MARFIN ANALYSIS
INVESTMENT BANK OF GREECE
Member of MARFIN FINANCIAL GROUP

Company update

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# Plaisio Computers €7.18

Retail

## Low consumption trends and incoming competition affect outlook

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**Costis Sinanidis**
Head of Equity Research
csinanidis@ibg.gr +30-210-8173 386

**Natalia Svyrou-Svyriadi**
Equity Analyst
nsviriadi@ibg.gr +30-210-8173 384


## OPINION

| | |
|---|---|
| **Downgraded to** | **Neutral** |
| **TARGET PRICE** | **€7.90** |
| **Previous** | **€12.50** |

**Key Data**

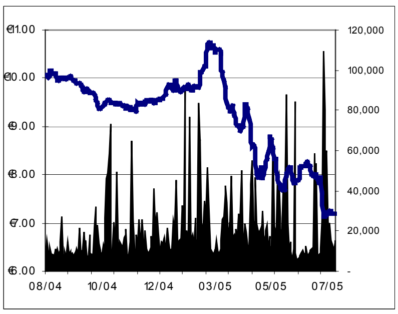
| | |
|---|---|
| RIC | PLAr.AT |
| Bloomberg | PLAIS GA |
| Market Cap (€ m) | 158.5 |
| Shares outstanding | 22,080,000 |
| Free Float | 32.27% |
| General Index | 3,297.5 |

| (€) | High | Low |
|---|---|---|
| 52 weeks price range | 10.7 | 7.1 |

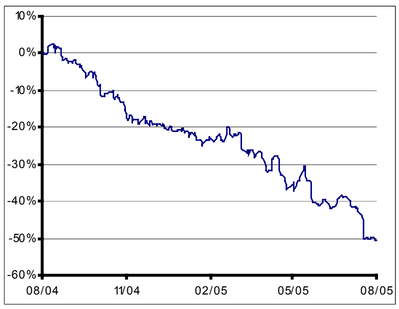
| | (1m) | (3m) | (12m) |
|---|---|---|---|
| Daily Avg Volume | 28,535 | 23,619 | 20,639 |
| Absolute perf. | -12.4% | -10.3% | -28.8% |
| Rel. perf. to GI | -18.7% | -22.9% | -50.4% |

- **Plaisio reported a weak set of H1:05 results under IFRS, according to which consolidated sales increased 8.2% y-o-y to €119.0m, lower than on our estimate for €120.2m. EBITDA came in at €5.4m (+0.2%) and EBT at €3.5 (+3.5%), both moving below expectations.**
- **The company's continuing diversification across products and distribution channels as well as maturity of new store openings trigger top line growth. However, ambiguous market conditions, mainly arising by depressed consumer sentiment, seems to have negatively affected consumer expenditure.**
- **Following the release of H1:05 results we proceed to significant adjustments to our forecasts throughout the 2005-09 period. We now see FY:05 sales at €255.1m, (+9.6% y-o-y), EBITDA at €19.8m (-10.5% y-o-y), and EBT at €15.4m (-12.6% y-o-y), while we have also made changes in working capital requirements. Gross margins have also been adjusted lower throughout the 2005-09 period to reflect a stricter competitive environment.**
- **Our new estimates that indicate a downward revision of around 25% at our previous FY:05 EBITDA and EBT forecasts reflect two main risks: a) increasing competition from the entrance of international retail chains in Greece and b) a feeble consumption environment.**
- **We now keep a conservative stance regarding the company's longer-term earnings prospects and downgrade our target price to €7.90, which justifies a NEUTRAL rating.**

**Stock Price**
Aug '04 – Aug '05




**Relative Performance**
Aug '04 – Aug '05




| Year | Sales (€m) | EBITDA (€m) | EBITDA mgn | EBT (€m) | EAT (€m) | EPS (€) | EPS ch | DPS (€) | DY | P/E | EV/ EBITDA | EV/ Sales | P/BV | P/CF | Net Debt /Equity | ROE |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **2003** | 181.9 | 19.1 | 10.5% | 17.2 | 10.4 | 0.47 | 64.9% | 0.21 | 2.9% | 15.3 | 7.4 | 0.8 | 3.8 | 13.8 | n/m | 29.7% |
| **2004** | 232.8 | 22.1 | 9.5% | 17.6 | 10.8 | 0.49 | 4.4% | 0.27 | 3.8% | 14.6 | 6.7 | 0.6 | 3.3 | 10.9 | n/m | 24.1% |
| **2005e** | 255.1 | 19.7 | 7.7% | 15.4 | 10.3 | 0.47 | -4.7% | 0.23 | 3.3% | 15.4 | 7.1 | 0.5 | 3.0 | 11.4 | n/m | 20.4% |
| **2006f** | 275.8 | 19.4 | 7.0% | 15.3 | 10.9 | 0.49 | 5.2% | 0.25 | 3.4% | 14.6 | 7.0 | 0.5 | 2.7 | 11.2 | n/m | 19.4% |
| **2007f** | 294.0 | 19.8 | 6.7% | 15.6 | 11.7 | 0.53 | 8.1% | 0.24 | 3.3% | 13.5 | 6.7 | 0.5 | 2.4 | 10.5 | n/m | 19.0% |
| **2008f** | 310.0 | 20.9 | 6.7% | 16.7 | 12.6 | 0.57 | 7.1% | 0.26 | 3.6% | 12.6 | 6.0 | 0.4 | 2.2 | 10.0 | n/m | 18.3% |
| **2009f** | 325.6 | 21.9 | 6.7% | 17.7 | 13.3 | 0.60 | 5.6% | 0.27 | 3.8% | 12.0 | 5.5 | 0.4 | 2.0 | 9.5 | n/m | 17.5% |

