

**Sector: Metallurgy - Energy**

**Mytilineos Holdings**

**A more interesting H2 2009**

➤ **Weak H1 although better than expected**

Mytilineos posted a weak H1, mainly due to delays in the implementation of Metka's projects and adverse market conditions in metallurgy. Nevertheless actual figures were slightly above consensus and our estimates, as the aluminum unit posted improved margins due to lower input costs and positive hedging. The contribution from the energy segment was poor, due to low SMP and interruptions in CHP operation.

➤ **We expect a better H2 – Guidance slightly below our estimates**

There are two main reasons that make us expect a better second half in 2009: a) much better performance of the EPC segment, where we expect Metka to start registering revenues from Korinth Power and OMV Romania. Restart of Alivery is also in the cards b) Higher aluminum prices and lower input costs will improve performance of the smelter, which continues to benefit from hedging. The management guided for a group EBITDA of €100-110m in FY09, compared to our last estimate of €112m (consensus at €115m). The CEO stated that guidance is conservative, accounting for potential delays and market uncertainties, while EBITDA only from the smelter & Metka could exceed €110m. We trim down our estimates (FY09 EBITDA now at €108m), after cutting our forecasts on CHP.

➤ **Conference call highlights**

a) Potential finalization of Megalopolis contract by end of October (assuming agreement) b) Metka very close to finalize a USD40m project in the defence sector c) Alivery project to start very soon d) arbitration on electricity tariffs for the smelter to conclude by year-end e) current utilization of Aluminum unit at 78% f) current cash position of €230m to be used for investments/acquisitions g) No hurry to use treasury stock at this stage, no plans/need for share capital increase e) Interest in acquiring Larco remains strong

➤ **We maintain our positive stance**

We cut our tp from €7.2 to €6.8, adjusting for lower contribution from CHP in the short term and zero value for Sometra and Elvo. Execution risks in EPC and viability issues for the smelter remain. Nevertheless we expect visibility to increase in the following months, with the most significant catalyst a new tariff scheme for AoG electricity tariffs. The stock should remain on the spotlight in H2, as newsflow would be rich (Megalopolis finalization, Aliveri initiation, new projects in defence, developments with Endesa deal, Larco privatization, electricity tariffs arbitration). We would expect the balance of these developments to have a positive effect on the stock. We maintain an outperform rating.

Estimates					
€m	2007	2008	2009e	2010e	2011e
Revenues	913	976	807	1,123	1,260
EBITDA	154	118	108	160	117
Net Profits	194	19	23	64	36
EPS	1.66	0.17	0.20	0.55	0.31
DPS	0.50	0.10	0.09	0.20	0.10

Valuation					
	2007	2008	2009e	2010e	2011e
P/E	3.5	34.9	29.2	10.6	18.7
Price/ BV	0.9	0.8	0.8	0.8	0.7
EV/EBITDA	6.2	8.9	10.0	7.2	9.7
Net Debt /Equity	0.3	0.4	0.4	0.5	0.5
Yield (%)	8.7%	1.7%	1.5%	3.4%	1.7%

Source: Eurobank EFG Securities Estimates

Issue Date:

**August 19, 2009**

Last Price (close 18/08): €5.80

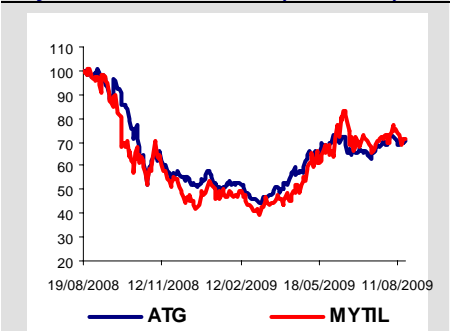
Target Price: €6.80

**Recommendation**

Maintained at:

