

ALUMIL

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Greek Equities - January 27th 2006

Alumil Group

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Company Description:

Alumil is a leading company in aluminium extrusion in Greece and one of the largest in Europe. The Group is seeking to expand its sales network for exploiting opportunities internationally. Group's aluminium profiles are mostly destined for uses in the building and construction industry. Alumil aims to be an innovative company with a strong customer focus, providing metal solutions to an increasingly sophisticated marketplace.

	2004 A	2005 E	2006 E
(in mil. €)			
Turnover	179.69	194.98	214.53
EBITDA	31.31	31.78	32.98
Margin %	17.42%	16.30%	15.37%
Net Income	11.92	7.11	7.46
Margin %	6.63%	3.65%	3.48%

Price (27/01/2006)	€3.72
Shares (outstanding)	22,016,250
MktCap (in mn €)	81.90

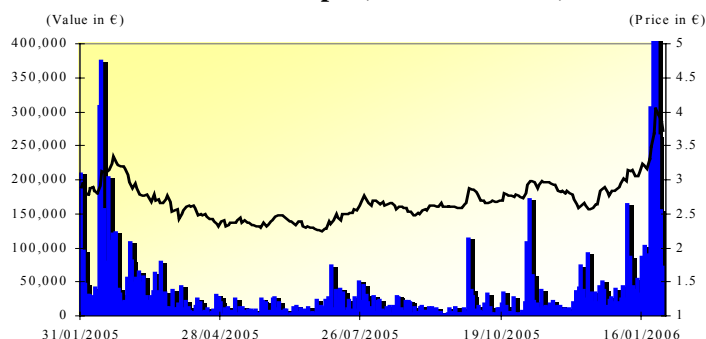
Beta (2Y)	0.80		
Dividend '03	€ 0.06		
Div. Yield	1.61%		
P/E	6.87x	11.52x	10.97x
P/BV	0.78x	0.74x	0.70x
Debt / Eq.	1.45	1.66	1.55
ROE (avg)	10.45%	6.04%	5.97%

Source: VRS Projections

Key Investment Points

- ⊙ The strength of Alumil is its brand recognition in more than 45 countries with products in most construction, and industrial applications.
- ⊙ Future growth for the Group will mostly derive from:
 1. **International expansion.** Promotion of current product portfolio in new countries as well as further penetration into countries already active. Revenues from abroad **will account for 65% of total Group turnover at end 2009 growing on a CAGR₂₀₀₄₋₂₀₀₉ of 12.06%.**
 2. The dynamic promotion of **new value added products** such as polycarbonate sheets, composite panels and automation systems.
- ⊙ For the period 2005-2009, we expect Group turnover CAGR₂₀₀₅₋₂₀₀₉ of 8.50%, with EBITDA and net income CAGR₂₀₀₅₋₂₀₀₉ of 7.00% & 12.86% respectively.
- ⊙ The company trades on attractive multiples based on our fiscal 2006 projections. P/E (a.t.&m.i.) stands at 10.97x while EV/EBITDA at 7.75x and P/BV at 0.70x.

Share Price Graph (31/01/2005-27/01/2006)



Please see important disclosure and disclaimer statements at the end of this report

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Investment Case

Alumil Group is the leading aluminium extruder in Greece, and one of the largest in Europe. The Group has managed to build a strong brand name in aluminium extrusion products with uses mostly in construction and related industries. Greek market could be characterized as the cash cow of the Group. Sales in the Greek market represent the highest stake of consolidated turnover (about 42%); it is not expected however to be the growth driver of future turnover. Future growth for the Group will mostly derive from:

1. International expansion. Promotion of current product portfolio in new countries as well as further penetration into countries being already active.
2. The dynamic promotion of new value added products, such as polycarbonate sheets, composite panels and automation systems.

Strong Domestic Operations

For the period 2001-2004, Group's domestic operations increased by CAGR₂₀₀₁₋₂₀₀₃ 10.22%, representing about 51% of total turnover (at end 2004). Drivers for this growth were:

1. the significant load of public projects (Olympic Games, 2nd and 3rd EU Structural Support Framework),
2. the considerable increase in private building activity (expanding at a rampant pace in Greece), boosted by private homeowners, real estate developers and new commercial malls.

