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Re-iterate ... **Outperform**

Excellent growth potential at relatively low risk - Remains top pick

Reason for report: Q3'09 review / Model Update

Price: € 11.00
(closing price: 12/11/09)

New 12M target price: €14.4

Previous target price: €12.2

[View / Investment Proposal](#)

Athens General Index at 2,620.44 (closing price 12/11/09)

Estimates

	2007	2008	2009e	2010e
Turnover (€ m)	284.2	381.5	355.7	622.4
EBITDA (€ m)	57.2	66.8	61.4	95.2
Net Income (€ m)	36.8	41.4	37.6	58.7
EPS (€)	0.71	0.80	0.72	1.13
EPS chng (%)	-9.4%	12.6%	-9.3%	56.1%
P/E (x)	18.4	7.8	15.2	9.7
EV/EBITDA (x)	14.0	5.3	9.0	6.3
EV/EBIT (x)	15.3	5.7	9.8	6.7
EV/Sales (x)	2.8	0.9	1.6	1.0
FCF yield (%)	4.5%	6.6%	9.3%	-2.4%
P/BV (x)	5.3	2.3	3.6	2.9
ROE (%)	26.4%	27.9%	22.4%	29.7%
RoIC (%)	26.5%	31.8%	26.3%	36.5%
Dividend Yield (%)	3.2%	6.0%	3.9%	6.2%

*Explanatory notes: Year-end prices used for all calculations
Source: Metka, National P&K Securities*

Stock data

52 week low/high	5.28 -11.00
Outstanding No of shares	51,950,600
Avg daily shares (3m) traded	64,399
Market cap in € m	571.5
Reuters / Bloomberg	MTKr.AT / METTK GA
Free float (e)	44.2%
Institutional ownership (e)	c. 32.5%
Relative performance in '07	+28.3%
Relative performance in '08	+24.5%
so far in '09	+13.3%
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Company description

Metka, a 55.8% subsidiary of Mytilineos Holdings, is the leading EPC contractor in Greece, active in the execution of large-scale construction, industrial, energy and defense projects. The company is also involved in the manufacturing of heavy steel constructions and intergraded electromechanical equipment.

Metka, listed in the Athens stock exchange since 1973, is included in the following indices: Athex Composite Share Price Index, FTSE/Athex Mid 40, MSCI Small Cap and HSBC Small Cap Index.

We reiterate our Outperform rating on Metka revising upwards our target price to €14.4 to reflect further increase in backlog to record-high levels. We keep Metka in our top picks list having taken into account the following aspects:

- ⇒ Significant growth potential anticipated from FY'10 onwards on impressive backlog accumulation. That said, we note that there are execution risks associated with the new projects.
- ⇒ Work-in-hand has reached record-high of €2.2bn, or 3.5x '10e sales, providing excellent visibility for the coming years.
- ⇒ Well-diversified project portfolio that breaks down to: a) Projects abroad: 58%, b) PPC: 27%, c) Endesa Hellas/Mytil: 15%.
- ⇒ The project assignments in Pakistan, Romania, Syria and Turkey prove that Metka can successfully participate in international tenders winning new contracts.
- ⇒ Net cash position reaching €31m in the 9-month period.
- ⇒ High operating margins and economic returns, very low capex needs and decent dividend yield.
- ⇒ Attractive valuation at current levels. Our projections imply an EPS CAGR '09-'11 of 32%.

Q3'09 results wrap up

- Metka posted a strong set of Q3'09 results, well above our and market expectations, mainly due to accelerating backlog execution.
- Revenues amounted to €101m, up 16% y-o-y, due to the construction commencement of key projects (Mytil-MOH, Romania). EBITDA came at €21m, up 64% y-o-y, with operating margin posting a remarkable improvement on both annual and quarterly basis (20.8% in Q3'09 vs. 14.7% in Q3'08 and 12.8% in Q2'09) on increased capacity utilization and one-off compensation for delays in one of the projects. Net income reached €11.8m, up 63% y-o-y, beating expectations.
- We also note improved operating cash flow (€45.9m vs. €25.6m in 9M'08) on lower working capital needs.