**Outperform**

**Mytilineos Share Price (52 weeks)**



**Stock Data**

Reuters RIC	MYTr.AT
Bloomberg Code	MYTIL GA
52 Week High	8.24
52 Week Low	3.26
Abs. performance (1m)	0.5%
Abs. performance (YTD)	46.4%
Number of shares (m)	117
Market Cap (€m)	678
Avg Daily Volume (3m)	358
Est. 3yr EPS CAGR	23%
Free Float	60%

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## Ongoing developments

### Megalopolis CCGT awarded to Metka

Metka was the preferred bidder offering the construction of an 811MW CCGT for €543m and a 12year maintenance contract of €143m. However, PPC and Metka will initiate a round of negotiations for lowering the initial price to under €500m. PPC also aims to lift certain delivery terms, which may transfer the risk of external delays to Metka (e.g. delays in the arrival of nat-gas pipeline). In a potential agreement (very likely) the second bidder does not have the right to object the deal, while the respective contract should be signed by the end of October. Megalopolis project increases Metka's backlog by 35% (subject to the final price), while enhances Metka's business ties with an old and highly promising customer. We consider the development as positive, although margins may prove to be significantly lower than the initially expected 20%.

### Alivery initiation very soon

On August 6, Metka's CEO stated that Aliveri project will commence very soon, while on August 11 the ministry of development approved the necessary licensing that paves that way for the re-launch of the project. We expect the construction of Alivery to commence soon, supporting Metka's Q409 figures and releasing the implementation of a deal that has been frozen for almost 2 years.

### New project in Defense

Metka's management stated that is very close to make a deal of USD40m in the defense sector. Although the project is outside Greece, we would expect it to have a positive effect on company margins, given the highly profitable nature of assignments in the defense sector.

### CHP

The operation of CHP is back at the testing face since April, following the interruption of its operation for several months. The unit provides power to the system, however the low SMP (avg below €45/MWh during April-July), has been impacting its performance (generated just €4m at the EBITDA April to date)

### No news regarding Endesa deal

We would expect developments in that front before the end of the year. Following Enel's announced plan to exit non-core European investments in order to reduce leverage, we believe it is very likely to exit the Greek market and breach the EH deal. Such a development leaves 3 options to MG: a) continue to implement its investment plan in the electricity sector on a stand-alone basis b) enter a partnership with a private equity fund c) enter a partnership agreement with another international utility. In our view, the third option is the most attractive, subject to asset valuation, terms and conditions. We believe that the benefits from a partnership with a reputable international player are significant in both qualitative and quantitative terms (expertise, financing, capex savings, synergies).

**Larco privatization**

The Hellenic Republic published an invitation for the expression of interest in domestic nickel producer Larco. Mytilineos has expressed a strong interest in Larco, also indicating that the resolution of the tariff structure and the environmental issues are essential prerequisites to proceed with the investment (up to €150m). Press indicates that there are at least two other international parties examining the case. We expect the tender process to take place in the following months.

**Capital structure**

The management stated that there is no rush to make use of treasury stock (about 8.7% of shares, value at ca€60m), while it plans to use the current cash balance of €230m for investments/acquisitions. The CEO also stated that there is no need/intention for a share capital increase at this stage. With a net debt/equity of 0.5x and positive hedging positions, we believe MG financing capacity is comfortable, especially under the scenario of a new partnership in the energy sector.

**Smelter electricity tariffs to rationalize**

PPC's Board decided to go to arbitration with MG to resolve the long-standing dispute on electricity tariffs charged to Aluminium of Greece. In our view, this paves the way to resolve a vital issue for its aluminum unit, which is currently charged with tariffs that are much higher than respective European ones and threaten the viability of the smelter (post 2010 assuming current market conditions). Although there is low visibility on the outcome, a new tariff structure to lower the cost of electricity for Mytilineos smelter (currently >40% of total cost) and to correlate tariffs with market conditions and LME prices. In our calculations, a reduction of €10/MWh boosts AoG 2010 EBITDA by 40% and group EBITDA by 11%. We expect the arbitration to conclude before the end of the year.