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# H1:05 Review

## P&L Results

***Weak top line growth on the back of feeble consumption patterns***

Plaisio reported a weak set of H1:05 results under IFRS, according to which consolidated sales increased by 8.2% y-o-y to €119.0m, lower than on our estimate for €120.2m. Plaisio added one large store in Kifisia (1609m$^2$), which initiated operations at the end of FY04 increasing average selling space per store and actually affecting FY05 sales, and one in Bulgaria (800m$^2$) in the end of Q2, not contributing however in H1:05 sales.

***Multi-channel network diversifies risk***

Top line growth reflects the company's continuing diversification across products and distribution channels as well as the maturity of new store openings. However, the feeble consumption patterns observed due to the difficult macroeconomic environment and the declining consumer confidence seem to have a negative impact on top line growth. Going a step further, to split sales by product category, computer products sales and mobile telephony accounted for 66.3% of total sales, whereas office products contribution in total sales increased to 33.7% (as opposed to 32.7% in Q1:05).

**Figure 1: Sales per product category H1:05**

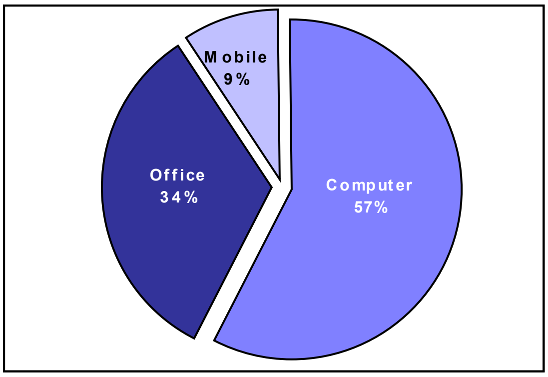


**Table 1: Sales per product category H1:05**

| | Q1:05 | H1:05 |
|---|---|---|
| Computer | 35.6 | 68.1 |
| *% of Total* | *56.7%* | *57.2%* |
| Office | 20.5 | 40.1 |
| *% of Total* | *32.7%* | *33.7%* |
| Mobile | 6.7 | 10.8 |
| *% of Total* | *10.6%* | *9.1%* |
| **TOTAL** | **62.8** | **119.0** |

Source: Plaisio

***Decreased gross margins reflect the beginning of a stricter competitive environment***

Regarding profitability, the group's gross margin decreased reaching 18.9% from 19.1% in H1:04, mirroring the increased contribution of lower margin IT products and the effect of increasing competition. We also note the company's effort to achieve better pricing, offering to suppliers' quicker payments aiming in a better price positioning in a stricter competitive environment. It is obvious though that the company has increased its working capital needs, a development that is expected to be maintained in the future, considering increased competition in the following quarters. Regarding quarterly trends, note that H1 is seasonally weaker, suffering from lower margins and low sale volumes.

At the EBITDA level, the respective margin stood at 4.6%, 0.3pp lower y-o-y, negatively affected by higher SGA expenses and mainly reflecting an increase in administrative costs and inventory differences due to IFRS implementation. Note that at an operating level, H1:04 and H1:05 results are not directly comparable due to the use of an accrual basis accounting. Consolidated EBITDA came in at €5.4m, only 0,2% higher y-o-y and well below our estimate of €6.8m.

Below the EBITDA level, depreciation charges came almost flat y-o-y at €1.8m moving below our estimates of €2.0m, and not significantly affected by IFRS implementation. All in all, group EBT grew 3.5% y-o-y to €3.5m, implying an EBT margin of 3.0%, 0.1pp lower vs. H1:04, while lower taxation led EAT to €2.34m, a y-o-y increase of 8.1%.