Stock Performance

Metka shares have outperformed the index by 13.3% y-t-d and 16.8% since the inclusion in our Top Picks list on August 12th. The stock has also outperformed the index by 91.5% since our Initiation report issued on April 12th, 2006.



Q3/9M'09 Results

Interim Results

P&L items (in € m)	Q3'07	9M'07	Q3'08	9M'08	Q3'09	Q3'09e NPK	9M'09	9M'09e NPK
Group Sales	69.9	216.7	87.3	299.1	101.2	77.3	203.0	179.1
% y-o-y chng	-11.2%	-0.3%	24.9%	38.0%	16.0%	-11.4%	-32.1%	-40.1%
% q-o-q chng	-11.1%		-29.6%		95.9%	49.7%		
EBITDA	10.3	44.3	12.8	51.5	21.0	13.6	36.1	28.7
% y-o-y chng	-24.5%	-2.5%	24.8%	16.3%	64.1%	6.2%	-29.9%	-44.3%
% q-o-q chng	-48.4%		-42.3%		217.9%	105.7%		
<i>EBITDA margin</i>	<i>14.7%</i>	<i>20.4%</i>	<i>14.7%</i>	<i>17.2%</i>	<i>20.7%</i>	<i>17.6%</i>	<i>17.8%</i>	<i>16.0%</i>
EBIT	9.0	40.6	11.6	47.6	19.7	12.3	32.4	25.0
% y-o-y chng	-27.0%	-2.6%	27.9%	17.0%	70.5%	6.3%	-31.8%	-47.4%
Pre-tax profit	8.5	39.4	10.4	44.7	19.4	11.5	31.8	23.8
% y-o-y chng	-30.3%	-3.0%	22.0%	13.6%	87.3%	10.8%	-28.9%	-46.7%
Income tax	2.2	10.2	3.4	12.6	6.9	3.0	10.3	6.4
Net Income	6.3	28.8	7.3	30.3	11.8	8.5	19.9	16.6
% y-o-y chng	-20.7%	1.6%	14.9%	5.2%	62.9%	17.1%	-34.2%	-45.2%
<i>Net margin</i>	<i>9.0%</i>	<i>13.3%</i>	<i>8.3%</i>	<i>10.1%</i>	<i>11.7%</i>	<i>11.0%</i>	<i>9.8%</i>	<i>9.3%</i>

Source: Metka, National P&K Securities

Conference Call &
NPK Comments/View

In the conference call following the results announcement management mentioned that:

- ⇒ **FY'09** sales and EBITDA will approach last year's levels, both higher than our previous estimates.
- ⇒ Operating profit in **Q3'09** was boosted by €4m of compensation related to the delay in the construction commencement of a project. Adjusted for this one-off item and according to our calculations, operating margin would have been close to 17%.
- ⇒ Regarding the PPC **Aliveri project**, the two sides have formed a committee to come up with a mutually agreed solution, and potentially a supplementary fee to the existing contract that would compensate Metka for the delays incurred and the costs borne so far.
- ⇒ The average/blended **EBITDA margin** for the projects included in current backlog is estimated at 16-17%.
- ⇒ Regarding potential **capacity restrictions**, the company is adjusting its operations to the new challenges arising from the impressive backlog accumulation so far. Target is to overstretch up to a manageable level. As far as we know, Metka is currently in the process of hiring new engineering employees to meet its increasing needs for labour force as a result of the new project assignments. In our view, Metka, as it stands now, would be able to deliver projects on time and on budget reaching annual sales of €500-600m.
- ⇒ We remind that the company has already **commenced construction** of the Mytilineos-MOH power plant and the project in Romania. Moreover, site works in Aliveri have started while construction for Endesa Hellas' plant in Ag. Nicolaos is proceeding full speed. Finally, the projects in Syria, Turkey and PPC's in Megalopolis (contract signed today) are expected to commence anytime within next year.