In the coming years we expect a mild slowdown in domestic construction activity, mostly due to the reduction of public projects. However, we expect a stable demand for Alumil products in Greece due to its highly recognizable brand name and its strong distribution network that facilitates the Group to utilize:

- ☞ The expected increase of commercial malls construction, with architects showing a preference in aluminium profile products,
- ☞ The expected increase in the construction of vacation house resorts, that utilize the high durability of aluminium profiles,
- ☞ The potential replacement of architectural parts for high quality aluminium profiles (the trend for aluminium to replace materials such as wood and plastic).

For the fiscal 2005, domestic sales are expected to represent about 42% of total Group turnover from 44.7% last year (+2.05% y-o-y growth), while at the end of fiscal 2009 are expected to represent about 35% of total, growing on a CAGR₂₀₀₄₋₂₀₀₉ of 3.34%.

International Expansion will Sustain Future Growth for the Group

International operations are expected to outpace the mild slowdown of domestic construction activity. Based on strategic planning, the Group raised its share in the markets of South-Eastern Europe, and expanded its commercial activity by widening its networks and strengthened its presence in Western Europe and Middle East. The Group is currently exporting over 57% of its production in more than 45 countries (from about 40 at end 2004), covering mostly **S-E Europe, where construction sector is set to deliver solid growth** in the coming years.

In addition, the Group is **exploiting opportunities from new commercial agreements** enhancing its distribution network in new as well as existing European and Middle East countries, diversifying its geographical presence. Alumil has already set a strong sales network, which plans on reinforcing by expanding its storage spaces and improving logistics in order to support the market's high growth.

Besides emerging markets, growth will also be driven by **higher penetration to Western Europe and the Middle East**. We expect international operations to represent about 65% of total turnover by the end of fiscal 2008.

Turnover Breakdown by Country

(in €000)	2005 E	2006 E	2007 E	2008 E	2009 E
Greece	42%	40%	39%	37%	35%
The Balkans	32,2%	33,3%	33,9%	35,0%	36,1%
W. Europe	11,6%	12,0%	12,2%	12,6%	13,0%
Cyprus	1.5%	1.5%	1.3%	1.1%	0.8%
C-E. Europe	9,9%	10,2%	10,4%	10,7%	11,1%
Africa & M. East	2.3%	2.4%	2.7%	2.9%	3.2%
U.S.A.	0.6%	0.6%	0.6%	0.7%	0.9%

Source: VRS Projections

Strong & Innovative Industrial Product Portfolio

Group's industrial activity starts from the extrusion stage, continues with thermal-break techniques, powder coating, sublimation or anodizing techniques (according to the desired application) and ends with the packaging of the final product. Aluminium profiles can be processed in a wide range, wherever additional surface protection or an enhanced appearance is desired. Below we are analyzing our expectations for each main product category.

PROCESSED - PROFILES

The majority of Group's turnover derives from processed profiles for architectural systems and industrial components. At end 2004, processed profiles (excluding Special Profiles) represented 49.1% of total Group turnover, with the majority production accounting for architectural systems (90%). **This product category is expected to represent about 47% of total turnover at end 2009, growing on a CAGR₂₀₀₄₋₂₀₀₉ of 5.81%.** The Growth will mostly derive **from exports** (on both product categories), **utilizing robust construction activity of S-E Europe, while domestic market is expected to remain at current volume levels.**

Architectural Systems

The leading product group for Alumil is the Architectural Systems for all architectural applications, such as doors, windows, facades (curtain-wallings), atriums, office partitions etc. Alumil is distributing products through an exclusive network of about 120 representatives covering the entire domestic market. Alumil Group holds approximately 23.5% share of the 80,000 tons architectural profile market in Greece (leading market share). The Group's target is to maintain its leadership domestically, both in sales and quality issues, focusing on innovation and customer satisfaction.

