



Mytilineos Holdings - Metka

Strong results driven by Metka and the energy division

Maintain

Outperform
Outperform

Price: €3.00
(closing price 16/11/11)

Price: €5.85

Mytil 12M target price: € 6.2 (unchanged)
Metka 12M target price: € 13.0 (unchanged)

Event & View

Mytilineos and its subsidiary Metka released a quite strong set of Q3'11 results, well above our estimates, due to: (a) Metka's impressive operating performance for yet another quarter, (b) the significant contribution of the Group's energy operations, which generated 14% and 27% of Mytilineos' EBITDA in 9M and Q3'11 respectively. We reiterate our Outperform rating on both companies and maintain Mytilineos in our Top Picks list. Please also refer to our report issued on Sept 27th.

Mytilineos: Solid performance on strong Metka and energy sales

- Q3 sales grew by 23% to €428m, 38% ahead of our forecast, mostly due to Metka's higher than expected turnover and significant energy sales.
- EBITDA increased by 42% to €57.6m, 33% above our estimate. EBITDA margin stood at 13.5%, 50bps below our estimate, marking a 180bps margin expansion y-o-y. We highlight that the operating profits of the energy operations accounted for 26% of the Group profitability in Q3'11.
- Net Income fell by 12% to €15.6m, 20% above our estimate. In 9M'11, net profits amounted to €46.1m, up by 8% on a comparable basis (i.e. adjusted for €14.6m one-off gain from the sale of Metka's subsidiary Etade last year).
- We highlight the significant contribution of the Group's energy operations, mostly driven by the operation of the Protergia CCGT plant as of June 3rd 2011, which generated €98.2m of sales in 9M'11, vs. €7.6m in 9M'10 (€63.5m in Q3'11 vs. €5.7m in Q3'10) and €23.3m of EBITDA, vs. zero profits in 9M'10 (€15.4m in Q3'11 vs. no contribution in Q3'10).
- Net financial costs posted a remarkable increase to €30m in 9M'11, vs. €11m in 9M'10, due to both higher debt levels and rising borrowing rates y-t-d.
- Net debt amounted to €625m, down 12% q-o-q and grew by 17% y-t-d. The significant net debt reduction achieved in Q3'11 confirms management guidance for deleveraging in H2'11 and seems to be in line with our yr-end '11 net debt forecast of €613m.

Metka: Impressive performance; net cash position of €135m

- Sales grew by 4.8% y-o-y to €242m, 33% ahead of our forecast due to faster than expected backlog execution, primarily in Turkey. Metka's backlog, signed contracts, amounted to €1.9bn (3.0x FY'12e sales) with over 90% being outside of Greece.
- EBITDA reached €40.5m, up 18.4% y-o-y, 41% above our estimate. EBITDA margin stood at 16.7%, 90bps above our estimate, and 190bps higher vs. Q3'10.
- Net Income came in at €30.1m, up 38.6% y-o-y, 64% above our estimate. Net profits amounted to €79.7m in 9M'11, up 85% y-o-y on a comparable basis (i.e. adjusted for €27.1m one-off gain from the sale of Etade last year).
- Net cash reached €135m, vs. €67m at yr-end 2010. We point out that the reported net cash position accounts for 44.5% of Metka's current MCap. Operating cash flow amounted to €96m, vs. €76m in 9M'10. According to our estimates, Metka's FCF yield may approach 30% in FY'11.

Overall, Metka announced an impressive set of Q3'11 underpinned by a remarkable top line growth coupled with solid operating margins.

Stock Data

52 week low / high	2.72 - 5.81	5.07 - 11.13
Market cap in € m	368	304
Reuters / Bloomberg	MYTr.AT / MYTIL GA	MTKr.AT / METTK GA
Free float (e)	64%	43%
Institutional ownership (e)	31%	32%

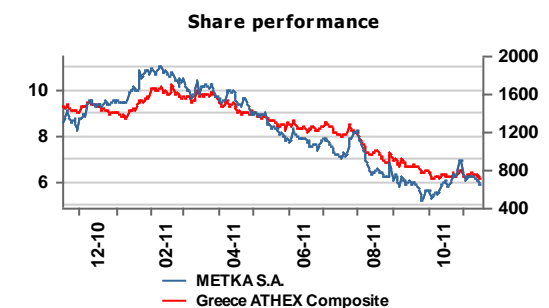
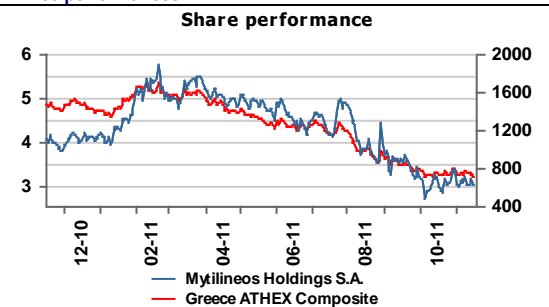
Expected return (Mytil - Metka)

Upside to price target	106%	122%
Dividend yield estimate	6.8%	8.5%
Total return forecast	112%	131%
P/E 2012	3.9x	4.2x
EV/EBITDA 2012	4.9x	1.2x