**Table 1: H1:05 short P&L under IFRS (in € m)**

| | H1:04 Greek GAAP | H1:04 IFRS | H1:05 IFRS | %ch IFRS | H1:05e IFRS | Act vs Exp |
|---|---|---|---|---|---|---|
| **Sales** | **110.2** | **110.0** | **119.0** | **8.2%** | **120.2** | **-1.0%** |
| COGS | 89.0 | 88.9 | 96.5 | 8.5% | 97.1 | -0.7% |
| **Gross Profit** | **21.2** | **21.0** | **22.5** | **6.9%** | **23.0** | **-2.4%** |
| *Gross margin* | *19.3%* | *19.1%* | *18.9%* | *-0.2pp* | *19.2%* | *-0.3pp* |
| **EBITDA** | **6.2** | **5.4** | **5.4** | **0.2%** | **6.8** | **-20.3%** |
| *EBITDA margin* | *5.6%* | *4.9%* | *4.6%* | *-0.4pp* | *5.7%* | *-1.1pp* |
| EBIT | 4.6 | 3.6 | 3.6 | 0.9% | 4.8 | -24.3% |
| *EBIT margin* | *4.2%* | *3.3%* | *3.0%* | *-0.2pp* | *4.0%* | *-0.9pp* |
| **EBT** | **3.8** | **3.4** | **3.5** | **3.5%** | **4.2** | **-15.8%** |
| *EBT margin* | *3.5%* | *3.1%* | *3.0%* | *-0.1pp* | *3.5%* | *-0.5pp* |
| **EAT after Minoroties** | | **2.2** | **2.34** | **8.1%** | | |

Source: MARFIN ANALYSIS, Plaisio

***Working capital deterioration***

As already mentioned, we notice a significant increase in working capital mainly due to an increase in receivables due to unfavourable consumer trends and a decrease in payables in an effort to achieve better pricing from suppliers. On the other hand, inventories decreased signalling the reduction of the high stocks pilled up from the Olympic Games. The relatively tight working capital position was the reason behind the company's net debt position of €0.4m in H1:05 (Plaisio usually reports a bank-debt free balance sheet) after assuming short-term debt of €5.7m, possibly for facilitating dividends payment of €5.9m.

## IFRS impact on FY04 results

IFRS implementation has a marginally negative impact on FY04 results. Revenues have declined 0.2%, while the gross margin has remained unaffected. Furthermore, a 5.3% increase in SGA's and a more than doubled other income, now including extraordinary expenses and revenues, have lead to lower EBITDA (-6%) on a lower margin of 9.5% from 10.1% under Greek GAAP. Nevertheless, EBT, partly aided by lower financial expenses, has decreased 1.0% to €17.6m vs. €17.8m, while reduced taxation has lead net earnings 2.3% higher under IFRS. As regards the balance sheet, the most noticeable difference is the increase in the company's net worth on the back of lower liabilities.

**Table 2: FY04 short P&L under IFRS (in € m)**

| | IFRS FY03 | IFRS FY04 | %ch | GR GAAP FY04 | IFRS vs. GAAP |
|---|---|---|---|---|---|
| **Sales** | **181.9** | **232.8** | **28.0%** | **233.4** | **-0.2%** |
| COGS | 141.0 | 180.6 | 28.1% | 177.8 | 1.6% |
| **Gross Profit** | **40.9** | **52.2** | **27.7%** | **55.6** | **-6.2%** |
| *Gross margin* | *22.5%* | *22.4%* | *-0.1pp* | *23.8%* | *-1.4pp* |
| **EBITDA** | **19.1** | **22.1** | **15.3%** | **23.47** | **-6.0%** |
| *EBITDA margin* | *10.5%* | *9.5%* | *-1.0pp* | *10.1%* | *-0.6pp* |
| EBIT | 18.0 | 18.4 | 2.1% | 20.2 | -9.0% |
| *EBIT margin* | *9.9%* | *7.9%* | *-2.0pp* | *8.7%* | *-0.8pp* |
| **EBT** | **17.2** | **17.6** | **2.7%** | **17.8** | **-1.0%** |
| *EBT margin* | *9.4%* | *7.6%* | *-1.9pp* | *7.6%* | *-0.1pp* |
| EAT after Minoroties | 10.4 | 10.8 | 4.4% | 10.6 | 2.3% |

Source: Plaisio

# Forecast Revision

The company is well placed in the domestic market diversifying through three different product categories: computers, office equipment and mobile telecommunications, and four business channels; stores, mail order, internet, and the interaction centre, while it continues expanding with its retail network in Greece and at the same time is testing the waters in Bulgaria. Nonetheless, shabby market sentiment and a variable macroeconomic environment raise concerns about future consumption trends. We are also concerned about the forthcoming entrance of international retail chains in the domestic market that could have a significant impact in competition terms and consequently in profitability. More specifically, we are worried by the planned entrance of Media Markt with an 11,000m$^2$ superstore in Athens in November 2005 (as repeatedly mentioned in financial press) and with a business plan, reportedly calling for four additional superstores initiating operations by the end of 2006. Also, the French bookstore and electronics retailer Fnac plans its entrance in the Greek market, with a 2,200m$^2$ store in the new “Lamda Olympia Village” mall in Marousi. Considering the above and in view of no significant factors to trigger growth we keep a conservative stance and we proceed to the following adjustments.