However, growth on this product category for the Group will derive from its expansion in South-East Europe by both production and commercial activities, as well as in Central - Western Europe, in the Middle East and in the U.S.A. by commercial activities.

Industrial Components

Alumil excels in the manufacture and export of aluminium extrusions for industrial profiles that represent approximately 5% of total group turnover and account for exports to Central and Western European countries. Many features of aluminium profiles make extruded products ideal for a wide variety of applications, creating significant opportunities for Alumil to capture. The Group is currently diversifying its product range seeking to exploit opportunities in the automobile industry, entering at the same time into new areas where aluminium parts represent important portion of final product.

SPECIAL ALUMINIUM PROFILES

Special aluminium profiles derive from a further process for aluminium profiles, providing added value to final products through its thermal and sound isolation properties in extreme conditions, diminishing the negative effects of sound and heat through the aluminium window frame from the inside or outside of the building envelopes. **This product category contributes approximately 21% to total turnover and refers to architectural systems. Special profiles' sales are expected to represent about 22.5% of total turnover at end 2009, growing on a CAGR₂₀₀₄₋₂₀₀₉ of 8.22%, following the international expansion of the Group.**

NEW PRODUCTION LINES

Polycarbonate Sheets

The Group is exploiting opportunities in Polycarbonate Sheets, products that replace the use of glass, in the construction of covering sheets, solar protection roofs, atriums, kiosks, greenhouses etc. The total market value is not determined yet, however, the usage rate is continuously expanding, since this product provides significant benefits (almost unbreakable, heat and noise insulated, with long lifetime). **For the fiscal 2005, polycarbonate product sales are expected to reach €3.4 mn, while total capacity of current production line is estimated at €12 mn. We expect polycarbonate product sales to exceed €4 mn in 2006, and €7 mn in 2009.**

Composite Panels

The Group has already invested in the production of aluminium composite panels (namely J-Bond) with applications in buildings outer-walls, curtain walls, redecoration of old buildings outer-walls, balconies, installation units, indoor partitions, inner-wall decorating panels, roof panels, ceilings, advertisement signboards, etc. J-Bond products offer significant advantages such as:

1. Perfect weather ability, high strength, and no special maintenance.
2. Convenient construction, short working time.
3. Excellent machining, heat insulation, sound insulation property and perfect fireproof performance.
4. High plasticity, good impact resistance, quakeproof performance and reducing buildings load.
5. Good smoothing ness, lightweight and rigid, aesthetic and low cost.
6. Various colors.

The aluminium composite panel products have low penetration in Greece. **Domestic market is estimated to gradually reach approximately €70 mn (annually) in a period of 10 years. For the fiscal 2005, we expect composite panels to add about €1 mn to Alumil Group's turnover.**

COMMERCIAL ACTIVITIES

The Group expands its commercial activity strategically, forming partnerships with large international groups. The most important are with Phifer (Alumil is exclusive representative in Greece and the Balkans), ASA Italia (exclusive representative in Greece and the Balkans), Gretschi-Unitas (exclusive representative in the Middle East and the Balkans). **Commercial activity currently represents approximately 20%. In the future however, sales will expand on a lower pace compared to other activities, representing at end 2008 about 19% of total turnover, growing on a CAGR₂₀₀₄₋₂₀₀₉ of 4.64%.**

