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Company Analysis
Plaisio (PLASr.GA)

Monday, June 02, 2014
Retail Consumer electronics

Recommendation	**Outperform**
Target Price	€10.98

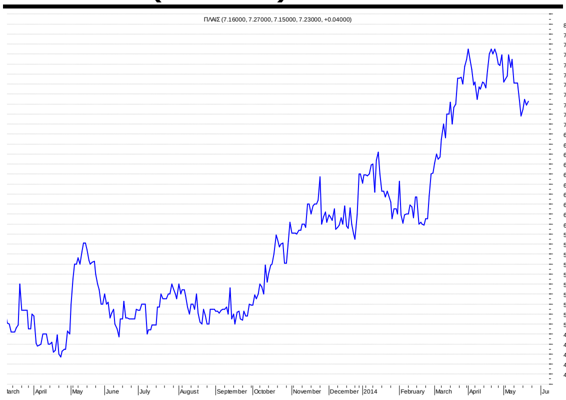
Company Description

Plaisio is a retail company well placed in the domestic market using a multi-channel model. It diversifies through three different product categories; computers, office equipment and mobile telecommunications, and four business channels; 22 stores (1 in Bulgaria), mail order, internet, and the B2B center.

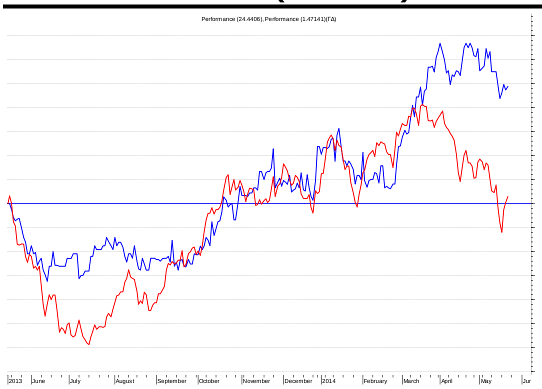
Stock Data

Reuters Ric	PLASr AT
Bloomberg Code	PLAS GA
Closing Price (29-05-2014)	€7.25
Market Cap	€160,080,000
Number of shares	22,080,000
Free Float	16.0%
52 Week High	€ 7.80
52 Week Low	€ 4.70

Stock chart (52 weeks)



Relative Performance (52 weeks)



Analyst

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Master of Retail

Initiating Coverage with an outperform rating

We initiate coverage on Plaisio with an Outperform rating and a Target Price of €10.98 per share. The total expected return implied by our notional fair value and the share's current price stands at 54% when accounting for an estimated 2014 dividend of €0.20/share (dividend yield at 3%).

A fully Greek recovery story

Almost 98% of Plasio's turnover steams from domestic operations. We believe that Plaisio is a unique case study of a successful retailer that managed to overcome intense foreign and domestic competition, adverse macro environment and tough credit conditions. In 2013 after 25% cumulative contraction rate of GDP the company posted historical record bottom line earnings (€14.3m), record level margins across all business segments and rich FCF.

Out of the Box

The company is ready to experience another year of profits on the back of solid margins and rising volumes as it witnessed in 2014 Q1 (+5.5%). The introduction of private label TV panels ahead of the potential demand before the World Cup, the strong position in Laptops, Tablets and Desktops are elements that can boost profitability without any expansion effort. However management has proved that it does not follow normalities and trends thus it remains in the spotlight of consumer's attention. The "Out of the Box" moto which underlines its first marketing effort on TV commercials is part of the company's philosophy.

Valuation

On our estimates we assigned sales growth rates similar to the country's GDP rates. We added gradual 100 basis points efficiency improvements on our profit margins in the next five years. On our estimates Plaisio trades 7.7x its 2014 net earnings and has a c3% dividend yield while at the same time holds no debt in its balance sheet. We believe that the strong discount against other listed Retailers or the market in general incorporates the low marketability risk. However current levels may indicate a good entry level as management is oriented to improve liquidity of the stock taking necessary means to increase free float.

Estimates					
EUR mn	2012a	2013a	2014e	2015e	2016e
Revenues	286.9	282.7	298.3	307.2	322.6
EBITDA	17.0	23.9	26.8	27.9	29.8
Net Income	10.3	14.5	17.3	17.9	19.0
EPS	0.46	0.66	0.78	0.81	0.86

Valuation					
	2012a	2013a	2014e	2015e	2016e
PE	1.9x	9.2x	7.7x	7.4x	7.0x
EV/EBITDA	-0.3x	9.2x	-1.1x	5.5x	5.2x
P/BV	0.34x	0.51x	0.50x	0.44x	0.39x
ROE	16.8%	20.4%	21.0%	19.1%	18.0%
ROI	34.8%	57.4%	57.6%	52.1%	57.0%

The company

Plaisio is the leading IT and consumer electronics retail chain in Greece. It operates 21 stores in the Greek market and 1 store in Bulgaria, offering a wide range of IT, electronic, telecom and office products. Since 2008, it operates a state of the art logistics center (22,500 sq.m., €30mn investment), which hosts its core business operations and is located in the broader Athens area. Plaisio operates a fully integrated model on purchasing, warehousing, product assembly, marketing and sales making the company the leading technology retailer. The Company imports, manufactures and trades via its retail store network PC's (desktops and laptops), peripherals, IT network products, office supplies and telecom products. The Company is also famous for its after sales service.

Plaisio's business model is based on a multi-channel sale, multi-product and multi-customer approach, which is constantly and flexibly adjusted to market conditions. Customer base consists of business customers (S.O.H.O., SMEs, corporate clients, government) and private consumers (experienced users, all other consumers). The Company possesses an organizational capability of handling and serving thousands of customers per day via its sales channels (stores, telephone calls, internet and catalogues). The company is fully supported by SAP systems for ERP,CRM, warehouse management etc.