***Retail and non-store sales expected to add 9.6% growth y-o-y***

We downgrade our FY05 sales estimate by 7.1% to €255.1m, assuming an annual growth of 9.6%. Note that new estimates are under IFRS vs. previous Greek GAAP estimates. The group expects to operate one new store in Greece by the end of FY05, while the superstore in Kifisia and the recently established store in Sophia are expected to contribute in FY05 growth rates. Management guidance calls for 1 or 2 stores per year, optimally reaching 30 stores in 4-5 years from 19 currently. Our assumptions call for the operation of 24 stores operating by the end of 2009. We slightly downgrade our sales per sq meter leading to total retail store sales of €196.7m (+9.4% y-o-y) vs. €202m previously, while we see non-store sales settling 8.0% higher y-o-y, from 14.9% previously, which leads to a total non-store turnover estimate of €58.4m.

**Table 3: Sales forecasts (in € m)**

| | 2003 | 2004 | 2005e | 2006f | 2007f | 2008f | 2009f |
|---|---|---|---|---|---|---|---|
| Total medium sized stores (year-end) | 12 | 12 | 13 | 13 | 14 | 14 | 15 |
| **Total medium sized store sales** | **79.4** | **102.5** | **106.8** | **113.0** | **117.6** | **125.6** | **129.3** |
| Percentage of Total retail sales | *58.0%* | *57.0%* | *54.3%* | *53.0%* | *51.7%* | *52.4%* | *51.3%* |
| Total superstores (year-end) | 5 | 6 | 6 | 7 | 7 | 8 | 8 |
| **Total superstores sales** | **57.5** | **77.3** | **89.1** | **98.5** | **107.9** | **112.2** | **120.5** |
| Percentage of Total retail sales | *42.0%* | *43.0%* | *45.3%* | *46.2%* | *47.5%* | *46.8%* | *47.8%* |
| Total Bulgaria stores (year-end) | | | 1 | 1 | 1 | 1 | 1 |
| **Total Bulgaria stores sales** | | | **0.8** | **1.8** | **1.9** | **2.0** | **2.1** |
| Percentage of Total retail sales | | | *0.4%* | *0.8%* | *0.8%* | *0.8%* | *0.8%* |
| **Total retail sales** | **136.9** | **179.8** | **196.7** | **213.3** | **227.4** | **239.8** | **251.9** |
| *chg y-o-y* | *22.4%* | *31.4%* | *9.4%* | *8.4%* | *6.6%* | *5.5%* | *5.0%* |
| Percentage of Total Sales | *75.3%* | *77.2%* | *77.1%* | *77.3%* | *77.4%* | *77.3%* | *77.3%* |
| **Total non-store sales** | **45.6** | **54.1** | **58.4** | **62.5** | **66.6** | **70.2** | **73.8** |
| *chg y-o-y* | *33.2%* | *18.6%* | *8.0%* | *7.0%* | *6.5%* | *5.5%* | *5.0%* |
| Percentage of Total Sales | *25.1%* | *23.2%* | *22.9%* | *22.7%* | *22.6%* | *22.7%* | *22.7%* |
| IFRS adjustment | *(0.61)* | *(0.58)* | | | | | |
| **Group sales** | **181.9** | **232.8** | **255.1** | **275.8** | **294.0** | **310.0** | **325.6** |
| ***y-o-y % ch*** | *24.5%* | *28.0%* | *9.6%* | *8.1%* | *6.6%* | *5.5%* | *5.0%* |

Source: MARFIN ANALYSIS, Plaisio

We also project a declining gross margin path mainly for two reasons. First, the continuing shift of the sales mix towards lower margin products (mainly towards computer products) and second, due to our concerns for a more strict competitive environment, after the forthcoming entry of Media Markt and Fnak in the domestic market. Note that Q4, which is the quarter when competition is expected to affect the most, is historically the strongest quarter generating almost 30% of total year sales and over 50% of net profit. More specifically, we lower our gross margin estimate by 2.pp y-o-y to 20.4% for this year and 19.8% in 2006. EBITDA is estimated at €19.8m (-10.5% y-o-y) in 2005, with the respective margin landing at 7.7% compared to 9.5% in 2004.

On the whole, we estimate FY05 and FY06 EBT reaching €15.4m (-12.6% y-o-y) and €15.3m (-0.8% y-o-y) respectively, leaving our depreciation charges and net financial expenses estimates practically unchanged. Net earnings are expected reaching €10.3m (-4.7%) on a lower effective tax rate but including provisions for deferred taxation, with EPS decreasing to €0.47.