Analysis of Group Turnover Breakdown

	2004	2005 E	2006 E	2007 E	2008 E	2009 E
PROCESSED PROFILES	95,745	92,235	100,815	108,880	117,591	126,998
% of Total Turnover	47.7%	47.3%	47.0%	47.0%	47.0%	47.0%
y-o-y growth		-3.7%	9.3%	8.0%	8.0%	8.0%
SPECIAL PROFILES	40,950	41,925	48,263	52,124	56,293	60,797
% of Total Turnover	20.4%	21.5%	22.5%	22.5%	22.5%	22.5%
y-o-y growth		2.4%	15.1%	8.0%	8.0%	8.0%
POLYCARBONATE	2,113	3,400	4,185	4,956	6,097	7,272
% of Total Turnover	1.1%	1.7%	2.0%	2.1%	2.4%	2.7%
y-o-y growth			23.1%	18.4%	23.0%	19.3%
J-BOND	0	1,005	1,209	1,494	1,845	2,234
% of Total Turnover	0.0%	0.5%	0.6%	0.6%	0.7%	0.8%
y-o-y growth				23.6%	23.5%	21.1%
COMMERCIAL ACTIVITIES	40,925	39,000	40,755	44,015	47,537	51,340
% of Total Turnover	20.4%	20.0%	19.0%	19.0%	19.0%	19.0%
y-o-y growth		-4.7%	4.5%	8.0%	8.0%	8.0%
AUTOMATIONS	7,721	7,660	8,580	9,697	10,758	12,159
% of Total Turnover	3.8%	3.9%	4.0%	4.2%	4.3%	4.5%
y-o-y growth		-0.8%	12.0%	13.0%	10.9%	13.0%
ALUMINIUM RODS	9,405	8,775	9,653	9,266	8,757	8,106
% of Total Turnover	4.7%	4.5%	4.5%	4.0%	3.5%	3.0%
y-o-y growth		-6.7%	10.0%	-4.0%	-5.5%	-7.4%
SERVICES	3,886	975	1,073	1,158	1,251	1,351
% of Total Turnover	1.9%	0.5%	0.5%	0.5%	0.5%	0.5%
y-o-y growth		-74.9%	10.0%	8.0%	8.0%	8.0%
TOTAL GROUP TURNOVER	200,745	194,975	214,532	231,592	250,128	270,257

Source: Company Data & VRS Estimates

Investment Risks

- Competition in the broader market of aluminium profile products.
- Unpredictable price fluctuations in raw materials. Final product prices and profitability margins depend directly on the fluctuation of international aluminium prices.
- Dependence on the evolution of construction activities.
- Dependence on the evolution of industrial production.
- Sensitive to the regional politics (East Europe, Balkans, Middle East), which have been historically volatile.

Company Overview

Company Profile

Alumil, established in 1988, is the leading aluminium extruder in Greece, included 4 times in GrowthPlus Europe's Top 500 for its contribution to the European economy.

The Group provides:

- integrated aluminium profile systems, certified from world known institutes,
- industrial profiles for automotive industry, sailing industry, transportations, etc.

Additionally, the Group produces and provides:

- state-of-the-art automation systems,
- interiors,
- solar protection systems (trading),
- plastic products & accessories.

The Group also produces, imports and trades self designed accessories for aluminium systems (to offer integrated technical support), produces and trades fine aluminium products and automation systems designed for specific applications, homogenized aluminium rods (bigettes), polycarbonate sheets and composite panels, namely J-Bond. Most products are designed, developed and tested by its R&D department. The Group's emphasis is on achieving leading positions in attractive market sectors, where sustainable growth can be achieved.

Sites and warehouses are spread in Kilkis, Serres, Xanthi, Komotini (Greece); internationally in Romania, Bulgaria, Serbia, Bosnia and Albania, covering 600,000 m² of land, 230,000 m² of industrial establishments, providing more than 80,000 tons of aluminium profiles per year (production capacity).

Alumil Group Production Capacity (as of December 2005)

(in tons)	Foundry			Extrusion			Powder Coating		
	2003	2004	2005	2003	2004	2005 E	2003	2004	2005
Kilkis	18,000	28,000	28,000	46,000	46,000	46,000	24,000	24,000	24,000
Komotini				11,000	11,000	12,000			
Xanthi				14,000	8,000	8,000	6,000	6,000	6,000
Bulgaria							6,000	6,000	6,000
Romania							6,000	6,000	6,000
Serbia					8,000	8,000		8,000	8,000
Albania					6,000	6,000		6,000	6,000
Bosnia					6,000	6,000		1,500	1,500
Total	18,000	28,000	28,000	71,000	85,000	86,000	42,000	49,500	57,500

Alumil integrates all phases of the production process, from idea to design of the matrices, from billet over extrusion to surface treatment for the coating, insulation, packing and transport. The Group has manufacturing operations in Greece, utilizing maximum plant production, reinforced by strong investment incentives that enjoys in its production domestically. Further processing and painting of aluminium profiles take place in Greece as well as in Eastern Europe, where labour cost is significantly lower, offering at the same time better service to local customers. The commercial expansion of Alumil involves enhancing its distribution network, setting up storage facilities abroad and engaging on strong promotional activities.