## H109 results better than expected

Group H109 figures were significantly lower than last year, due to delays in the execution of Metka's projects and the adverse market conditions in the market of base metals, which led to production cuts in the Aluminium unit (up to 22%) and production shut-down in Sometra. Nevertheless, results were better than expected as the stronger USD (€/\$ at 1.33 vs 1.53 a year ago) smoothen the impact at the top line, while lower input costs (fuel&freight) and positive hedging of aluminum production boosted margins by 3pp to 14.5%.

Mytilineos Group P&L												
	Q1 08		Q2 08		H1 08		Q109		Q209		H109	
Revenues	227.4	0.9%	262.9	11.6%	490.3	6.3%	154.2	-32.2%	174.2	-33.7%	328.4	-33%
EBITDA	20.0	-51%	26.8	-52%	46.8	-52%	18.0	-10%	25.3	-5.6%	43.3	-7.5%
margin	9%		10.1%		9.54%		11.6%		14.5%		13.1%	
Depreciation	5.5		5.9		11.5		4.6		4.7		9.3	
EBIT	14.5		20.8		35.3		13.4		20.5		33.9	
Financials net	-4.4		11.3		6.9		-10.3		-7.6		-17.9	
EBT	10.1		32.2		42.3		3.1		13.0		16.1	
tax	3.2		7.4		10.6		-0.1		4.4		4.2	
minorities	2.6		4.9		7.5		2.3		-0.6		1.7	
EAT am	4.3	-81%	19.8	-19%	24.1	-48%	1.0	-76%	9.2	-53%	10.2	-57%

Source: Eurobank EFG Securities estimates

Metka posted an exceptionally weak H1, due to interruption of projects in Viotia and Aliveri and delays in the initiation of works in Romania. We expect H2 to offset the largest part of the H1 weakness balancing out the yearly performance. In H2 Metka will register the first revenues from OMV Romania and Korinth Power, while there is high probability to receive payments from Aliveri project. In any case, we expect 2009 to be an uninspiring year for Metka's P&L, however given the current backlog of €1.4bn (not including €0.5bn from Megalopoli), Metka should post significant boost in sales over the next three years. The big question with Metka is the sustainability of its margins, which in our view will deteriorate from 18% in 2008 to 14% by the end of 2010. We can not exclude further margin dilution, as the company's international presence increases, while the weight of defense contracts decreases dramatically.

Metka Q209 results						
	Q209	Q208	yoy	H109	H108	yoy
Revenues	51.6	123.9	-58.4%	101.7	211.9	-52.0%
EBITDA	6.6	22.1	-70.1%	15.1	38.6	-60.9%
margin	12.8%	17.8%		14.8%	18.2%	
EBIT	5.4	20.7	-73.9%	12.7	35.9	-64.6%
EBT	4	19.8	-79.8%	12.3	34.3	-64.1%
tax	1.6	5.2		3.4	9.2	
minorities	0.8	13		0.8	2.1	
EAT	3.2	1.5	113.3%	8.1	23	-64.8%

Source: Eurobank EFG Securities estimates

## Aluminum business: new tariff structure to remove viability concerns

Aluminum prices are ca50% above Feb 09 lows, following the more optimistic sentiment in commodities. Total world supply is down 10% yoy, however inventories remain at high levels (4.5mt), as global demand (ex-China) remains weak. A stronger USD (EUR/USD at 1.33 in H109 vs 1.52 in H108), rising aluminum prices in Q2 and closing of hedging positions were positive factors for profitability (M&M EBITDA margin +10pp to 15.3%)

MG has hedged 2009-10 production at prices that are >40% higher than current LME levels, securing the profitability of its aluminum business over the 2009-10 period. However the smelter currently operates at a utilization ratio of 78%. Fully hedged USD exposure for 2009 (EUR/USD at 1.33) is another positive factor for AoG profitability over the current year.