***Increase in working capital assumed***

As far as working capital is concerned, we assume an increase in the working capital-to-sales ratio to 11.9% in 2005 from 11.1% in 2004 stemming from a further decline in payables, as the company is preparing for the incoming competition, and an increase in receivables since we are in a period of diverse economic environment.

**Table 4: FY05 & FY06 IFRS vs. old Greek GAAP estimates (in € m)**

| | FY04 | %ch | FY05e new | %ch | FY05 old | New vs old | FY06e new | %ch | FY06 old | New vs old |
|---|---|---|---|---|---|---|---|---|---|---|
| **Sales** | **232.8** | **28.0%** | **255.1** | **9.6%** | **274.6** | **-7.1%** | **275.8** | **8.1%** | **308.6** | **-10.6%** |
| COGS | 180.6 | 28.1% | 203.1 | 12.4% | 210.9 | -3.7% | 221.2 | 8.9% | 239.1 | -7.5% |
| **Gross Profit** | **52.2** | **27.7%** | **52.0** | **-0.3%** | **63.7** | **-18.3%** | **54.6** | **4.9%** | **69.4** | **-21.3%** |
| *Gross margin* | *22.4%* | *-0.1pp* | *20.4%* | *-2.0pp* | *23.2%* | *-2.8pp* | *19.8%* | *-0.6pp* | *22.5%* | *-2.7pp* |
| **EBITDA** | **22.1** | **15.3%** | **19.7** | **-10.5%** | **26.2** | **-24.5%** | **19.4** | **-1.7%** | **27.4** | **-29.1%** |
| *EBITDA margin* | *9.5%* | *-1.0pp* | *7.7%* | *-1.7pp* | *9.5%* | *-1.8pp* | *7.0%* | *-0.7pp* | *8.9%* | *-1.8pp* |
| EBIT | 18.4 | 2.1% | 16.2 | -12.2% | 22.2 | -27.2% | 16.1 | -0.7% | 22.9 | -30.0% |
| *EBIT margin* | *7.9%* | *-2.0pp* | *6.3%* | *-1.6pp* | *8.1%* | *-1.7pp* | *5.8%* | *-0.5pp* | *7.4%* | *-1.6pp* |
| **EBT** | **17.6** | **2.7%** | **15.4** | **-12.6%** | **20.4** | **-24.6%** | **15.3** | **-0.8%** | **21.3** | **-28.1%** |
| *EBT margin* | *7.6%* | *-1.9pp* | *6.0%* | *-1.5pp* | *7.4%* | *-1.4pp* | *5.5%* | *-0.5pp* | *6.9%* | *-1.3pp* |
| **EAT after Minoroties** | **10.8** | **4.4%** | **10.3** | **-4.7%** | **13.3** | **-22.2%** | **10.9** | **5.2%** | **14.5** | **-24.9%** |

Source: MARFIN ANALYSIS, Plaisio

# Valuation and rating

***We keep a more conservative stance for the company's longer term prospects***

We have applied a WACC of 8.4% and assumed perpetuity growth of 1.0% in our standard DCF valuation. Beyond our 5-year explicit forecast period we have assumed a growth of 3.0% in the company's free cash flows for another 5 years. The forecast adjustments and changes in working capital requirements and cash flows lead us to downgrade our target price to €7.9 per share (from €12.5 per share) which implies a 10.6% upside from current price levels and justifies a neutral recommendation.

**Table 5: DCF Valuation**

| | | | | | |
|---|---|---|---|---|---|
| Shares Outstanding | 22,080,000 | | | | |
| WACC | 8.4% | | | | |
| Growth in Second Stage | 3.0% | | | | |
| Perpetuity growth rate | 1.0% | | | | |
| **Year** | **2005** | **2006** | **2007** | **2008** | **2009** |
| Net Present Value of Free cash flow | 6.6 | 7.4 | 7.5 | 9.0 | 8.4 |
| Sum of NPVs of FCFs | | | | | 39.0 |
| **Second Stage** | | | | | |
| **Year** | **2010** | **2011** | **2012** | **2013** | **2014** |
| Net Present Value of Free cash flow | 8.0 | 7.6 | 7.2 | 6.9 | 6.5 |
| Sum of NPVs of FCFs | | | | | 36.3 |
| **Total NPVs of FCFs** | | | | | **75.3** |
| | | | | | 88.6 |
| **Enterprise Value** | | | | | **163.9** |
| *Less: Net Debt/(Cash)* | | | | | (11.4) |
| Equity Value | | | | | **175.3** |
| **Share Value** | | | | | **€ 7.9** |
| *Premium / (Discount) to current share price* | | | | | *10.6%* |

Source: MARFIN ANALYSIS

***Peer group comparison and multiples***

Plaisio has under performed the ATHEX's General Index 37.3% Y-t-D and currently trades 15.4x its FY05e EPS, implying a 14.8% discount vs. its market cap weighted peer group but a 3.5% premium from the DJ Retail Index. At target price, Plaisio trades 17.0x its FY05e P/E, which indicates a 5.8% discount to its peers and a 14.5% premium to the DJ Retail Index. We present a selected peer group below, noting however that none of the following companies is directly comparable to Plaisio.