Backlog breakdown

Metka's backlog breakdown is:

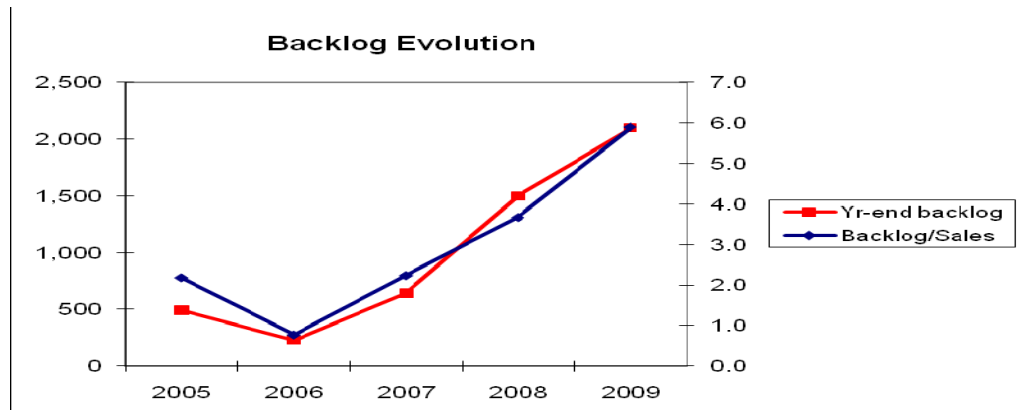
Location	Current Status	Capacity (MW)	Backlog (€ m)	% of backlog	Construction period
PPC Aliveri	Signed - UC*	420	66	3%	ready by 2011
Romania	Signed - UC	850	190	9%	30 months
Endesa Hellas' Ag. Nicolaos	Signed - UC	430	30	1%	ready by 2010
Syria	Signed	700	65	30%	36 months
Mytil-MOH JV	Signed - UC	437	270	13%	30 months
PPC Megalopolis V	Signed	811	500	23%	34 months
Turkey	Signed	775	450	21%	36 months
Total		4,420	2,156	100%	

Source: Metka, National P&K Securities estimates.

* UC: Under Construction



Backlog Evolution



Source: National P&K Securities

Changes in Estimates

We make the following adjustments in our Sales, EBITDA and Net Income projections for '09-'11:

Key figures	2009e	2010e	2011e
New Revenues	355.7	622.4	699.4
Old Revenues	336.3	594.9	646.9
% variance	5.8%	4.6%	8.1%
New EBITDA	61.4	95.2	106.3
Old EBITDA	56.6	90.7	96.2
% variance	8.4%	5.0%	10.5%
New EBITDA margin	17.2%	15.3%	15.2%
Old EBITDA margin	16.8%	15.2%	14.9%
New Net Income	37.6	58.7	65.6
Old Net Income	35.1	54.1	58.9
% variance	7.0%	8.4%	11.3%
New Target Price	14.4		
Old Target Price	12.2		
% variance	18.0%		

Source: National P&K Securities

Valuation

We revise upwards our 2009-2011 top line projections incorporating in our model the recent assignment of contract in Turkey. We also upgrade our operating margin estimates for the period '09-'11 to reflect a stronger than expected performance in 9M'09 and management's margin estimates going forward. We also increase our dividend payout projections to 60%, vs. 50.2% previously.

We keep our cost of equity unchanged at 9.5%, which breaks down to risk free rate at 5.2% and a risk premium at 4.3%. We lower our beta estimate to 0.80 (source: Bloomberg) that leads to a WACC of 8.7%. Our long term EBIT growth stands at 1.3% as we adopt a quite conservative stance in the long term.