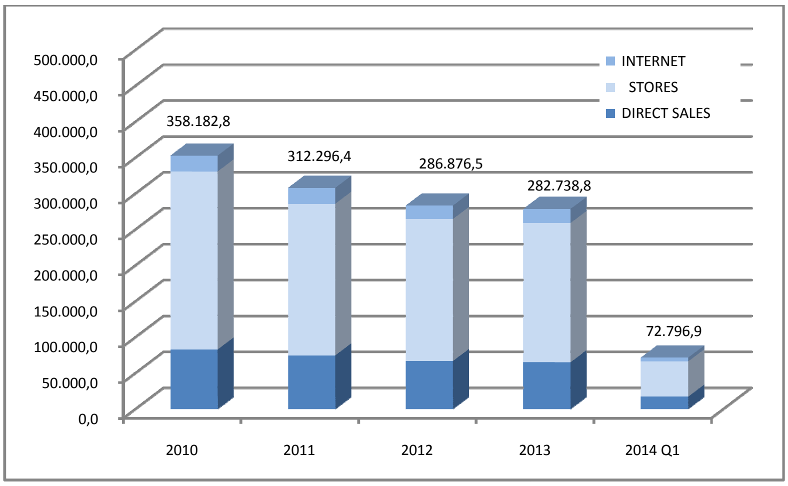
History

Plaisio started as a typical family owned business by Mr. Giorgos Gerardos a small business unit with one shop (11sq. m – "eleven") located in the center of Athens, near the Polytechnic University in 1969. Core business wasstationary products and office supplies for university students and architects. In 1986 the company introduced the first Greek full custom private label computer (Turbo-x). The listing of the company in Athens Stock Exchange took place in 1999 while at the same year plaisio.gr engages a new era in e-sales and customer support. In 2002 the network expands to 12 stores with the first computer and IT Superstore in Greece in a 2,500sq m. area. In June 2005 Plaisio entered Bulgaria through the establishment of an 800sq m. store. Apart from the store, Plaisio has developed a multi-channel network, similar to the Greek one, including catalogues, Internet and a Call center. In 2009 Magula logistics center starts its operations in 22,550sq m. area in the Attica region. In 2012 Mr. Kostas Gerardos, son of Chairmain Mr. George Gerardos, was appointed as the new CEO of the Group. Today, Plaisio employs 1,175 people, is a 283m euro sales volume company with 21 stores of 29,501sq m, a logistics center, and runs one of the most popular domain sites while it has the most popular corporate profile in Facebook and Twitter in Greece.

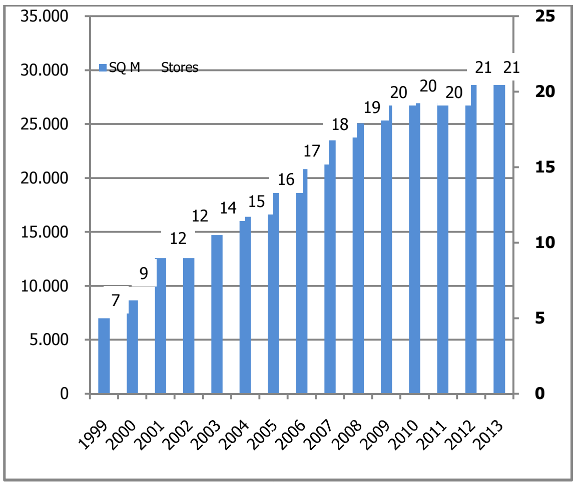
Sales and margins breakdown

Greece contributes almost 97.5%of total sales while Bulgaria has a small contribution of 7.8m in the group's turnover. Direct sales account for ca. 23% of the business (€65m), internet sales account for 6.9% (€19.5m) and the balance (€194m) 68% are through a 22-store network. Plaisio turnover has three main product segments: Office equipment, Telephony and Computers& IT. To split sales by product category in 2013, computer products sales accounted for 56.8%of total sales, whereas office productscontribution in total sales accounted for 29.3% and mobile telephony related salesfor the remaining 13.1%. A small portion of sales (1%) is related to other services which the company accounts as a standalone unit. Computers and IT contribute less than half of Plaisio EBITDA (47%) while Office is at 35% and Telephony at 14%.

Plaisio Turnover breakdown (annual x000 euro)