Sales Network

In small and medium-sized urban centers, Alumil usually cooperates with one or two clients (representatives), who sell to end-users (mainly fabricators, or engineers and construction agencies), while in large urban centers (Athens, Thessalonica), it uses more than one representative for different, non-competitive areas. In this way, by not selling its products directly to the end-client (aluminium fabricators reach 5,000 in Greece), the Company has succeeded in achieving economies of scale in transportation expenses and better monitoring and collection of debt and checks receivables, since the number of its direct clients is significantly limited.

Production Process: *Aluminium profiles are produced through aluminium extrusion. The extrusion process aims to form aluminium rods in the desired shapes. In particular, homogenized rods "raw material" for Alumil, 6", 7" and 8" (inches) diameter, that is, 152 mm, 178 mm & 203 mm, pre-heated at 400-500° C, enter into appropriate matrices with high pressures to produce profiles. The accomplishment of the desired technical characteristics of the produced profiles (without malformations, distresses, etc.) depends, to a great extent, on the quality of the matrices and their continuous maintenance. Completion of this first part, signals the next production stage: profiles processing (to take on final shape). Initially, they are cooled using water or air, they are then strained and cut to the desired length, and artificial ageing in special furnaces follows. Finally, depending on the desired technical characteristics, profiles are subjected to various further processes, such as powder coating, sublimation and anodizing techniques, covering with special protection and insulating materials, or in case of no further process, they simply enter the next step. Packaging follows, with special attention to avoid possible mechanical distresses. Scrap produced is transferred to Alumil foundry, where the afore-mentioned process is repeated.*

New Innovative Products in Existing Sectors

Alumil invests in the development of new products offering innovation, improving quality and product strength, and covering customer's changing needs in architecture. The Company is licensing its products seeking at the same time certification from international organizations in order to ensure high standard quality. Group's know-how supports the development of unique products and this represents a strong competitive advantage, especially when entering Western European countries where strong competition exists.

Subsidiaries

The Group consists of 25 subsidiaries in Greece and abroad, which are either production sites or commercial companies with distribution centers. Alumil is the main or unique shareholder of the above companies.

ALUMIL'S HOLDINGS IN SUBSIDIARIES, AS AT 30/09/2005

SUBSIDIARIES	COUNTRY	ALUMIL STAKE
ALUNEF	KILKIS/GREECE	98.90%
ALUKOM	KOMOTINI/GREECE	85.86%
ALUSYS	ATHENS/GREECE	51.00%
ALUMIL ROM INDUSTRY	ROMANIA	70.00%
ALUMIL EXTRUSION	RUMANIA	70.00%
ALUMIL BULGARIA	BULGARIA	100.00%
VARNA ALUMINIUM	BULGARIA	71.00%
ALUMIL HUNGARY	HUNGARY	100.00%
ALUMIL POLSKA	POLAND	51.00%
METRON AUTOMATIONS	SERRES/GREECE	66.00%
ALUFIL	KILKIS/GREECE	99.95%
G.A. PLASTICS S.A.	KILKIS/GREECE	50.00%
ALUMIL UKRAINE	UKRAINE	90.00%
ALUMIL S.R.B. D.O.O.	SERBIA	45.00%
ALUMIL MILONAS CYPRUS	CYPRUS	66.67%
ALUMIL CY	CYPRUS	100%
ALUMIL YU INDUSTRY	SERBIA	100%
ALUMIL COATING SRB	SERBIA	99.96%
ALUMIL MISR FOR ALUMINIUM	EGYPT	100%
ALUMIL MISR FOR ACCESORIES	EGYPT	100%
ALUMIL DEUTCHLAND	GERMANY	99.88%
ALUMIL ITALIA	ITALY	100%
ALUMIL ALBANIA	ALBANIA	97.32%
ALUMIL INDUSTRY (MOLDAVIA)	MOLDAVIA	70%
ALUMIL SKOPJE	FYROM	100%