Viability issues remain for Mytilineos smelter (post 2010), as production cost of aluminum currently stands about ca40% higher than current LME prices and ca50% higher than the global average cost base. The ongoing arbitration with PPC on electricity tariffs may lower production cost of aluminum significantly (a reduction of €10/MWh boosts AoG 2010 EBITDA by 40% and group EBITDA by 11%). Moreover, a tariff scheme that is connected to market conditions would increase visibility and decrease investment risk. The arbitration is expected to conclude by year-end, however the outcome is highly uncertain.

Aluminium of Greece						
	2008	2009e	2010e	2011e	2012e	2013e
<b>Assumptions</b>						
Euro/dollar	1.48	1.35	1.3	1.3	1.3	1.3
AoG Bauxite avg price (€/ton)	31.5	29.3	28.3	28.3	28.5	28.7
Oil prices (\$/b)	95	60	70	75	80	85
AoG Electricity cost (€/MW)	51.4	55.0	55.0	55.0	55.0	55.0
Alumina prices spot (\$/ton)	330	220	250	270	290	320
Alumina price as % of LME 3m						
Aluminum	11.8%	13.8%	13.2%	12.3%	12.1%	12.3%
Aluminum prices LME 3m (\$/ton)	2800	1600	1900	2200	2400	2600
Aluminum effective prices (\$/ton)	2685	2720	2480	2200	2400	2600
<b>AoG operating data</b>						
Alumina production (k tons)	770	780	780	780	780	780
Alumina revenues total	118.2	81.5	95.0	103.8	111.5	123.1
Aluminum production (k tons)	157.2	140	140	140	140	140
Aluminum revenues total (€m)	329	313	298	268	289	311
Alumina production cost (€m)	190.6	166.4	168.0	156.2	157.7	161.3
€/ton	247.5	213.3	215.4	200.2	202.2	206.8
Aluminum production cost (€m)	312.4	259.6	258.8	254.9	255.8	257.5
€/ton	1987	1854	1849	1821	1827	1839
<b>AoG P&amp;L (€m)</b>						
<b>Sales</b>	<b>467</b>	<b>399</b>	<b>398</b>	<b>377</b>	<b>407</b>	<b>441</b>
		-14.5%	-0.4%	-5.4%	8.0%	8.4%
Total COGS	412	346	350	391	394	399
<b>EBITDA</b>	<b>48</b>	<b>52</b>	<b>45</b>	<b>-17</b>	<b>11</b>	<b>40</b>
margin	10.4%	12.9%	11.4%	-4.4%	2.7%	9.1%
Depreciation	12	13	13	11	10	9
EBIT	37	39	32	-28	1	31
Financials net	-5	1	2	2	2	2
EBT	32	40	34	-26	3	33
tax	10	10	9	0	1	8
<b>EAT</b>	<b>22</b>	<b>30</b>	<b>26</b>	<b>-26</b>	<b>2</b>	<b>25</b>

Source: Eurobank EFG Securities estimates

## Metka: Finally things are moving

Megalopoli is temporarily awarded to Metka, with potential finalization of the contract by October. Works in Aliveri are expected to re-start in the short-term (license granted), while other projects are progressing relatively well (Viotia, Korinth Power and OMV Romania). It seems that Metka is finally busy and well set to deliver strong growth starting in Q409. We maintain our estimates at this stage, waiting for finalization of pending deals. Backlog (€1.4bn) exceeds 3.5x 2008 sales, not including Megalopolis.

METKA P&L						
€m	2008	2009e	2010e	2011e	2012e	2013e
<b>Sales</b>	<b>381</b>	<b>368</b>	<b>581</b>	<b>625</b>	<b>638</b>	<b>627</b>
growth	34%	-4%	58%	8%	2%	-2%
Cost of sales	299	293	476	517	525	513
Gross profit	82	75	105	108	113	114
Administrative cost	13	13	15	17	19	20
Distribution cost	5	5	6	7	8	9
<b>EBITDA</b>	<b>67</b>	<b>57</b>	<b>84</b>	<b>84</b>	<b>86</b>	<b>85</b>
growth	17%	-15%	48%	0%	2%	-2%
margin	18%	16%	15%	14%	14%	14%
Depreciation	5	4	3	3	3	3
EBIT	62	53	81	81	83	82
Investment income	1	2	2	3	3	3
Financial expenses	4	1	1	1	1	1
EBT	58	54	83	84	86	84
Tax	13	13	19	18	18	18
Minority interests	3	2	2	2	2	2
<b>EAT</b>	<b>41</b>	<b>39</b>	<b>62</b>	<b>63</b>	<b>66</b>	<b>64</b>
growth	13%	-6%	58%	3%	4%	-2%