DCF valuation

	2011e	2012e	2013e	2014e	2015e	2016e	2017e	2018e	2019e	2020e	Term.Value
EBIT	99.3	100.6	101.9	103.2	104.5	105.9	107.3	108.7	110.1	111.5	113.0
Less: Tax	24.8	25.1	25.5	25.8	26.1	26.5	26.8	27.2	27.5	27.9	28.2
After tax EBIT	74.5	75.4	76.4	77.4	78.4	79.4	80.5	81.5	82.6	83.6	84.7
Less: WC additions	24.2	5.0	5.1	5.3	5.4	5.6	5.8	6.0	6.2	6.5	0.0
Plus: depreciation	7.0	7.1	7.1	7.2	7.3	7.4	7.4	7.5	7.6	7.7	0.0
Less: Cap ex	5.0	5.1	5.1	5.2	5.2	5.3	5.3	5.4	5.4	5.5	0.0
Free Cash Flow	52.4	72.5	73.3	74.2	75.0	75.9	76.8	77.6	78.5	79.3	84.7
WACC	8.7%										
PV of Cash Flows	431.6										
Terminal Value	387.9										
Firm Value	819.5										
Net Debt	5.9										
Minority rights	65.5										
Equity Value	748.1										
Value per share	14.40										

Source: Metka, National P&K Securities



Metka consolidated balance sheet and cash flow statements and analysis

BALANCE SHEET (B/S) ITEMS	2004	2005	2006	2007	2008	2009e	2010e	2011e
Net total assets	80.8	79.0	74.2	72.4	65.9	63.7	62.7	60.7
Goodwill	0.0	1.8	1.8	7.9	7.9	7.9	7.9	7.9
Investments	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deferred Tax	0.9	1.4	1.3	1.2	1.7	1.5	1.5	1.5
Available for sale securities	12.5	6.2	0.4	0.4	0.4	0.4	0.4	0.4
Other L/T receivables	3.3	2.2	2.0	0.8	2.2	3.0	3.0	3.0
Current Assets	156.0	176.1	146.1	270.9	257.0	272.8	415.0	472.4
Accounts receivable	129.3	123.9	114.3	218.0	222.3	222.3	389.0	437.2
Inventories	13.2	30.3	23.1	21.8	15.3	14.3	25.0	28.0
Cash	9.2	19.8	5.0	27.3	17.7	35.3	0.0	6.2
Financial Assets at fair value	4.4	2.0	3.7	3.8	1.7	1.0	1.0	1.0
TOTAL ASSETS	253.7	266.6	225.8	353.5	335.0	349.3	490.4	545.8
Net debt position	-13.5	-21.1	-6.5	-12.8	-8.0	-36.3	5.9	-7.2
Shareholders' equity	130.9	86.0	111.0	127.1	142.5	159.3	195.4	225.8
Share capital	80.1	16.6	16.6	16.6	16.6	16.6	16.6	16.6
Reserves	50.8	69.4	94.4	110.4	125.9	142.7	178.8	209.2
Minority interest on share capital	13.5	14.7	11.7	12.2	15.5	18.0	22.4	27.3
Long-term liabilities	44.1	35.9	27.6	35.6	65.6	27.3	27.3	27.3
Deferred Tax Liabilities	16.4	13.9	15.5	12.7	13.8	13.8	13.8	13.8
Provisions for staff retirement	1.9	1.8	1.9	1.9	2.0	2.0	2.0	2.0
Long term debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other L/T Liabilities	25.8	20.1	10.3	21.0	49.8	11.5	11.5	11.5
Short-term liabilities	65.2	130.1	75.4	178.6	111.3	144.6	245.3	265.4
Accounts payable	51.2	102.5	58.9	132.5	83.8	125.0	218.7	245.8
Current Tax liabilities	3.2	13.1	6.4	20.7	10.9	14.4	14.4	14.4