Source: Alumil Data

Share Price Performance vs. General Index & FTSE/ASE 80 (base=100, period=12months)

Ticker
 ASE: AAMY
 Bloomberg: ALMY GA
 Reuters: ALMr.AT

Alumil Stock is included in the following indices of ASE:

- Basic Metals Price Index
- FTSE/ASE-80



Data as of 27/01/2006 **2004 A** **2005 E** **2006 E** **2007 E**

Price (in €)	€ 3.72				
Shares Outstanding	22,016,250				
Market Capitalization (in €)	81,900,450				
EPS (in €)		0.54	0.32	0.34	0.35
Book Value / Share (x)		4.8	5.0	5.3	5.6
EV (in € mn)		221,136	257,879	255,556	253,248
P/E (a.t.& m.i.)		6.87x	11.52x	10.97x	10.50x
P/BV		0.78x	0.74x	0.70x	0.66x
P/Cash Flow		3.95x	2.93x	2.82x	2.66x
EV/EBITDA		7.06x	8.11x	7.75x	7.25x
EV/Sales		1.23x	1.32x	1.19x	1.09x
Dividend / Share (in €)		0.06	0.06	0.06	0.06
Dividend Yield		1.6%	1.6%	1.6%	1.6%

Source: VRS Estimates

Financial Analysis

Strong Growth Rates – Solid Operating Profit Margins

With the 4-year investment program being successfully completed, we expect turnover to grow in line with capacity utilization, higher market share in most product categories and regions, and penetration in new geographic areas.

- For the period 2005-2009 (following the completion of Group's investment program), we estimate Group turnover CAGR₂₀₀₅₋₂₀₀₉ of 8.5%, with revenues related to international operations, representing 65% of total at end 2009.
- **Gross profit margin will slightly improve** and settle at about 29.86% at end 2009 from 29.62% at end 2004) as a result of
 1. increased productivity mainly due to synergies and efficiencies that arrive from higher production capacity,
 2. fully utilization of the new production and storage facilities,
 3. higher stake of value added new products to total turnover,
 4. tighter cost control,
 5. pressures on pricing due to high competition.

We note that most products are at a mature stage domestically and at a growth stage in S-E Europe.

- **EBITDA** margin accounted for approximately 17.4% at end fiscal 2004, affected by other income of € 3 mn deriving from an acquisition's positive goodwill (the acquisition of Alpro industry in Bosnia). This effect is not expected to be repeated again, and thus, for the fiscal 2005 EBITDA margin will settle at about 16.3% and for the period 2006-2009, EBITDA margin **will range between 15.1-15.5%**, growing on a **CAGR₂₀₀₅₋₂₀₀₉ of 7.0%**, attributed to:
 1. strong turnover growth,
 2. stabilization of administrative expenses (CAGR₂₀₀₅₋₂₀₀₉ of 2.09%),
 3. tight increase of distribution expenses (CAGR₂₀₀₅₋₂₀₀₉ of 5.7% mostly attributed to higher advertising spending that will represent about 1% of total Group turnover).
- **Net income before minorities** was positively affected by deferred income tax of € 2.68 million that boosted **net income margin to 8.06%**. We do not estimate this effect to take place again, and thus, for the period 2005-2009, therefore **net income margin will increase from 4.56% at end 2005, to 5.61% at end 2009, growing on a CAGR₂₀₀₅₋₂₀₀₉ of 14.32%**.