Source: Eurobank EFG Securities estimates

METKA EPC projects									
Project	Description	Mw	Budget		2009e	2010e	2011e	2012e	2013e
<b>Future potential EPC</b>				<b>Probability</b>					
OMV	Combined Cycle / Turkey	800	470	High		150	205	115	
PEEGT	Combined Cycle / Syria	700	700	Low		0	50	250	250
Endesa Hellas - Volos	Combined Cycle / Greece	437	265	High		90	110	65	
PPC Megalopoli	Combined Cycle / Greece	800	500	Very High		150	220	130	
PPC replacement 2	Combined Cycle / Greece	400	280	Low		50	150	80	
PPC replacement 3	Combined Cycle / Greece	400	280	Low		50	150	80	
RWE	Combined Cycle / Turkey	800	470	Medium		65	200	205	
<b>Total potential EPC</b>						<b>555</b>	<b>1085</b>	<b>925</b>	<b>250</b>
<b>Signed EPC contracts</b>				<b>Status</b>	<b>2009e</b>	<b>2010e</b>	<b>2011e</b>	<b>2012e</b>	<b>2013e</b>
CCGT Viotia	Combined Cycle / Greece	444	180	In progress	60	120			
PPC - Ilarion	Hydro / Greece	0	25	To initiate	11	14			
PPC - Aliveri	Combined Cycle / Greece	430	220	To resume	30	50			
OMV (Petrom)	Combined Cycle / Romania	800	210	In progress	51	100	59		
PEEGT	Combined Cycle / Syria	700	650	To initiate	30	150	250	220	
Korinth Power	Combined Cycle / Greece	400	285	In progress	170	90	25		
<b>Total signed EPC</b>					<b>352</b>	<b>524</b>	<b>334</b>	<b>220</b>	
<b>Total signed &amp; potential EPC</b>					<b>352</b>	<b>1129</b>	<b>1599</b>	<b>1235</b>	<b>250</b>
Construction / defence					16	7	7	7	7
<b>EFG forecasts (base case)</b>					<b>368</b>	<b>581</b>	<b>625</b>	<b>638</b>	<b>616</b>

Source: Eurobank EFG Securities estimates

**Metka valuation**

DCF Assumptions		Discounted Cash Flows					
		2009e	2010e	2011e	2012e	2013e	
Long term risk free rate:	5.0%	EBIT	53	81	81	83	82
Beta:	0.9	Tax on EBIT	13	19	18	17	17
Equity Risk Premium:	6.0%	Net operating profit after tax	40	63	63	66	64
Perpetual FCF growth:	0.0%	Depreciation	4	3	3	3	3
WACC	10.3%	Operating Cash Flow	44	66	66	69	67
		Working Capital Movements	-28	21	2	0	8
		Capex & acquisitions	8	7	6	7	7
		Free Cash Flow	64	38	59	61	53
		Present value of FCF:	58	31	44	42	32

**Valuation Results**

Euro (000)

PV of cash flows (09-13)	207
Residual value of FCF	316
Total operations value	523
minus net debt	-6
<b>Shareholders value</b>	<b>529</b>
Shares outstanding (m)	51.95
<b>Value per share</b>	<b>10.19</b>

Source: Company, Eurobank EFG Securities estimates

**Energy segment disappoints**

CHP is still operating at the testing phase, although it has been contributing to the system since April 09. Performance has been poor, generating just €4m from April to date, mainly due to low SMP prices (April-July average below €45/MWh). Electricity consumption decreased by 5.7% in H1, mainly due to a slowing economic activity. We cut our estimates on CHP contribution in 2009 (EBITDA cut to €12.5m from €20m previously) to reflect current market conditions.