Bank Debt	0.0	0.8	2.2	18.3	11.4	0.0	6.9	0.0
Other S/T Liabilities	10.8	13.8	7.9	7.2	5.2	5.2	5.2	5.2
TOTAL EQUITY & LIABILITIES	253.7	266.6	225.8	353.5	335.0	349.3	490.4	545.8
RATIO ANALYSIS ON B/S ITEMS	2004	2005	2006	2007	2008	2009e	2010e	2011e
Liquidity: Current ratio	2.39	1.35	1.94	1.52	2.31	1.89	1.69	1.78
Acid Test	2.19	1.12	1.63	1.39	2.17	1.79	1.59	1.67
Activity: Avg receivables to turnover days	n.a	205	148	213	211	228	179	216
Avg trade creditors to purchases days	n.a	173	133	165	134	139	130	156
Avg inventories to turnover days	n.a	35	33	29	18	15	11	14
Cash conversion cycle	n.a	68	48	77	94	104	61	74
Financial Structure: Total Liabilities to equity	0.84	1.93	0.93	1.69	1.45	1.16	1.25	1.34
Fixed to total assets	31.9%	29.6%	32.9%	20.5%	20.1%	18.9%	15.1%	11.9%
Profitability: return on total assets	8%	14%	17%	13%	12%	11%	14%	13%
return on equity	15%	37%	33%	26%	28%	22%	30%	28%
return on invested capital	16%	41%	36%	27%	32%	26%	37%	34%
CASH FLOW STATEMENT	2004	2005	2006	2007	2008	2009e	2010e	2011e
Profit after tax before minorities	21.3	38.7	40.8	37.3	44.8	40.1	63.0	70.5
Plus: depreciation & amortization	4.8	4.7	5.0	5.0	5.3	5.0	6.0	7.0
Plus: chng in provisions & non cash items	-1.8	-3.0	0.7	-0.3	-0.3	-0.3	-0.3	-0.3
Plus: interest expenses	-0.5	-0.7	0.3	0.3	-2.3	3.4	6.0	6.0
Plus: chng in taxes payable	0.8	3.1	-6.6	6.2	-9.7	3.5	0.0	0.0
Gross cash flow	24.5	42.8	40.2	48.5	37.7	51.8	74.8	83.2
Plus: chng in accounts payable	74.8	47.7	-56.5	82.3	-11.2	41.2	93.7	27.1
Less: chng in other receivables	7.5	-6.1	-1.1	1.4	-2.9	-38.3	0.0	0.0
Less: chng in accounts receivable	102.3	1.8	-9.1	88.9	5.7	0.0	166.7	48.1
Less: chng in inventories	2.1	17.0	-7.2	-3.6	-6.5	-1.0	10.7	3.1
Working capital chng	37.2	-35.0	39.1	1.6	13.3	-3.9	83.7	24.2
Operating cash flow	-12.7	77.8	1.1	46.9	24.4	55.7	-8.9	59.1
Less: purchases of fixed assets	8.0	4.0	3.8	2.5	1.8	2.8	5.0	5.0
Less: chng in investments	0.0	4.2	0.0	-7.9	0.0	0.0	0.0	0.0
Free cash flow	-20.7	69.6	-2.6	36.4	22.6	52.9	-13.9	54.1
Less: dividends paid	8.4	10.8	16.4	20.8	26.0	20.8	22.6	35.2
Less: capital return	0.0	70.1	0.0	0.0	0.0	0.0	0.0	0.0
Less: interest expenses	-0.5	-0.7	0.3	0.3	-2.3	3.4	6.0	6.0
Plus: equity chng	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Plus: debt chng	0.0	3.0	-5.8	16.0	-6.8	-11.4	6.9	-6.9
Plus: other (disposal of assets)	3.0	15.9	12.0	-9.0	-3.8	-0.4	0.3	0.3
Chng in cash position	-25.6	8.3	-13.2	22.4	-11.7	16.9	-35.2	6.3
Cash position	13.5	21.8	8.7	31.1	19.4	36.3	1.0	7.2