	2004	2005 E	2006 E	2007 E	2008 E	2009 E
Profit Margins						
Gross Margin	29.62%	32.15%	31.09%	30.22%	29.74%	29.86%
EBITDA Margin	17.42%	16.30%	15.37%	15.08%	15.06%	15.42%
EBIT Margin	12.06%	10.36%	9.66%	9.53%	9.62%	10.10%
Pre-tax profit margin	8.59%	6.51%	6.19%	6.08%	6.67%	7.59%
Net Profit margin	6.63%	3.65%	3.48%	3.37%	3.70%	4.27%
Cost Absorption & Sources						
Cost of sales on sales	70.38%	67.85%	68.91%	69.78%	70.26%	70.14%
Administrative cost on sales	6.34%	5.53%	5.14%	4.83%	4.58%	4.33%
Distribution cost on sales	8.82%	11.17%	10.63%	10.32%	10.09%	10.07%

Key Elements of Balance Sheet

The Group has recently completed a 2000-2004 investment program of more than € 130 mn and is currently seeking to utilize its new facilities. For the next 5 year period (2005-2009), the Group is planning to invest approximately € 55 mn, for the further expansion and renovation of buildings, machinery and transportation vehicles.

With regard to **current assets** for the Group, inventory turnover ratio is expected to exceed 220 days (avg) during 2005, and gradually fall to 153 at the end of fiscal 2009, from 200 (avg.) during 2004. **Debtor's turnover ratio** is expected to increase and range around 180 days (avg) from 147 (avg.) during 2004, while **creditor's turnover ratio** will remain at approximately 105 days.

	2004	2005 E	2006 E	2007 E	2008 E	2009 E
Activity						
Stock Days	201	220	196	181	165	153
Debtors Days	147	175	176	180	182	185
Creditors Days	134	110	107	105	105	105
Operating Cycle	349	395	372	361	347	338
Cash Cycle	214	285	265	256	242	233
Capital Structure						
Total Liabilities / Total Equity	1.99	2.08	1.97	1.86	1.72	1.56
Bank Loans/ Total Equity (D/E ratio)	1.27	1.46	1.37	1.27	1.14	1.00

Valuation

DCF Valuation Method

Evaluating our projections on the DCF valuation method, we end up on a fair value of € 105.1 million or € 4.78 per share.

	2005 E	2006 E	2007 E	2008 E	2009 E	L-Term Assumptions
ASSUMPTIONS						
Growth Rate (Sales)	8.5%	10.0%	8.0%	8.0%	8.0%	2.4%
EBIT Margin	10.4%	9.7%	9.5%	9.6%	10.1%	10.4%
Tax Rate	30.0%	29.7%	29.0%	28.0%	26.0%	25.0%
Working Capital (% of sales)	21.0%	3.1%	3.2%	2.4%	2.7%	2.4%
Capex (% of sales)	7.7%	4.7%	4.3%	4.0%	3.7%	3.5%
Cost of Capital	6.0%	6.1%	6.3%	6.6%	6.9%	7.0%
Depreciation (% of sales)	5.9%	5.7%	5.6%	5.4%	5.3%	3.5%
CASH FLOW STATEMENT						
Turnover	194,975	214,532	231,592	250,128	270,257	276,743
EBIT	20,192	20,723	22,064	24,061	27,287	28,781
Less: Adjusted Tax	3,808	3,942	4,083	4,675	5,331	5,567
Adjusted Operating Profit	16,384	16,781	17,981	19,387	21,956	23,215
Plus: Depreciation	11,590	12,255	12,863	13,611	14,377	9,686
Operating Cash Flow	27,975	29,036	30,844	32,998	36,333	32,901
Less: Change in Working Capital	40,935	6,583	7,474	5,891	7,363	6,642
Less: Capex	15,000	10,000	10,000	10,000	10,000	9,686
Cash Flow to the Firm (FCFF)	-27,961	12,454	13,370	17,107	18,970	16,573
Discount Factor	0.94	0.89	0.83	0.77	0.72	0.71
Present Value of Cash Flows	-26,387	11,054	11,120	13,252	13,579	
Accumulated Present Value	-26,387	-15,333	-4,212	9,040	22,618	
Residual Value						362,148
Present Value of Residual Value						258,493
VALUATION						
Enterprise Value	281,112					
% Residual Value of Total	92.0%					
Less: Net Debt	175,979					
Value of firm	105,133					
Outstanding number of shares (000)	22,016					
Value of share	4.78					
WACC CALCULATION						
Risk Free Rate	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Beta Factor	1.3	1.3	1.3	1.3	1.3	1.3
Market risk Premium	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Cost of Equity	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%
Debt / Debt + Equity	59.4%	57.7%	55.9%	53.3%	50.0%	50.0%
Cost of Debt	4.1%	4.2%	4.3%	4.4%	4.5%	4.6%
Tax Rate	30.0%	29.7%	29.0%	28.0%	26.0%	25.0%
Weighted Average Cost of Capital	6.0%	6.1%	6.3%	6.6%	6.9%	7.0%