**MG Estimates revision**

We cut our FY2009-10 estimates on MG, as we lower our estimates for CHP performance over the period. We maintain our estimates on the group's other segments. We fully consolidate CHP (as it currently belongs to MG) and Korinth Power (post 2010) while we consolidate the remaining energy assets (EH) under the EBITDA line. Our approach reflects the current group structure, which however is very likely to change in the following quarters (potential exit of Enel from Endesa deal).

**Mytilineos estimates revision**

	2009e			2010e			2011e		
	New	Old	df(%)	New	Old	df(%)	New	Old	df(%)
Sales	807	830	-2.7%	1,123	1136	-1.1%	1,260	1260	0.0%
EBITDA	108	112	-3.3%	160	163	-1.6%	117	117	0.0%
Margin	13.4%	13.5%		14.3%	14.3%		9.3%	9.3%	
EAT	23	26	-10.8%	64	66	-2.7%	36	36	0.0%

Source: Eurobank EFG Securities Estimates

Mytilineos forecasts by segment									
	2005	2006	2007	2008	2009e	2010e	2011e	2012e	2013e
<b>Revenues</b>									
AoG	382	471	471	467	399	398	377	407	441
Metka	213	294	284	381	368	581	625	638	627
Sometra	31	60	186	166	0	0	0	0	0
Mytilineos trading	123	193	30	29	10	10	12	13	15
CHP				1.5	65	180	197	200	202
CCGT Korinthos							97	194	194
Total	749	1,018	971	1,045	842	1,168	1,308	1,452	1,479
Adjustments/Other	-15	-175	-59	-69	-35	-45	-48	-50	-52
<b>Group revenues</b>	<b>734</b>	<b>843</b>	<b>912</b>	<b>976</b>	<b>807</b>	<b>1,123</b>	<b>1,260</b>	<b>1,402</b>	<b>1,427</b>
growth			8.2%	7.0%	-17.3%	39.2%	12.1%	11.3%	1.7%
<b>EBITDA</b>									
AoG	79	110	87	48	52	45	-17	11	40
Metka	53	61	57	67	57	84	84	86	85
Sometra	-17	6	29	13	0	0	0	0	0
Mytilineos trading	37	47	3	3	1	1	1	2	3
CHP				-1.5	12.5	50.8	43.3	31.7	33.7
CCGT Korinthos							28.4	56.8	43.4
Total	150	225	177	131	123	182	141	189	206
Eliminations	6.8	-36.5	-23	-13	-15	-22	-24	-25	-27
<b>Group EBITDA</b>	<b>157</b>	<b>188</b>	<b>154</b>	<b>117.6</b>	<b>108</b>	<b>160</b>	<b>117</b>	<b>164</b>	<b>179</b>

Source: Eurobank EFG securities equity research estimates

## Valuation

Mytilineos SOTP Valuation					
Euro m	Equity value	Shareholding	Net value	% of group	method
Aluminium of Greece	120	100.0%	120	11.1%	DCF (WACC 11.3%, LTG 0%)
Metka	530	53.0%	281	25.9%	DCF (WACC 10.9%, LTG 0%)
CHP	322	100.0%	322	29.8%	DCF (WACC 9%, LTG 1%)
CCGT Viotia	194	50.0%	97	9.0%	DCF (WACC 8.5%, LTG 1%)
Korinth Power	85	65.0%	55	5.1%	DCF (WACC 8.5%, LTG 1%)
RES	45	50.0%	23	2.1%	BV
Management fees	185	100.0%	185	17.1%	DCF (WACC 10%, LTG 0%)
Total	1,481		1,083		
minus parent net debt			322		
Per share (ex treasury stock)			7.2		
Visibility risk discount 5%			6.8		