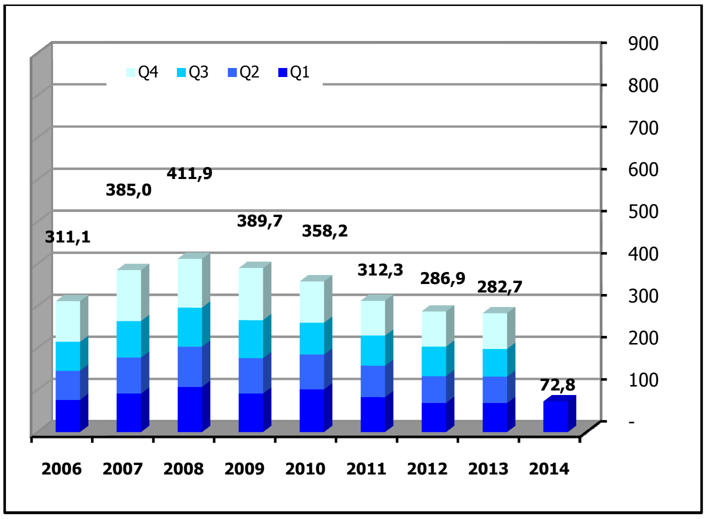


Domestic storesvs square meters Coverage

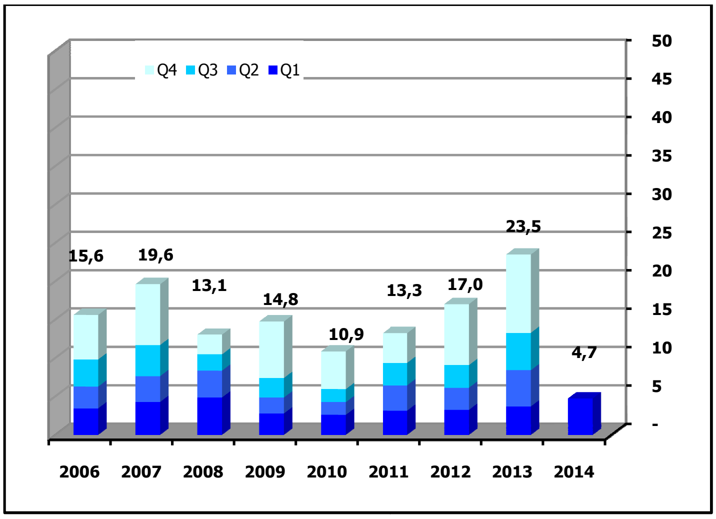


Source: The Company

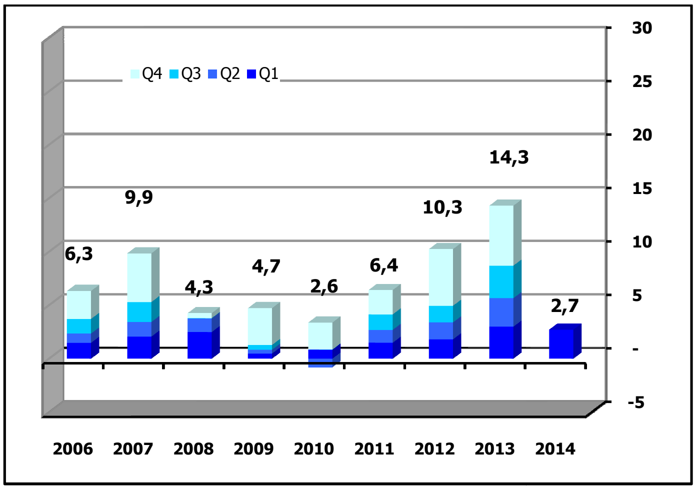
Turnover 2006 – Q1 2014 (annual mneuro)



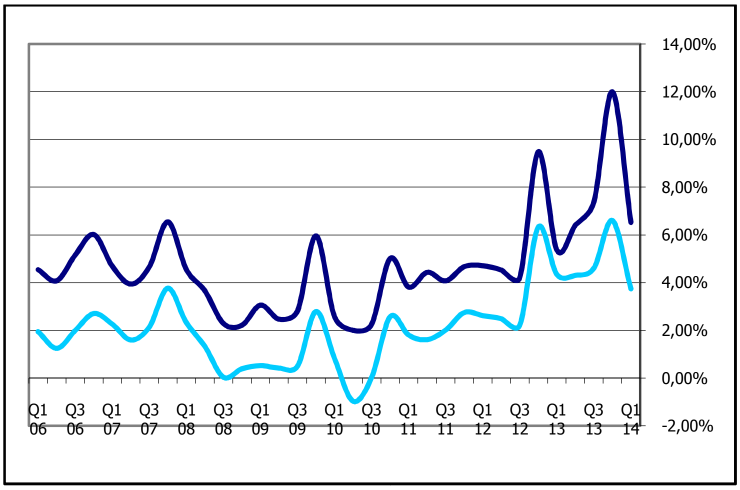
EBITDA 2006 – Q1 2014 (annual mneuro)



Net Earnings 2006 – Q1 2014 (annual mneuro)



Quarterly Evolution of profit margins (EBITDA, Net)



Source: Beta Securities, The Company

A case study: How to benefit from the crisis

At the end of 2008, in the eve of a severe financial and sovereign crisis in Greece, management was criticized for being conservative and passive against foreign competitors that were just entering the market. Instead of increasing the number of sale locations or expanding to promising, yet ambiguous Balkan markets Plaisio decided to play defense. Now, six years after hard recession and a perfect storm in Greece's retail demand the company not only posted historical record in bottom line but managed to eliminate any systemic and financial risk. This success is attributed to the following factors:

- **Emphasis on Working Capital**: This may be the secret behind the success. Plaisio has an unprecedented track record of reducing working capital days and at the same time producing enough FCF to erase debt. Shop locations are mostly rentals, investments were made in areas that could provide a margin multiplier (logistic center, network, internet) while net cash gives a strong bargaining power in tough times. Even now the company prefers to distribute a generous dividend than to acquire assets or expand to other business ideas related with IT (publishing, promote other e-sales from Plaisio platform). At the same time outdated stock is pushed through discounts keeping working capital at minimum levels. In 2013 the group had a very quick working capital cash circulation generating 10x its value in sales.

Working Capital Management Evolution (Days)

	2010	2011	2012	2013	Average
Stock days	48	39	38	37	41
Debtors days	37	33	34	34	35
Creditors days	58	46	42	39	47
Working capital days	18	10	6	6	10
Operating Cycle	85	72	73	71	75
Cash Cycle	26	26	31	32	29

Source: CompanyFinancialStatements

- **Promotion of own brand**: As competition intensified from foreign new players it was inevitable for margins to shrink, especially to branded products which consumers have a strong awareness and tend to compare between consumer electronic chains. Competition led to selling at cost as electronic chains tried to benefit from the time difference between payables and receivables. In an economy with expensive interest rates this is a bad idea and needs a lot of working capital, else inventories grow rapidly with unsold and fast depreciating stock. The own branded products may not be in the scale of high-end gadgets but in case of Plaisio have a strong after sales support, life time guarantee and decent quality. Also they are always in the mainstream of demand (Tablets, TV's, touch screen laptops, smartphone with big screens) in order to satisfy the sense of contemporary. Gradually Plaisio has builded a private label gallery across all business segments. The trigger behind this decision was the size of each specific market: Once a product category reaches a significant sales size the company slashes a cut to its private label without cannibalizing market share.

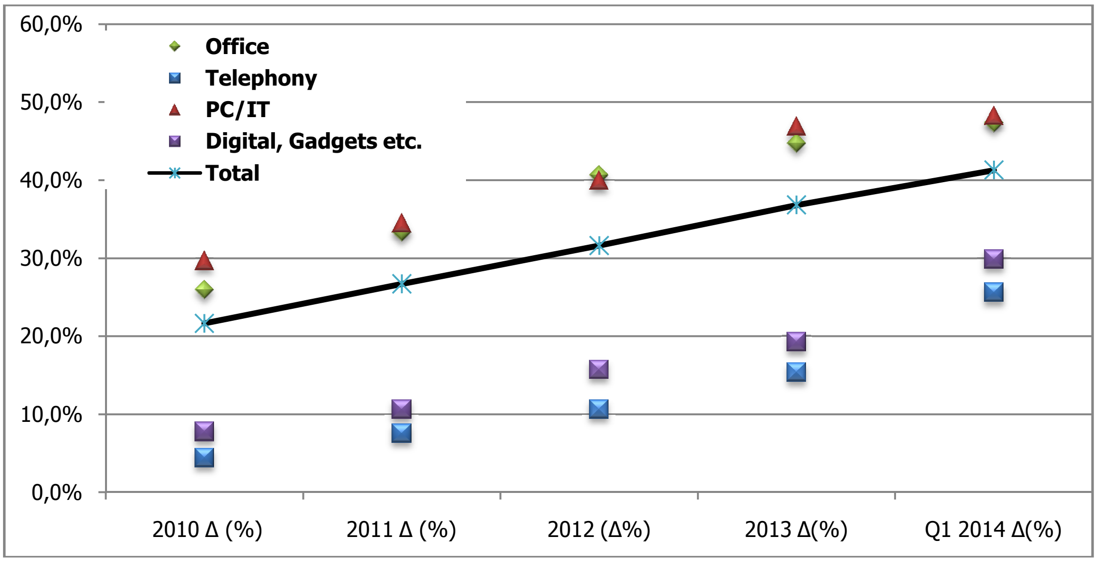
Market share in various categories in PC-IT segment