Trading Data (Mytil - Metka)

Absolute	3m	-21%	-9%
-->	12m	-27%	-34%
Relative to ATG	3m	8%	24%
-->	12m	54%	40%
3m avg. daily trading vol. in € m		1.0	0.2
Weight in ATG		1.6%	1.4%

Price performances



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MYTIL							METKA						
P&L items (€ mil)	Q3'10	9M'10	Q3'11	Q3'11e	9M'11	9M'11e	P&L items (€ mil)	Q3'10	9M'10	Q3'11	Q3'11e	9M'11	9M'11e
Group Sales	349.0	764.5	428.3	309.7	1,139	1,020.4	Group Sales	230.7	487.2	241.8	182.0	719.6	659.8
% y-o-y chng	121.6%	57.3%	22.7%	-11.3%	49.0%	33.5%	% y-o-y chng	128%	140%	4.8%	-21.1%	47.7%	35.4%
% q-o-q chng	66.4%		-0.3%	-27.9%			% q-o-q chng	94.6%		-23.4%	-42.3%		
EBITDA	40.6	152.0	57.6	43.2	164.6	150.2	Clean Sales *	230.7	454.8	241.8	182.0	719.6	659.8
% y-o-y chng	-1.6%	70.8%	42.0%	6.4%	8.3%	-1.2%	% y-o-y chng	128%	124%	4.8%	-21.1%	58.2%	45.1%
% q-o-q chng	-11.9%		-8.8%	-31.6%			% q-o-q chng	94.6%		-23.4%	-42.3%		
<i>EBITDA margin</i>	<i>11.6%</i>	<i>19.9%</i>	<i>13.5%</i>	<i>13.9%</i>	<i>14.5%</i>	<i>14.7%</i>	EBITDA	34.2	107.8	40.5	28.8	112.7	101.0
EBIT	39.2	123.7	45.7	36.2	126.5	117.0	% y-o-y chng	62.9%	198.6%	18.4%	-15.8%	4.5%	-6.3%
% y-o-y chng	40.3%	100%	16.6%	-7.6%	2.2%	-5.4%	% q-o-q chng	49.8%		-12.4%	-37.7%		
Pre-tax profit	33.6	111.8	37.1	27.2	99.4	89.5	Clean EBITDA*	34.2	75.4	40.5	28.8	112.7	101.0
% y-o-y chng	76%	218%	10%	-19%	-11.1%	-20.0%	% y-o-y chng	62.9%	108.7%	18.4%	-15.8%	49.5%	34.0%
Income tax	6.3	26.4	9.2	6.2	21.9	18.9	<i>EBITDA margin</i>	<i>14.8%</i>	<i>16.6%</i>	<i>16.8%</i>	<i>15.8%</i>	<i>15.7%</i>	<i>15.3%</i>
Net Income (reported)	17.7	57.4	15.6	13.0	46.1	43.5	EBIT	33.1	104.4	39.2	27.5	108.7	97.0
Adj. net profit	17.7	42.8 *	15.6	13.0	46.1	43.5	% y-o-y chng	67.8%	222.1%	18.6%	-16.8%	4.1%	-7.1%
% y-o-y chng	118%	134%	-12.2%	-26.8%	7.6%	1.6%	Pre-tax profit	30.5	102.6	38.3	25.2	104.1	91.0
							% y-o-y chng	57.0%	222.8%	25.4%	-17.4%	1.4%	-11.3%
							Income tax	7.7	30.9	8.3	5.9	23.1	20.8
							Net Income **	21.7	70.1 *	30.1	18.4	79.7	68.0
							% y-o-y chng	83.8%	251.7%	38.6%	-15.4%	13.6%	-3.1%
							<i>Net margin</i>	<i>9.4%</i>	<i>14.4%</i>	<i>12.5%</i>	<i>10.1%</i>	<i>11.1%</i>	<i>10.3%</i>

Source: National Securities, Mytilineos,
 (*) Adjusted for one-off gain of €14.6m, 9M'10 net income stood at €42.8m.

Source: National Securities, Metka, (*) adjusted for the sale of ETADE
 (*) Adjusted for one-off gain of €26.6m, 9M'10 net income stood at €43.5m.

Disclosure Appendix

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Disclosure Checklist for Companies mentioned & other price data information

Company Name	Reuters	Rating	Price	Price date / time	Disclosure
Mytilineos Holdings	MYTr.AT	Outperform	3.00	16 November 2011 / Official Close	3, 9
Metka	MTKr.AT	Outperform	5.85	16 November 2011 / Official Close	-

Source: National Securities

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Risks and sensitivity:

- External factors (aluminium price, raw material costs, oil and gas prices, FX rate, SMP) can have a significant impact on our estimates.
- Operating conditions in the electricity wholesale market.
- Pending implementation of structural changes in the regulatory framework and the functioning of the domestic energy market.
- 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.

Ratings Distribution (Last quarter)

	Outperform	Neutral	Underperform
Greek Equity Research Coverage (46)	54%	39%	7%
% of companies in each rating category that are investment banking clients	59%	64%	8%

Source: National 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.

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