**Table 6: Plaisio vs. peer group**

| | Price | Market Cap. | P/E 05 | P/E 06 | Ev/EBITDA 05 | Ev/EBITDA 06 | Ev/Sales 05 | Ev/Sales 06 | EBITDA % Change 05 | EBITDA % Change 06 |
|---|---|---|---|---|---|---|---|---|---|---|
| Radioshack Corp | 20.6 | 3258.8 | 13.9 | 12.8 | 6.3 | 5.9 | 0.8 | 0.7 | 8.2% | 0.4% |
| Staples Inc | 17.9 | 13,327.1 | 20.2 | 17.5 | 10.1 | 8.9 | 1.0 | 0.9 | 24.1% | 11.8% |
| Germanos | 13.9 | 1,122.3 | 18.3 | 15.8 | 12.1 | 10.5 | 1.3 | 1.1 | 14.4% | 12.8% |
| Dixons Group | 2.3 | 4268.4 | 13.4 | 13.0 | 5.6 | 5.2 | 0.3 | 0.3 | 0.8% | 5.2% |
| Insight Enterprises | 16.3 | 788.6 | 15.5 | 13.1 | | | | | | |
| Pc Connection Inc | 4.6 | 115.0 | 18.9 | 13.2 | | | | | 20.5% | -13.5% |
| Cdw Corp | 50.4 | 4192.6 | 19.5 | 17.5 | | | | | 19.4% | 11.8% |
| ***Weigthed Average*** | | | ***18.0*** | ***16.0*** | ***8.8*** | ***7.8*** | ***0.9*** | ***0.8*** | ***16.7%*** | ***8.9%*** |
| ***Simple Average*** | | | ***17.1*** | ***14.7*** | ***8.5*** | ***7.6*** | ***0.9*** | ***0.8*** | ***11.9%*** | ***7.5%*** |
| DJ Euro Stoxx Retail | 262.0 | 64763.0 | 14.8 | 13.2 | | | | | | |
| **Plaisio** | **7.2** | **158.5** | **15.4** | **14.6** | **7.1** | **7.0** | ***0.5*** | ***0.5*** | **-10.5%** | **-1.7%** |
| Premium / Discount | | | | | | | | | | |
| ***Plaisio vs Peer group*** | | | ***-14.8%*** | ***-8.7%*** | ***-19.3%*** | ***-10.2%*** | ***-36.4%*** | ***-35.3%*** | ***-27.2pp*** | ***-10.6pp*** |
| ***Plaisio vs DJ Euro Stock Retail*** | | | ***3.5%*** | ***10.7%*** | | | | | | |

Source: MARFIN ANALYSIS, JCF

## Risks to our Valuation

We believe that the company's diversified structure along with management's deep knowledge of the market will support the company's positioning within a difficult business environment. However, we summarise below certain business risks that may have an impact on our forecasts and valuation. The main risks identified are:

- Increasing competition from the entrance of international retail chains in Greece, which may lead to a further pressure in margins. We should underline that at the current juncture earnings visibility appears relatively low due to the forthcoming changes in the business environment.
- Difficult business conditions may force management to alter its planned stores roll out.
- Stricter competitive conditions could relax the witnessed cash flow discipline of previous years.
- As a retail company, Plaisio's financial performance is affected by factors that influence consumer behaviour. Thus, potential unfavourable macroeconomic trends in the future may have an impact in the company's financial performance.
- Despite the fact that we have evidenced excellent management capabilities from current management, an additional concern derives from the heavy reliance of the company's management on a single person, Mr. G. Gerardos, founder, chairman and managing director of the group. We note that Mr. G. Gerardos owns 67.7% of the company as of August 1st, 2005.
- Finally, investors should consider that the share of Plaisio has recorded a relatively weak daily trading volume average during the last 12 months (of 20,639 shares).