Source: Eurobank EFG securities equity research estimates

Our valuation is based on MG current structure (partial completion of EH JV, current electricity tariff for the smelter) and relatively conservative assumptions for Aluminum prices going forward. We could unfold multiple scenarios on Mytilineos case, based on various assumptions regarding commodity prices and the group's pending issues. In our view, there are significant developments that could take place in the short term, which would alter the current structure (or even the dynamics) dramatically. Such developments could be a) potential acquisition of Larco b) a new deal in electricity production c) a new tariff structure for the smelter with much better terms. Nevertheless, our approach reflects the situation "as is" and includes the implementation of projects that are already under development.

In our view, Mytilineos Group investment case maintains the following positives:

- Strong positioning in the Greek electricity market with high chance to become one of the largest (if not the largest) IPP in Greece.
- Strong positioning in the regional EPC market with reputable track record and valuable expertise in the construction of energy plants. It already holds a signed backlog of almost 4x 2008 sales (excl. Megalopoli), with high probability to capture additional projects.
- Hedged aluminum sales (2009-10) at prices that are at least 40% above current levels and very good chance to reduce smelting costs through a new tariff agreement with PPC.
- High efficiency of electricity plants (operating and under construction) creates an advantage over competitors.
- Good track record in identifying hidden values and exploiting such values.
- Decisive management with strong business intuition and long expertise in dealing with emerging market inefficiencies and state bureaucracy.

But there are also significant risks involved:

- Uncertainty related to the structure of electricity business, assuming Enel's exit from the EH JV. Potential failure to partner with a new international player may affect the pace of expansion and position in the electricity market.
- Aluminum production cost stands 40% higher than current LME prices. There are viability issues for the smelter post 2010 if prices do not recover. There is also low visibility on the outcome of arbitration with PPC regarding electricity tariffs.
- Highly affected by price fluctuations of commodities (aluminum, oil) and USD parity, which from time to time have been increasing the stock volatility, regardless of hedging positions or diversification.
- High uncertainty on long-term conditions in the Greek electricity market (prices/competition) and low visibility on CO2 emissions framework post 2012.
- Frequent changes of action plans (which however remain within the framework of the broader strategy) increase stock volatility and generate discomfort to investors.

Balance Sheet										
Eur m	2008	yoy	2009e	yoy	2010e	yoy	2011e	yoy	2012e	yoy
Net fixed assets	593	12%	690	16%	780	13%	810	4%	830	2%
Long term investments	309	0%	310	0%	310	0%	310	0%	310	0%
Debtors	307	-16%	297	-3%	334	13%	331	-1%	350	6%
Stocks	174	-3%	158	-9%	199	26%	187	-6%	205	9%
Cash & cash equivalents	45	-48%	73	64%	17	-77%	35	108%	47	35%
Current assets	868	-1%	871	0%	893	3%	895	0%	944	6%
<b>Total Assets</b>	<b>1,770</b>	<b>7%</b>	<b>1,871</b>	<b>6%</b>	<b>1,983</b>	<b>6%</b>	<b>2,015</b>	<b>2%</b>	<b>2,084</b>	<b>3%</b>
Minorities	110	-8%	123	1%	139	4%	57	4%	59	4%
<b>Equity</b>	<b>901</b>	<b>13%</b>	<b>915</b>	<b>2%</b>	<b>957</b>	<b>5%</b>	<b>983</b>	<b>3%</b>	<b>1,025</b>	<b>4%</b>
Net assets	848	14%	862	2%	902	5%	926	3%	966	4%
Long term debt	311	0%	380	0%	400	0%	400	0%	400	0%
Other long term liabilities	174	0%	190	0%	200	0%	210	0%	220	0%
<b>Long term liabilities</b>	<b>485</b>	<b>143%</b>	<b>570</b>	<b>18%</b>	<b>600</b>	<b>5%</b>	<b>610</b>	<b>2%</b>	<b>620</b>	<b>2%</b>
Trade creditors	142	-22%	137	-3%	171	25%	161	-6%	170	6%
Short term debt	100	-66%	100	0%	100	0%	100	0%	100	0%
Other short term liabilities	127	-17%	130	2%	135	4%	140	4%	145	4%
<b>Current liabilities</b>	<b>369</b>	<b>-42%</b>	<b>367</b>	<b>0%</b>	<b>406</b>	<b>11%</b>	<b>401</b>	<b>-1%</b>	<b>415</b>	<b>4%</b>
<b>Total Equity &amp; Liabilities</b>	<b>1,770</b>	<b>0%</b>	<b>1,870</b>	<b>0%</b>	<b>1,983</b>	<b>0%</b>	<b>2,015</b>	<b>0%</b>	<b>2,084</b>	<b>0%</b>

