227	356	300	0	0
Taxes-Duties	2,988	3,556	3,816	4,507	5,084	5,345
Other Payables & Prepayments	1,541	1,569	373	0	0	0
Total Current Liabilities	19,123	15,904	21,342	18,307	15,584	13,345
Total Liabilities	35,946	22,792	31,195	26,307	22,584	19,845
% Total Equity & Liabilities	50.24%	33.93%	39.63%	33.54%	28.26%	24.01%
TOTAL EQUITY & LIABILITIES	71,544	67,179	78,708	78,431	79,915	82,652

Note: The above table presents indicative financial accounts. Items may not add to totals.

Cash Flow Statement

Source: Company Historical Financial Accounts, VRS Estimates.

In € thousand unless otherwise stated

(in € ,000)	2013	2014	2015	2016	2017
Profit after Tax	11,306	7,893	9,322	10,514	11,053
Plus: Change of Depreciation	1,565	1,776	2,445	2,482	2,520
Plus: Depreciation Differences from sale/acquisition of assets	704	-421	0	0	0
Gross Cash Flow	13,576	9,247	11,766	12,996	13,573
<u>Change in:</u>					
(-) Trade Debtors	-1,344	-734	3,574	98	1,488
(-) Inventory	-4,270	986	737	7	1,412
(-) Other Receivables	5,509	337	-2,061	1,262	-154
(+) Trade Creditors	-4,086	4,983	-2,440	-2,000	-2,000
(+) Liabilities for Taxes	568	261	691	577	261
(+) Other Short - Term Liabilities	28	-1,196	-373	0	0
Change in Working Capital	-3,386	3,458	-4,371	-2,790	-4,485
Operating Cash Flow	10,190	12,705	7,395	10,207	9,088
<u>Change in:</u>					
(-) Intangible Assets	4	8,654	0	0	0
(-) Tangible Assets	2,836	1,613	800	800	820
(-) Other Long - Term Receivables	-2,967	-287	-47	0	0
(+) Other Long - Term Liabilities	-2,289	1,726	-1,235	-500	0
(+) Cons. Diff. / Minority Interests	273	253	0	0	0
Cash Flow from Investment	-1,889	-8,001	-1,988	-1,300	-820
Net Cash Flow before Financing Activities	8,301	4,704	5,407	8,907	8,268
Increase in Share Capital	5,201	-4,901	0	0	0
Increase in Share Premium Account	-218	138	0	0	0
Net Change in Reserves	-7,500	-4	0	0	0
Change in Long - Term Debt	-7,646	1,239	-618	-500	-500
Change in Short - Term Debt	272	1,391	-913	-1,300	-500
Dividends	0	0	4,611	5,207	5,476
Minority Interests on Profit	273	253	100	100	100
Net Cash Flow from Financing	-10,164	-2,390	-6,241	-7,107	-6,576
Cash at Beginning	7,308	5,445	7,759	6,924	8,724
Change in Cash and Marketable Securities	-1,863	2,314	-834	1,800	1,692
Cash at End	5,445	7,759	6,924	8,724	10,416

Financial Ratios

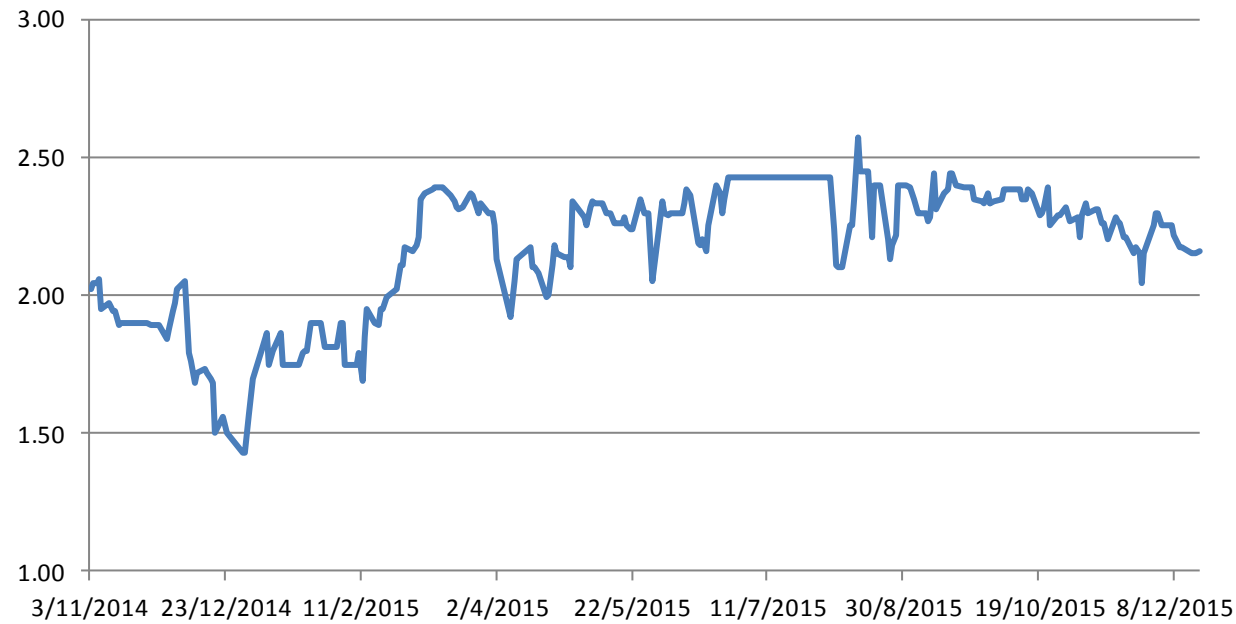
Source: Company Historical Financial Accounts, VRS Estimates.