Source: Metka, National P&K Securities



Metka consolidated profit & loss statement and analysis

	2004	2005	2006	2007	2008	2009e	2010e	2011e
Sales	173.7	225.0	294.1	284.2	381.5	355.7	622.4	699.4
% chng	n.a	29.5%	30.8%	-3.4%	34.2%	-6.8%	75.0%	12.4%
Cost of sales	131.7	162.4	220.9	211.3	294.3	273.5	482.4	544.2
Gross profit	42.1	62.6	73.3	72.9	87.2	82.2	140.0	155.3
Gross profit margin	24.2%	27.8%	24.9%	25.7%	22.9%	23.1%	22.5%	22.2%
Operating income	1.5	1.2	0.8	3.1	3.0	3.0	2.0	3.5
Total gross profit	43.6	63.7	74.0	76.0	90.2	85.2	142.0	158.8
% chng	n.a	46.3%	16.2%	2.6%	18.8%	-5.6%	66.8%	11.8%
Operating expenses	1.1	0.8	0.9	5.5	8.3	7.9	19.7	22.0
Administration expenses	6.8	9.0	10.8	11.2	13.4	14.2	24.1	27.1
% of turnover	3.9%	4.0%	3.7%	4.0%	3.5%	4.0%	3.9%	3.9%
Distribution expenses	2.0	0.6	1.5	2.0	1.8	1.7	3.0	3.4
% of turnover	1.1%	0.3%	0.5%	0.7%	0.5%	0.5%	0.5%	0.5%
EBITDA	33.7	53.2	60.8	57.2	66.8	61.4	95.2	106.3
% chng	n.a	58.0%	14.3%	-6.0%	16.8%	-8.1%	55.2%	11.6%
EBITDA margin	19.4%	23.7%	20.7%	20.1%	17.5%	17.2%	15.3%	15.2%
Depreciation / Amortization	4.4	4.7	5.0	5.0	5.2	5.0	6.0	7.0
Operating profit (EBIT)	29.3	48.6	55.9	52.2	61.5	56.4	89.2	99.3
% chng	n.a	66.0%	15.0%	-6.6%	17.9%	-8.4%	58.3%	11.3%
Operating profit margin	16.8%	21.6%	19.0%	18.4%	16.1%	15.8%	14.3%	14.2%
Financial Results (gains/losses)	0.4	3.8	-0.4	0.2	0.0	0.0	0.0	0.0
Interest expenses	0.7	0.8	0.9	2.2	4.1	3.4	6.0	6.0
Interest income	0.5	0.7	0.3	0.3	0.5	2.0	2.0	2.0
Other	-0.1	0.4	0.0	0.0	0.0	0.0	0.0	0.0
Pre-tax profit	29.3	52.7	54.9	50.5	58.0	54.9	85.2	95.2
% chng	n.a	79.8%	4.2%	-8.0%	14.9%	-5.3%	55.1%	11.8%
EBT margin	16.9%	23.4%	18.6%	17.8%	15.2%	15.4%	13.7%	13.6%
Income tax	8.0	14.0	14.4	13.2	13.2	14.8	22.1	24.8
% effective tax rate	27.3%	26.5%	26.3%	26.1%	22.8%	27.0%	26.0%	26.0%
Results from suspended activities	0.0	0.0	0.4	0.0	0.0	0.0	0.0	0.0
Minority stake in profits	1.5	1.3	0.1	0.5	3.4	2.5	4.4	4.9
Net Income	19.8	37.4	40.6	36.8	41.4	37.6	58.7	65.6
% chng	n.a	89.2%	8.7%	-9.4%	12.6%	-9.3%	56.1%	11.8%
Net margin	11.4%	16.6%	13.8%	12.9%	10.9%	10.6%	9.4%	9.4%
EPS (in €)	0.38	0.72	0.78	0.71	0.80	0.72	1.13	1.26
EPS chng	n.a	89.2%	8.7%	-9.4%	12.6%	-9.3%	56.1%	11.8%
Dividends	10.4	15.6	20.8	26.0	20.8	22.6	35.2	39.3
Dividend policy: Payout Ratio	52.6%	41.7%	51.1%	70.6%	50.2%	60.0%	60.0%	60.0%
DPS (in €)	0.20	0.30	0.40	0.50	0.40	0.43	0.68	0.76
% chng	n.a	50.0%	33.3%	25.0%	-20.0%	8.5%	56.1%	11.8%
Capital return	0.0	70.1	0.0	0.0	0.0	0.0	0.0	0.0
DPS + capital return (€)	0.20	1.65	0.40	0.50	0.40	0.43	0.68	0.76
Retained profit and reserves	6.3	-43.1	25.1	16.0	15.5	16.8	36.1	30.4
BVPS	2.5	1.7	2.1	2.4	2.7	3.1	3.8	4.3
% chng	n.a	-34.3%	29.1%	14.4%	12.2%	11.8%	22.7%	15.5%
Market cap	275.3	468.6	529.9	801.1	343.9	571.5	571.5	571.5
End-year number of shares	51,950,600	51,950,600	51,950,600	51,950,600	51,950,600	51,950,600	51,950,600	51,950,600
End-year/current stock price	5.30	9.02	10.20	15.42	6.62	11.00	11.00	11.00
% chng of stock price	18.8%	70.2%	13.1%	51.2%	-57.1%	66.2%	0.0%	0.0%
EV	275.3	462.2	535.1	800.4	351.4	553.2	599.8	591.6
General index	2,786.18	3,663.90	4,394.13	5,178.83	1,786.51	2,620.44	2,620.44	2,620.44
GI Performance	23.1%	31.5%	19.9%	17.9%	-65.5%	46.7%	0.0%	0.0%
Out/under performance	-3.5%	29.4%	-5.7%	28.3%	24.5%	13.3%	0.0%	0.0%