Product/Market Share	FY2010	FY2011	FY2012	FY2013	Q12014
Smartphones					
Plaisio	5,4%	5,4%	6,6%	8,0%	9,7%
Turbo-X	-	-	-	1,0%	3,3%
PTV/FLAT					
Plaisio	8,5%	8,7%	10,1%	11,6%	16,8%
Turbo-X	-	-	0,6%	2,7%	8,2%
MediaTablets					
Plaisio	2,9%	23,9%	29,2%	20,4%	22,2%
Turbo-X	-	-	10,7%	11,6%	13,7%
Mobile PCs/Notebook					
Plaisio	25,0%	24,1%	23,7%	19,0%	18,7%
Turbo-X	7,3%	10,2%	12,3%	13,0%	13,9%

Source: The Company

- **Sales experience:** If you ever visit a Plaisio store, you will very likely find what you are looking for plus supplementary products which the sales personnel know how to promote. The stores are always updated with the latest Hi-Tech releases, accessible, spatial, clean and very carefully organized. If this is not enough then add up free parking space, security, free coffee, upbeat music and the customer spends more time –and eventually more money- to stare at products or to "travel" into the shop. Not to mention that prices across all products are highly competitive as they are on the hard bottom of the price range of the market. This doesn't mean that they don't carry a profit margin at all.

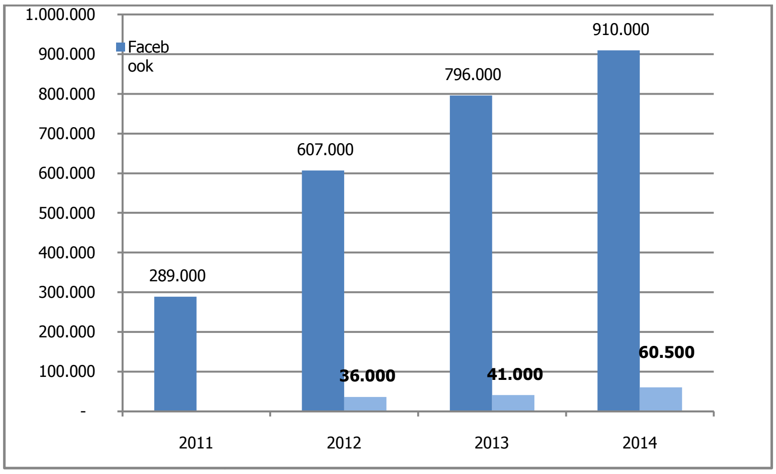
Annual increase in own branded label per segment (%)



Source: The Company

- **Follow the trends, adopt immediately:** Land based network has the same points of sales in the last 5 years. During this stable period Plaisio developed its internet domain in such a way that it now brings 6% of its annual revenues. At the same time it expanded to social media enhancing strongly its brand awareness. Today it has the most crowded Facebook profile and is the number one twitter account in Greece. Plaisio.gr is one of the most popular corporate domain in Greece as it has 100k hits per day.

Facebook and Twitter fans evolution



Source: The Company

Investment Highlights – First Quarter 2014

- **P/L**: Salesincreased to €68.94 million (+5,5% y-o-y), EBITDA reached €4.74 million (+28% y-o-y), with net profit settling at EUR 2.72 million versus €2.99 millionin 1Q 2012(-9.1%)due to a positive deferred taxation of 0.85m last year. On an adjustment base net profit in Q1 is up by 27%. Biggest sales and EBITDA contributor remains the PC/IT segment accounting for 61% of Group sales and 47% of EBITDA.

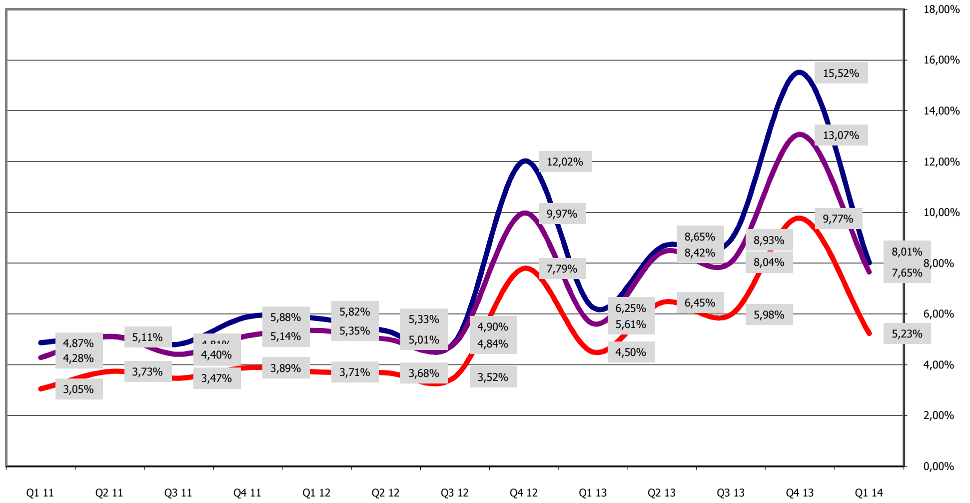
Q1 Sales Breakdown

Q1	Office	PC/IT	Telephony
Sales	**20,959**	**41,909**	**9,431**
Δ(%)	*2.2%*	*4.8%*	*9.1%*
EBITDA	**1,679**	**2,222**	**721**
Δ (%)	*31.1%*	*23.5%*	*48.7%*
Mrg (%)	8.01%	5.30%	7.65%
EBIT	**1,469**	**1,944**	**631**
	45.9%	*37.6%*	*65.6%*
Mrg (%)	7.01%	4.64%	6.69%

Source: Beta Securities/Company financial data

- **Margins**: Significant improvements across all segments as Office sales posted 176bps increase y-o-y, PC/IT +80bps y-o-y and Telephony +203bps y-o-y. On a group level EBITDA margin is has improved by 115bps while in net profits the -60bps difference is attributed to differed taxation in Q1 2013.