PROFIT MARGINS	2012	2013	2014	2015	2016	2017
Gross Margin	45.47%	53.25%	61.71%	61.00%	60.00%	59.00%
EBITDA Margin	23.73%	40.83%	40.50%	39.07%	39.98%	39.90%
EBIT Margin	18.98%	37.03%	36.46%	33.84%	35.11%	35.38%
Pre-Tax Profit Margin	13.27%	34.95%	25.23%	28.05%	29.09%	27.90%
Net Profit Margin	8.91%	26.81%	17.37%	19.70%	20.46%	19.63%

BALANCE SHEET RATIOS	2012	2013	2014	2015	2016	2017
Stock Days	187	103	139	143	128	136
Debtors Days	157	121	107	128	119	118
Creditors Days	261	179	313	251	248	271
Total Liab. / Total Equity	1.02	0.52	0.67	0.51	0.40	0.32
Bank Loans / Total Equity (D/E Ratio)	0.37	0.13	0.18	0.13	0.09	0.06
Current Ratio	1.67	1.89	1.54	1.30	1.66	2.11
Quick Ratio - Acid Ratio	1.17	1.55	1.24	1.03	1.34	1.68

Stock Price

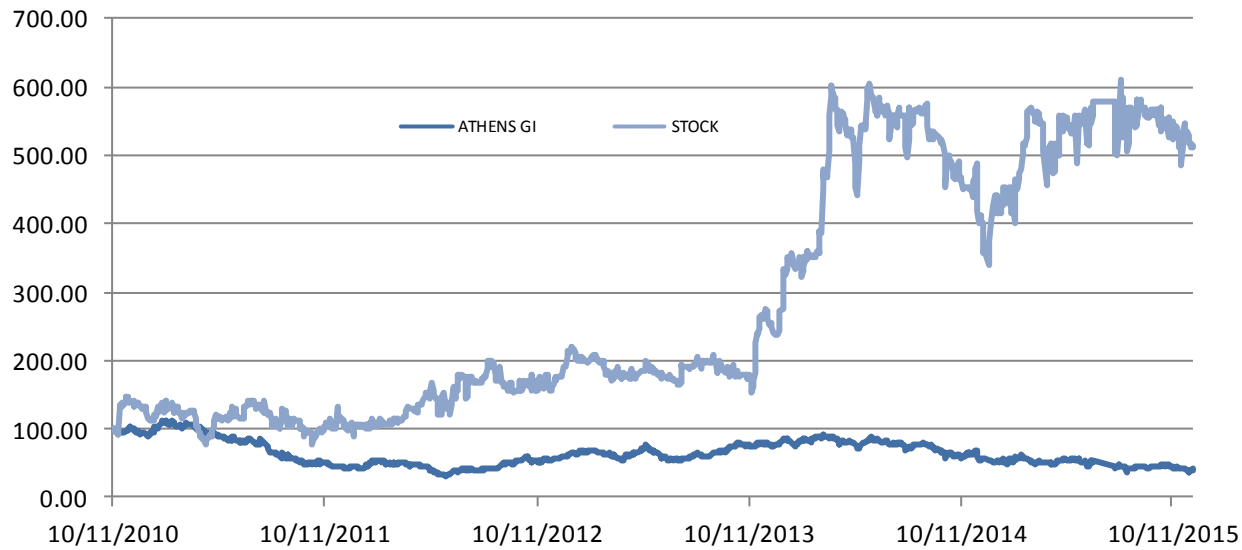
Period : Last 52 Weeks | € (Euro)



Source: Athens Exchange, Greece. Note: Time period is expressed as day/month/year.

Stock versus Athens Exchange General Index

Period : Last 5 Years | Basis = 100



Source: Athens Exchange, Greece. Note: Time period is expressed as day/month/year.

NOTES



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Covered Company	Bloomberg	Reuters	Stock Price	Date	Disclosure
KIRIAKIDIS S.A.	KYRM:GA	KRKR.AT	€ 2.16	December 17, 2015	2, 6

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2. VRS has sent the research report to the covered company, prior to publication or dissemination, for factual verification.
3. VRS has changed the contents of the initially sent report, with respect to: only factual changes have been made.
4. VRS has received compensation from the covered company for the preparation of this research report.
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