Source: Eurobank EFG securities equity research estimates

Income Statement										
Eur m	2008	yoy	2009e	yoy	2010e	yoy	2011e	yoy	2012e	yoy
<b>Sales</b>	<b>976</b>	<b>7%</b>	<b>807</b>	<b>-17%</b>	<b>1,123</b>	<b>39%</b>	<b>1,260</b>	<b>12%</b>	<b>1,402</b>	<b>11%</b>
Cost of sales	815	14%	656	-20%	922	41%	1,096	19%	1,187	8%
<b>Gross profit</b>	<b>161</b>	<b>-19%</b>	<b>151</b>	<b>-6%</b>	<b>201</b>	<b>33%</b>	<b>164</b>	<b>-19%</b>	<b>216</b>	<b>32%</b>
Other operating income	12	0%	12	0%	19	0%	21	0%	22	0%
Administrative cost	45	-9%	45	-1%	48	7%	53	10%	58	9%
Distribution cost	8	-19%	10	23%	12	20%	14	17%	16	14%
<b>EBITDA</b>	<b>118</b>	<b>-23%</b>	<b>108</b>	<b>-8%</b>	<b>160</b>	<b>48%</b>	<b>117</b>	<b>-27%</b>	<b>164</b>	<b>39%</b>
Depreciation	37	61%	35	-5%	37	4%	44	19%	45	3%
<b>EBIT</b>	<b>81</b>	<b>-38%</b>	<b>73</b>	<b>0</b>	<b>124</b>	<b>0</b>	<b>74</b>	<b>0</b>	<b>119</b>	<b>0</b>
Investment income	-6	0%	2	0%	13	0%	28	0%	22	0%
Interest cost	27	4%	27	-1%	29	10%	30	2%	30	0%
Minority interests	48	-67%	48	1%	107	121%	72	-33%	111	55%
Earnings before tax(EBT)	0	0%	0	0%	0	0%	0	0%	0	0%
Tax	13	0%	13	0%	17	0%	19	0%	22	0%
<b>EAT</b>	<b>48</b>	<b>-82%</b>	<b>48</b>	<b>1%</b>	<b>107</b>	<b>121%</b>	<b>72</b>	<b>-33%</b>	<b>111</b>	<b>55%</b>

Source: Eurobank EFG securities equity research estimates

Cash flow						
Eur m	2008	2009e	2010e	2011e	2012e	
EBIT	81	73	124	74	119	
minus taxes	22	20	33	20	32	
NOPAT	59	53	90	54	87	
Depreciation	37	35	37	44	45	
<b>Operating Cash Flow</b>	<b>96</b>	<b>89</b>	<b>127</b>	<b>98</b>	<b>132</b>	
Working capital	4	-25	41	-10	22	
Capex + acquisitions	73	113	115	62	53	
<b>Free Cash Flow (FCF)</b>	<b>18</b>	<b>0</b>	<b>-28</b>	<b>46</b>	<b>57</b>	

Source: Eurobank EFG securities equity research estimates

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November 10, 2008	Outperform	€5.18	€9.50
April 2, 2008	Outperform	€8.02	€12.96
January 17, 2008	Outperform	€10.90	€16.18

Source: EFG Eurobank Securities

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Source: EFG Eurobank Securities