EBITDA margins quarterly evolution per segment: ■Office, ■ PC/IT ■Telephony



Source: Beta Securities/Company financial data

- **Cash Flow:** Q1 has seasonal negative effects on cash flow as inventories grow to satisfy Easter demand. FCF was negative by €5.2myet better than Q1 2013 as the figure wasat € c5.5m. Cash at the end of Q1 was €45.6mwhile excluding debt net cash position reached €32.8m

Prospects

Plaisio's main competitive advantage is the quick adaption of the economy conditions and the continuous improvements in operating cost. Balance sheet has a firing power of a satisfactory net cash position to competeprice wars, maintain market share and pay generous dividends. However after six years of hard recession Plaisio could reconsider its defensive strategy and start expansion. We think that on improving conditions Plaisio sales will outperform retail sales index as many local and foreign competitors have exited the Greek market and at the same time the shift of product mix to private label products will make the difference in margins across remaining players.

Valuation: 2014 – 2017 Estimates

On our estimates we assume that Group's turnover will gradually approximate its historical all time high in 2007 (€411m) at a slow pace. Given the positive estimated growth rates according to recent EU and IMF reports for for 2014 GDP and consumer spending in Greece going forward forthe next 5 years we incorporate the rates to Plaisiosales as the company holds a tight statistical correlation (85%) with domestic rate figures. However for 2014 figures we will divert from the formula as Q1 sales ended 5.5% higher affected by small base effect and the introduction of new private label products (TV panels, Smartphones) which had a strong kick off in 2014.

We prefer to remain conservative in the case of sales growth as we don't add any new stores in our estimates and prefer to play the recovery of domestic market as is. Plaiso has already achieved a 42% increase in turnover under the same capacity, enough to justify a substantial change in its valuation. For the next 5 years we assign a gradual step up improvement of 100 bps across margins incorporating favorable sales mix, higher efficiencies, lower interest rates and relatively stable operational costs.

On our DCF model we use long term risk free rate of 8%, equity risk premium of 5%, expected perpetual FCF growth of 0.5% and marginal tax rate 26%. We have applied a WACC 11.48% and a flat beta coefficient due to thin historical trading volumes. Under our assumptions our model returns a fair value of € 10,98per share which is 57% higher than market prices and if we add the dividend (2013: € 0.20) then our implied return is 64%.

ASSUMPTIONS		CASH FLOW CALCULATIONS					
Long term risk free rate:	**8,00%**		**e2014**	**e2015**	**e2016**	**e2017**	**e2018**
Current beta:	**1,000**	**Cost of Borrowing (after tax):**	7,4%	7,0%	7,0%	6,7%	6,7%
Unlevered beta:	**0,731**	**Levered beta:**	1,322	1,373	1,341	1,380	1,399
Equity Risk Premium:	**6,0%**	**Cost of Equity:**	15,9%	16,2%	16,0%	16,3%	16,4%
Expected perpetual FCF growth:	**0,5%**	**Capital gearing (market):**	52,2%	54,3%	53,0%	54,6%	55,3%
Expected perpetual inflation rate:	**2,0%**	**WACC:**	11,48%	11,24%	11,27%	11,03%	11,01%
Marginal tax rate:	**26,0%**	**Discount factor:**	0,8971	0,8064	0,7248	0,6528	0,5880
		FCF:	11.892	13.972	28.937	18.824	22.946
		Present value of FCF:	10.668	11.267	20.972	12.287	13.492

VALUATION RESULTS	
Sum of present value of FCF from e2014 to e2018:	68.686
Residual value of **FCF** :	128.315
TOTAL OPERATIONS VALUE:	197.002
TIME ADJUSTED OPERATIONS VALUE:	**206.124**
(plus) Cash & market value of investments:	57.488
CORPORATE VALUE:	**263.612**
(minus) Current Total Borrowings:	13.689
'(minus) Doubtful debtors:	7.409
(minus) Minorities:	0
SHAREHOLDER VALUE:	**242.515**
Number of shares (million):	22,08
Fair stock price (€):	**10,98**

Risks on our estimates and valuation

Our earnings, cash flow estimates and valuation are subject to industry/sector specific risks, financial, economic, political, management and execution risks. We still believe that the company's diversified structure along with management's deep knowledge of the market can support the company's positioning within a difficult business environment. However, we summarize below certain business risks that may have an impact on our forecasts and valuation. In the case of Plaisio and other Consumer retailers, risks hover around, market conditions, disposable income, consumer behavioral characteristics, competition and interest rates.

We highlight the following major risks for Plaisio:

- **Macro Environment:** Potential unfavorable macroeconomic trends in the future that may have a further effect in the company's financial performance through consumption trends. Slow down of GDP growth and consumer spending weakness could have a negative effect on the company.
- **Competition Increasing**: Increased competition in the future through further introduction of international or local players. This development should trim profit margins further and therefore Plaisio's valuation. We believe that the future pressure will come mainly from local competition. We should note that the company has proven resilient in current fierce competition from large international players.
- **Geopolitical Risk**: Potential difficulties in the Bulgaria market that could burden further profitability. Yet Bulgaria accounts for less than 2% in sales.
- **Complexity**: Multi channel sales network is a complex and highly IT dependant task.
- **Credit Risk**: The Company increased its unsecured credit provisions in the last three years
- **New stores roll out plan**: Current difficult economic conditions delay any thoughts of new stores rollout ahead
- **Low Share marketability**: Company's low free float consist a skid for institutional investor's entry. Main shareholders recently started to improve free float by reducing their share.