## Summary Financial Data (IFRS)

| Profit & Loss *(in € m)* | 2004 | 2005e | 2006f | 2007f | 2008f | 2009f |
|---|---|---|---|---|---|---|
| **Turnover** | **232.8** | **255.1** | **275.8** | **294.0** | **310.0** | **325.6** |
| Cost of Goods Sold | (180.6) | (203.1) | (221.2) | (236.3) | (249.3) | (261.8) |
| **Gross Profit** | 52.2 | 52.0 | 54.6 | 57.6 | 60.8 | 63.8 |
| Operating Expenses | 30.9 | 33.2 | 36.1 | 38.8 | 40.9 | 43.0 |
| Other Income | 0.8 | 0.9 | 0.9 | 1.0 | 1.1 | 1.1 |
| **EBITDA** | **22.1** | **19.7** | **19.4** | **19.8** | **20.9** | **21.9** |
| Depreciation | 3.7 | 3.6 | 3.4 | 3.3 | 3.3 | 3.4 |
| **EBIT** | **18.4** | **16.2** | **16.1** | **16.5** | **17.6** | **18.6** |
| Net Investment Inc. (Exp.) | (0.0) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net Interest Inc. (Exp.) | (0.7) | (0.8) | (0.8) | (0.8) | (0.9) | (0.9) |
| Exceptionals (Net) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **EBT** | **17.6** | **15.4** | **15.3** | **15.6** | **16.7** | **17.7** |
| Taxes | (6.8) | (5.1) | (4.4) | (3.9) | (4.2) | (4.4) |
| **Net Profit After Tax** | **10.8** | **10.3** | **10.9** | **11.7** | **12.6** | **13.3** |
| Minorities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **EAT** | **10.8** | **10.3** | **10.9** | **11.7** | **12.6** | **13.3** |
| Dividends | 6.0 | 5.2 | 5.4 | 5.3 | 5.7 | 6.0 |

| Per Share Data *(in €)* | | | | | | |
|---|---|---|---|---|---|---|
| EPS | 0.49 | 0.47 | 0.49 | 0.53 | 0.57 | 0.60 |
| CEPS | 0.66 | 0.63 | 0.64 | 0.68 | 0.72 | 0.75 |
| DPS | 0.27 | 0.23 | 0.25 | 0.24 | 0.26 | 0.27 |
| BVPS | 2.17 | 2.41 | 2.65 | 2.95 | 3.26 | 3.59 |
| No Of Shares (Yr-end, m) | 22.08 | 22.08 | 22.08 | 22.08 | 22.08 | 22.08 |
| Adj. No Of Shares (m) | 22.08 | 22.08 | 22.08 | 22.08 | 22.08 | 22.08 |

| Valuation Data | | | | | | |
|---|---|---|---|---|---|---|
| P/E (x) | 14.6 | 15.4 | 14.6 | 13.5 | 12.6 | 12.0 |
| P/CF (x) | 10.9 | 11.4 | 11.2 | 10.5 | 10.0 | 9.5 |
| P/BV (x) | 3.3 | 3.0 | 2.7 | 2.4 | 2.2 | 2.0 |
| Div. Yield (%) | 3.8% | 3.3% | 3.4% | 3.3% | 3.6% | 3.8% |
| EV / Sales (x) | 0.6 | 0.5 | 0.5 | 0.5 | 0.4 | 0.4 |
| EV / EBITDA (x) | 6.7 | 7.1 | 7.0 | 6.7 | 6.0 | 5.5 |

| Growth Rates | | | | | | |
|---|---|---|---|---|---|---|
| Turnover | 28.0% | 9.6% | 8.1% | 6.6% | 5.5% | 5.0% |
| EBITDA | 15.3% | -10.5% | -1.7% | 2.1% | 5.5% | 5.0% |
| EBIT | 2.1% | -12.2% | -0.7% | 2.5% | 7.0% | 5.6% |
| EBT | 2.7% | -12.6% | -0.8% | 2.3% | 7.1% | 5.6% |
| EAT | 4.4% | -4.7% | 5.2% | 8.1% | 7.1% | 5.6% |
| EPS | 4.4% | -4.7% | 5.2% | 8.1% | 7.1% | 5.6% |

| Ratios | | | | | | |
|---|---|---|---|---|---|---|
| Gross Margin | 22.4% | 20.4% | 19.8% | 19.6% | 19.6% | 19.6% |
| EBITDA Margin | 9.5% | 7.7% | 7.0% | 6.7% | 6.7% | 6.7% |
| EBT Margin | 7.6% | 6.0% | 5.5% | 5.3% | 5.4% | 5.4% |
| Net Margin | 4.6% | 4.0% | 3.9% | 4.0% | 4.1% | 4.1% |
| Tax Rate | 38.6% | 33.0% | 29.0% | 25.0% | 25.0% | 25.0% |
| ROE (avg) | 24.1% | 20.4% | 19.4% | 19.0% | 18.3% | 17.5% |
| Net Debt / Equity | n/m | n/m | n/m | n/m | n/m | n/m |
| Interest Coverage | 2458% | 2113% | 2080% | 2000% | 2029% | 2039% |