Source: Metka, National P&K Securities

**Disclosure Appendix**

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Disclosure Checklist for Companies mentioned & other price data information

Company Name	Reuters	Rating	Price	Price date / time	Disclosure
Mytilneos Holdings	MYTr.AT	Neutral	€5.77	12 November 2009 / Official Close	2,3,9,10
Metka	MTKr.AT	Outperform	€11.00	12 November 2009 / Official Close	none
PPC	DEHr.AT	Outperform	€15.00	12 November 2009 / Official Close	3

Source: National P&K Securities

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Rating and target price history

Date	Rating	Price	Target price
12 April 2006	Overweight	€ 9.22	€ 10.4
12 October 2006	Overweight	€ 9.04	€ 10.6
25 January 2007	Overweight	€ 10.7	€ 11.8
5 March 2007	Overweight	€ 9.74	€ 12.7
12 April 2007	Overweight	€ 13.22	€ 15.5
3 August 2007	Overweight	€ 15.94	€ 18.1
26 November 2007	Overweight	€ 16.38	€ 17.5 (adj.)
28 March 2008	Overweight	€ 13.00	€ 17.3
26 May 2008	Overweight	€ 13.52	€ 17.3
5 August 2008	Overweight	€ 12.66	€ 16.8
6 November 2008	Overweight	€ 8.50	€ 16.0
30 March 2009	Outperform	€ 6.22	€ 11.5
12 August 2009	Outperform	€ 8.20	€ 12.2

Source: National P&K Securities

**Risks and sensitivity:**

- Potential margin erosion due to higher raw material, energy costs and increasing competition in various tenders.
- Execution risk in the implementation of new projects.
- Potential competition from foreign EPC contractors in tenders for PPC's replacement plan.
- Metka's clients facing difficulties in the execution of their investment programmes.
- Changes in management fee paid to Mytilineos parent.
- Our target price and estimates are sensitive to various factors including interest rates, inflation, the local economic environment, market volatility, management continuity or other company specific events.

National P&K Securities Ratings Breakdown

	Outperform	Neutral	Underperform
National P&K Greek Equity Coverage (45)	57%	40%	7%
<i>% of companies in each rating category that are investment banking clients</i>	55%	42%	18%

Source: National P&K Securities

Definition of Investment Ratings

Outperform, Neutral, Underperform: Denote notional investment ratings (not recommendations) pegged to the performance of the General Index, which imply a positive, neutral and negative view respectively.

Outperform: The stock is expected to perform above the General Index

Neutral: The stock is expected to perform in line with the General Index

Underperform: The stock is expected to perform below the General Index

Further information on the securities referred to herein may be obtained from National P&K Securities and NBGI International Limited upon request. All prices and valuation multiples are based on the closing of the market's last session prior to the issue of the report, unless stated otherwise.

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