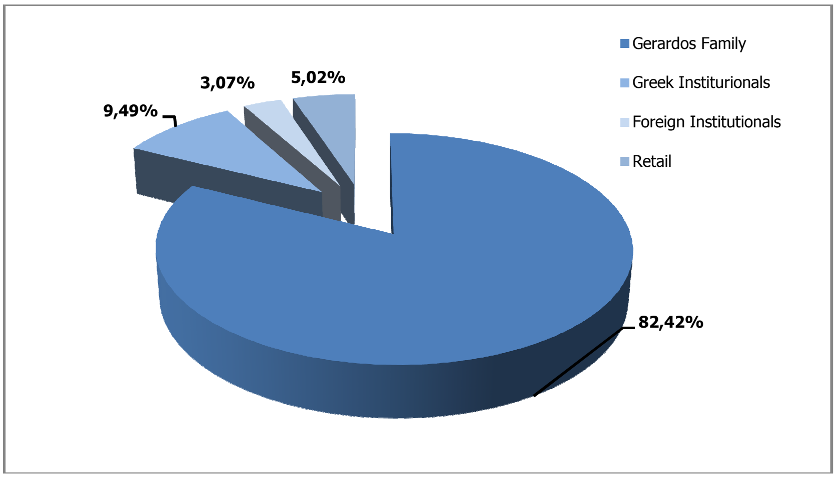
Sensitivity Analysis

On our DCF estimates we applied WACC rates on various terminal growth prices. Valuation ranges between 10.69 – 11.30 euro per share and has 10.98 euro average value.

	WACC				
GROWTH	11,1%	11,3%	11,5%	11,7%	11,9%
0,00%	10,69	10,70	10,71	10,71	10,72
0,25%	10,83	10,84	10,84	10,85	10,86
0,50%	10,97	10,98	10,98	10,99	11,00
0,75%	11,12	11,12	11,13	11,14	11,15
1,00%	11,27	11,28	11,29	11,29	11,30
AveragePrice					10,99

Shareholder structure and free float

On May 2014 Gerardosfamily owns 82.4% of the shares while the rest free float is allocated to Greek institutional Investors by 9.5%, foreign institutional investors 5.02% and the rest 3.1% was held by retail investors. For purposes of higher marketability the company seeks to increase free float and has appointed market makers.



Plaisio (transl.): Framework, context, border. Structural elements of a building or other constructed object, chunk of data, a space shown onscreen as a box, that contains a particular element of your publication, a data packet that includes frame synchronization, i.e. a sequence of bits or symbols making it possible for the receiver to detect the beginning and end of the packet

Company Trademark

Balance sheet, Profit and loss Accounts and Cash Flow

BALANCE SHEET *(in Euro thous.)*	**2012**	**2013**	**Δ**	**e2014**	**Δ**	**e2015**	**Δ**	**e2016**	**Δ**	**e2017**	**Δ**	**e2018**	**Δ**
Gross fixed assets	69,477	67,554	-2.8%	66,878.5	-1%	68,216.0	2%	69,580.3	2%	70,972.0	2%	72,391.4	2%
Less: Accumulated depreciation	35,332	36,250	2.6%	39,550.0	9%	42,950.0	9%	46,650.0	9%	50,650.0	9%	54,550.0	8%
Debtors	21,312	18,239	-14.4%	37,042.9	103%	36,610.1	-1%	39,096.5	7%	38,857.9	-1%	42,994.9	11%
Stocks	27,255	30,509	11.9%	58,840.9	93%	3,448.6	-94%	63,723.0	1748%	6,807.1	-89%	65,301.2	859%
Cash & cash equivalents	45,362	52,219	15.1%	55,974.7	7%	63,178.6	13%	82,871.6	31%	93,646.5	13%	107,307.4	15%
Current assets	**93,929**	**100,967**	**7.5%**	**151,858.4**	**50%**	**103,237.3**	**-32%**	**185,691.1**	**80%**	**139,311.5**	**-25%**	**215,603.5**	**55%**
TOTAL ASSETS	**133,445**	**137,893**	3%	**184,809**	34%	**134,125**	-27%	**214,243**	60%	**165,255**	-23%	**239,067**	45%
Equity	**65,416**	**76,779**	17%	**88,017**	15%	**99,682**	13%	**112,056**	12%	**125,337**	12%	**139,626**	11%
Net assets	65,416	76,779	17%	88,017	15%	99,682	13%	112,056	12%	125,337	12%	139,626	11%
Provisions													
Long term debt	14,263	9,979	-30%	9,979		9,979		9,979		9,979		9,979	
Other long term liabilities	4,694	4,797	2%	4,797		4,797		4,797		4,797		4,797	
Long term liabilities	**18,957**	**14,776**	-22%	**14,776**	0%	**14,776**	0%	**14,776**	0%	**14,776**	0%	**14,776**	0%
Trade creditors	33,526	27,492	-18%	63,744	132%	229	-100%	68,711	29954%	5,532	-92%	64,628	1068%
Short term debt	3,143	4,284	36%	3,710	-13%	4,876	31%	4,139	-15%	5,049	22%	5,475	8%
Other short term liabilities	12,405	14,562	17%	14,562	0%	14,562	0%	14,562	0%	14,562	0%	14,562	0%
Current liabilities	**49,074**	**46,338**	-6%	**82,016**	77%	**19,667**	-76%	**87,412**	344%	**25,142**	-71%	**84,665**	237%