| Balance Sheet *(in € m)* | 2004 | 2005e | 2006f | 2007f | 2008f | 2009f |
|---|---|---|---|---|---|---|
| Net Fixed Assets | 17.2 | 16.7 | 16.3 | 15.9 | 15.7 | 15.3 |
| Investments | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 |
| Other LT Assets & Accruals | 0.1 | 0.1 | 0.2 | 0.3 | 0.3 | 0.3 |
| **Total Fixed Assets** | **18.7** | **18.1** | **17.9** | **17.6** | **17.3** | **17.0** |
| Inventories | 34.8 | 38.9 | 41.8 | 44.0 | 45.8 | 48.1 |
| Debtors | 23.3 | 26.6 | 28.7 | 30.6 | 32.3 | 33.9 |
| Cash & Equivalents | 5.6 | 6.4 | 6.9 | 7.3 | 7.8 | 8.1 |
| Marketable Securities | 5.8 | 17.2 | 19.9 | 23.2 | 29.5 | 35.6 |
| Other Current Assets | 3.0 | 3.3 | 3.9 | 4.4 | 4.7 | 4.9 |
| **Total Current Assets** | **72.5** | **92.4** | **101.2** | **109.6** | **120.0** | **130.6** |
| **Total Assets** | **91.2** | **110.5** | **119.1** | **127.2** | **137.3** | **147.6** |
| Creditors | 32.2 | 35.1 | 38.2 | 40.1 | 42.3 | 44.5 |
| Short Term Debt | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| CP of Long Term Debt | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other | 9.1 | 15.3 | 15.4 | 15.1 | 16.0 | 16.9 |
| **Total Current Liabilities** | **41.2** | **50.4** | **53.6** | **55.2** | **58.4** | **61.4** |
| Long Term Debt | 0.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 |
| Minorities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other LT Liabil. & Prov. | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| **Total Liabilities** | **43.2** | **57.4** | **60.5** | **62.2** | **65.3** | **68.3** |
| **Total Equity** | **48.0** | **53.2** | **58.6** | **65.0** | **71.9** | **79.2** |

| Cash Flow Statement *(in € m)* | | | | | | |
|---|---|---|---|---|---|---|
| **EBITDA** | 22.1 | 19.7 | 19.4 | 19.8 | 20.9 | 21.9 |
| Taxes Paid | 6.0 | 4.4 | 5.1 | 4.4 | 3.9 | 4.2 |
| Cash Tax rate (%) | 34.3% | 28.9% | 33.3% | 28.3% | 23.4% | 23.7% |
| Trade Wkg Capital needs | 12.9 | 4.5 | 1.9 | 2.1 | 1.2 | 1.8 |
| Capex and Participations | 3.4 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Other non-opg Items | 5.5 | (0.6) | (0.8) | (0.7) | (0.3) | (0.3) |
| **Free Cash Flow bef. Finc.** | 5.2 | 7.2 | 8.7 | 9.6 | 12.4 | 12.6 |
| Dividends Paid | 6.0 | 0.0 | 5.2 | 5.4 | 5.3 | 5.7 |
| Net Interest Payments | 0.7 | 0.8 | 0.8 | 0.8 | 0.9 | 0.9 |
| Change in Debt | 0.0 | 5.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Capital Gains | (0.0) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| New Equity | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Change in Mkt Securities** | **(0.5)** | **11.4** | **2.7** | **3.3** | **6.3** | **6.1** |

Source: MARFIN ANALYSIS, Plaisio

# Important Disclosures

**MARFIN ANALYSIS – INVESTMENT BANK OF GREECE**, 32 Aegialias str., 151 25, Maroussi, Greece, Tel: +30-210-81.73.000, Fax +30-210-68.96.322**, E-mail: Research@ibg.gr**

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Outperform: Relative outperformance compared to the ATHEX general index of 10% or more over a 12-month period

Neutral: Relative performance compared to the ATHEX general index between -10% and 10% or over a 12-month period

Underperform: Relative underperformance compared to the ATHEX general index of 10% or more over a 12-month period

### Rating distribution

| | |
|---|---|
| Companies covered: | 39 |
| Outperform: | 18 (46%) |
| Neutral: | 14 (36%) |
| Underperform: | 1 (6%) |
| Under review: | 6 (15%) |

| | |
|---|---|
| Companies covered from the retail sector: 5 | |
| Outperform: | 2 (40%) |
| Neutral: | 2 (40%) |
| Underperform: | 0 (0%) |
| Under review: | 1 (20%) |

### Rating History

1. 27/07/2004 Outperform, Target Price €12.50
2. 22/04/2004 Outperform, Target Price €12.30
3. 12/03/2004 Outperform, Target Price €12.30
4. 29/01/2004 Outperform, Target Price €10.80

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**Research**

Costis Sinanidis
Stella Dimaraki
Maria Psyllou
Sophia Skourti
Natalia Svyrou-Svyriadi
Konstantinos Zouzoulas

**Sales**

Iraklis Kounadis
Carina Pournara
Elias Calfoglou
Thodoris Edipides
Nick Katsanos
George Katimertzis
George Kounadis
Petros Mulonas
Thanos Trikatzis
Zoi Tsoukali

**MARFIN ANALYSIS**

Tel: +30 210 8173000
FAX: +30 210 6896322
Email: Research@ibg.gr