P&L ACCOUNTS (in Euro thous.)	**2012**	**2013**	**Δ**	**e2014**	**Δ**	**e2015**	**Δ**	**e2016**	**Δ**	**e2017**	**Δ**	**e2018**	**Δ**
Sales	**286,876**	**282,739**	-1%	**298,290**	5%	**307,238**	3%	**322,600**	5%	**338,730**	5%	**355,670**	5%
Cost of sales	222,452	213,950	-4%	225,553	5%	232,024	3%	241,507	4%	253,072	5%	263,795	4%
Gross profit	**64,424**	**68,789**	7%	**72,737**	6%	**75,215**	3%	**81,093**	8%	**85,658**	6%	**91,874**	7%
Other operating income	-320	-15											
Administrative cost	5,234	5,246	0%	5,668	8%	5,838	3%	6,129	5%	6,436	5%	6,402	-1%
Distribution cost	41,834	39,597	-5%	40,269	2%	41,477	3%	45,164	9%	47,422	5%	51,572	9%
EBITDA	**17,036**	**23,931**	40%	**26,800**	12%	**27,900**	4%	**29,800**	7%	**31,800**	7%	**33,900**	7%
Depreciation	3,586	2,948	-18%	3,300	12%	3,400	3%	3,700	9%	4,000	8%	3,900	-3%
EBIT	**13,450**	**20,983**		**23,500**		**24,500**		**26,100**		**27,800**		**30,000**	
Investment income	1,432	632		1,261		1,108		1,001		1,123		1,077	
Interest cost	1,786	1,942	9%	1,398	-28%	1,356	-3%	1,376	2%	1,312	-5%	1,372	5%
Directors' emoluments	0	0		0		0		0		0		0	
Ordinary profit	**13,096**	**19,673**	50%	**23,364**	19%	**24,253**	4%	**25,724**	6%	**27,612**	7%	**29,706**	8%
Extraordinary Items				0		0		0		0		0	
Minority interests													
Earnings before tax(EBT)	**13,096**	**19,673**	50%	**23,364**	19%	**24,253**	4%	**25,724**	6%	**27,612**	7%	**29,706**	8%
Tax	2,843	5,139		6,075	18%	6,306	4%	6,688	6%	7,179	7%	7,724	8%
Earnings after tax(EAT)	**10,253**	**14,534**	42%	**17,289**	19%	**17,947**	4%	**19,036**	6%	**20,433**	7%	**21,982**	8%
Dividend	**2,650**	**4,416**	67%	**6,051**	37%	**6,281**	4%	**6,663**	6%	**7,151**	7%	**7,694**	8%
Retained profit for the year	**7,603**	**10,118**	33%	**11,238**	11%	**11,666**	4%	**12,373**	6%	**13,281**	7%	**14,288**	8%

INVESTED CAPITAL (in Euro mil.)	**2012**	**2013**	**Δ**	**e2014**	**Δ**	**e2015**	**Δ**	**e2016**	**Δ**	**e2017**	**Δ**	**e2018**	**Δ**
Operating assets													
Working capital (trading)	22,117	27,320	24%	24,731	-9%	32,508	31%	27,593	-15%	33,657	22%	36,502	8%
Working capital (other)	-19,481	-20,626		-7,153		-7,240		-8,046		-8,086		-7,396	
Working capital (total)	2,636	6,694	154%	17,577	163%	25,268	44%	19,547	-23%	25,571	31%	29,106	14%
Net operating assets	33,207	30,616	-8%	26,640	-13%	24,578	-8%	22,242	-10%	19,634	-12%	17,153	-13%
Invested capital (net)	**35,843**	**37,310**	4%	**44,218**	19%	**49,846**	13%	**41,789**	-16%	**45,205**	8%	**46,260**	2%
plus: Cash & L.T.investments	46,977	53,732		57,488		64,692		84,385		95,159		108,820	
Capital employed	**82,820**	**91,042**	10%	**101,706**	12%	**114,538**	13%	**126,174**	10%	**140,365**	11%	**155,080**	10%
Reconciliation to investor funds													
Equity	65,416	76,779	17%	88,017	15%	99,682	13%	112,056	12%	125,337	12%	139,626	11%
Borrowings	17,406	14,263	-18%	13,689	-4%	14,855	9%	14,118	-5%	15,028	6%	15,454	3%
Total investor funds	**82,822**	**91,042**	10%	**101,706**	12%	**114,538**	13%	**126,174**	10%	**140,365**	11%	**155,080**	10%
Net borrowings	-27,956	-37,956		-42,286		-48,323		-68,754		-78,619		-91,853	
Net capital employed	37,458	38,823	4%	45,731	18%	51,359	12%	43,302	-16%	46,718	8%	47,773	2%
Translation of investor funds to market values as of 31.12													
Equity (MktCap)	22,767	25,171		12,515		12,515		12,515		12,515		12,515	
Borrowings	17,406	14,263	-18%	13,689	-4%	14,855	9%	14,118	-5%	15,028	6%	15,454	3%
Capital employed	**40,173**	**39,434**	**-2%**	**26,203**	**-34%**	**27,370**	**4%**	**26,633**	**-3%**	**27,542**	**3%**	**27,969**	**2%**
Enterprise value (EV)	-5,189	-12,785		-29,771		-35,809		-56,239		-66,104		-79,338	

CASH FLOW (in Euro mil.)	**2012**	**2013**	**Δ**	**e2014**	**Δ**	**e2015**	**Δ**	**e2016**	**Δ**	**e2017**	**Δ**	**e2018**	**Δ**
Earnings before interest and tax (**EBIT**)	13,450	20,983	56%	23,500	12%	24,500	4%	26,100	7%	27,800	7%	30,000	8%
minus: Tax on EBIT @ 20%	4,708	7,344		4,700		4,900		5,220		5,560		6,000	
Net operating profit after tax (**NOPAT**)	8,743	13,639	56%	18,800	38%	19,600	4%	20,880	7%	22,240	7%	24,000	8%
plus: Depreciation	3,586	2,948		3,300		3,400		3,700		4,000		3,900	
Operating Cash Flow (OCF) (gross)	**12,329**	**16,587**	35%	**22,100**	33%	**23,000**	4%	**24,580**	7%	**26,240**	7%	**27,900**	6%
Capital expenditure in:													
Working capital	-4,041	4,058		10,883	168%	7,691	-29%	-5,721		6,024		3,535	-41%
Operating assets (gross)	2,015	357	-82%	-676		1,338		1,364	2%	1,392	2%	1,419	2%
Capital expenditure (gross)	**-2,026**	**4,415**		**10,208**	**131%**	**9,028**	**-12%**	**-4,357**		**7,416**		**4,954**	**-33%**
Free Cash Flow (FCF)	**14,355**	**12,172**	-15%	**11,892**	**-2%**	**13,972**	**17%**	**28,937**	**107%**	**18,824**	**-35%**	**22,946**	**22%**
External financing													
Capital increase	8,557	11,363		0		0		0		0		0	
Investment grants	0	0		0		0		0		0		0	
New borrowings	-4,493	-3,143		-574		1,167		-737		910		427	
External cash inflow	**4,064**	**8,220**	102%	**-574**		**1,167**		**-737**		**910**		**427**	-53%
Cost of capital employed	**4,436**	**6,358**	43%	**7,449**	17%	**7,637**	3%	**8,039**	5%	**8,463**	5%	**9,065**	7%

Financial and Investment Ratios

FINANCIAL RATIOS	2012	2013	e2014	e2015	e2016	e2017	e2018
Capital structure							
Net fixed assets on total	25.6%	22.7%	14.8%	18.8%	10.7%	12.3%	7.5%
LT investments on assets	1.2%	1.1%	0.8%	1.1%	0.7%	0.9%	0.6%
Debtors on assets	16.0%	13.2%	20.0%	27.3%	18.2%	23.5%	18.0%
Stocks on assets	20.4%	22.1%	31.8%	2.6%	29.7%	4.1%	27.3%
Cash on assets	34.0%	37.9%	30.3%	47.1%	38.7%	56.7%	44.9%
Capital gearing							
Equity on assets	49.0%	55.7%	47.6%	74.3%	52.3%	75.8%	58.4%
Leverage (x)	0.27	0.19	0.16	0.15	0.13	0.12	0.11
Capital gearing (*book*)	21.0%	15.7%	13.5%	13.0%	11.2%	10.7%	10.0%
Capital gearing (*market*)	43.3%	36.2%	52.2%	54.3%	53.0%	54.6%	55.3%
Working capital gearing	14.2%	15.7%	15.0%	15.0%	15.0%	15.0%	15.0%
Interest coverage (x)	9.54	12.32	19.18	20.58	21.65	24.25	24.71
Leverage effect	1.38%	1.29%	1.2%	1.2%	1.2%	1.2%	1.2%
Liquidity							
Current ratio (x)	1.91	2.18	1.85	5.25	2.12	5.54	2.55
Quick ratio (x)	1.36	1.52	1.13	5.07	1.40	5.27	1.78
Profit margins							
Gross profit margin	22.5%	24.3%	24.4%	24.5%	25.1%	25.3%	25.8%
EBITDA margin	5.9%	8.5%	9.0%	9.1%	9.2%	9.4%	9.5%
EBIT margin	4.7%	7.4%	7.9%	8.0%	8.1%	8.2%	8.4%
OCF margin	4.3%	5.9%	7.4%	7.5%	7.6%	7.7%	7.8%
Pre-tax profit margin	4.6%	7.0%	7.8%	7.9%	8.0%	8.2%	8.4%
Earnings margin	3.6%	5.1%	5.8%	5.8%	5.9%	6.0%	6.2%
Cost absorption & sources							
Cost of sales on sales	77.5%	75.7%	75.6%	75.5%	74.9%	74.7%	74.2%
Administrative cost on sales	1.8%	1.9%	1.9%	1.9%	1.9%	1.9%	1.8%
Distribution cost on sales	14.6%	14.0%	13.5%	13.5%	14.0%	14.0%	14.5%
Cost of borrowing	9.1%	12.3%	10.0%	9.5%	9.5%	9.0%	9.0%
Depreciation rate	5.3%	4.2%	4.9%	5.1%	5.4%	5.7%	5.5%
Effective tax rate	21.7%	26.1%	26.0%	26.0%	26.0%	26.0%	26.0%
Payout ratio	25.8%	30.4%	35.0%	35.0%	35.0%	35.0%	35.0%
Activity							
Assets turnover (x)	2.16	2.08	1.85	1.93	1.85	1.79	1.76
Invested capital turnover (x)	7.42	7.73	7.32	6.53	7.04	7.79	7.78
Capital employed turnover (x)	3.55	3.25	3.10	2.84	2.68	2.54	2.41
Stock days	38	37	36	37	38	38	37
Debtors days	34	34	33	35	35	35	35
Creditors days	42	39	39	38	39	40	36
Working capital days	6	6	15	25	25	24	28
Fixed Cap investment rate	-7.9%	-8.6%	-4.3%	14.9%	8.9%	8.6%	8.4%
Working Cap investment rate	15.9%	-98.1%	70.0%	85.9%	-37.2%	37.3%	20.9%
Profitability							
ROIC (pre-tax)	34.8%	57.4%	57.6%	52.1%	57.0%	63.9%	65.6%
ROIC (after-tax)	22.6%	37.3%	37.5%	33.9%	37.0%	41.5%	42.6%
ROCE	10.8%	15.7%	15.8%	14.7%	14.1%	13.6%	13.2%
ROA	12.8%	17.6%	16.6%	17.5%	17.1%	16.8%	16.8%
ROE	16.8%	20.4%	21.0%	19.1%	18.0%	17.2%	16.6%
Gross investment rate	-16.4%	26.6%	46.2%	39.3%	-17.7%	28.3%	17.8%
Sustainable growth rate (full)	13.2%	15.5%	17.1%	10.9%	15.7%	10.2%	13.8%
Sustainable growth rate (short)	12.4%	14.2%	13.6%	12.4%	11.7%	11.2%	10.8%
Productivity							
Sales per empl.	238.47	240.63	253.86	261.48	274.55	288.28	302.70
EBITDA per empl.	14.16	20.37	22.81	23.74	25.36	27.06	28.85
EBT per empl.	10.89	16.74	19.88	20.64	21.89	23.50	25.28
Viability							
z-score	3.00	3.14	2.59	3.79	2.55	3.57	2.66
INVESTMENT RATIOS							
P/BV (x)	0.3	0.5	0.5	0.4	0.4	0.3	0.3
P/S (x)	0.5	0.5	0.4	0.4	0.4	0.4	0.4
P/EBITDA (x)	7.8	5.6	5.0	4.8	4.5	4.2	3.9
EV/EBITDA (x)	-0.3	-0.5	-1.1	-1.3	-1.9	-2.1	-2.3
Net Debt /EBITDA (x)	-1.6	-1.6					
P/OCF (x)	10.8	8.1	6.0	5.8	5.4	5.1	4.8
P/EBT (x)	10.2	6.8	5.7	5.5	5.2	4.8	4.5
P/E (x)	13.0	9.2	7.7	7.4	7.0	6.5	6.1
Net Dividend Yield	12.0%	3.3%	3.3%	4.1%	5.0%	5.0%	5.0%
Stock price return	-18.2%	0.0%					
Dividend Cover	156.3%	30.4%	25.5%	30.8%	34.8%	32.4%	30.1%

Disclosure Appendix

RESPONSIBLE ENTITY

- Responsible Entity: Beta Securities
- Research Analysts: ManolisChatzidakis Certified Equity Analyst, Spiros Tsangalakis Certified Equity Analyst.
- Authority: Hellenic Capital Market Committee.

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