We have chosen to use the DCF method in order to calculate our fundamental valuation, since it better reflects the intrinsic value of the Group, future net profit growth and strong cost control efforts on the part of the Company's management. The model's assumptions reflect:

1. growing market share in every division,
2. continuing expansion of each division's revenues,
3. ongoing profitability of the Group, and
4. ability to finance its long-term investment program.

Sensitivity Analysis

		WACC				
		6.0%	6.5%	7.0%	8.0%	8.5%
Growth	Parameters					
	1.50%	4.87	3.93	2.76	0.85	0.12
	2.00%	7.04	5.20	3.79	1.54	0.71
	2.40%	8.66	6.43	4.78	2.18	1.24
	3.00%	11.89	8.82	6.63	3.34	2.19
3.50%	15.78	11.54	8.66	4.54	3.15	

Source: VRS Projections

GROUP HISTORIC & PROJECTED PROFIT & LOSS ACCOUNT

	2004	2005 E	2006 E	2007 E	2008 E	2009 E
Turnover	179,689	194,975	214,532	231,592	250,128	270,257
y-o-y Change. %		8.51%	10.03%	7.95%	8.00%	8.05%
Cost of Sales	126,468	132,288	147,828	161,604	175,735	189,565
% of Turnover	70.38%	67.85%	68.91%	69.78%	70.26%	70.14%
y-o-y Change. %		4.60%	11.75%	9.32%	8.74%	7.87%
Total Gross Operating Results	53,221	62,687	66,705	69,988	74,394	80,692
Gross Operating Margin	29.62%	32.15%	31.09%	30.22%	29.74%	29.86%
y-o-y Change. %		17.79%	6.41%	4.92%	6.29%	8.47%
Other operating income	6,285	2,640	1,096	1,056	1,018	982
Administrative Expenses	11,384	10,782	11,023	11,197	11,450	11,711
% of Turnover	6.34%	5.53%	5.14%	4.83%	4.58%	4.33%
Research and development costs	968	975	1,001	1,027	1,057	1,088
% of Turnover	0.54%	0.50%	0.47%	0.44%	0.42%	0.40%
Distribution Cost	15,846	21,787	22,799	23,893	25,231	27,211
% of Turnover	8.82%	11.17%	10.63%	10.32%	10.09%	10.07%
Total Expenses	28,197	33,545	34,822	36,117	37,739	40,010
% of Turnover	15.69%	17.20%	16.23%	15.59%	15.09%	14.80%
y-o-y Change. %		18.96%	3.81%	3.72%	4.49%	6.02%
EBITDA	31,309	31,782	32,979	34,927	37,673	41,664
EBITDA Margin	17.42%	16.30%	15.37%	15.08%	15.06%	15.42%
y-o-y Change. %		1.51%	3.76%	5.91%	7.86%	10.60%
Depreciation	9,638	11,590	12,255	12,863	13,611	14,377
% of Turnover	5.36%	5.94%	5.71%	5.55%	5.44%	5.32%
EBIT	21,671	20,192	20,723	22,064	24,061	27,287
% of Turnover	12.06%	10.36%	9.66%	9.53%	9.62%	10.10%
y-o-y Change. %		-6.82%	2.63%	6.47%	9.05%	13.41%
Total Financial Results	-6,238	-7,500	-7,450	-7,985	-7,366	-6,784
Net Results Before Taxes	15,433	12,692	13,273	14,079	16,695	20,503
EBT Margin	8.59%	6.51%	6.19%	6.08%	6.67%	7.59%
y-o-y Change. %		-17.76%	4.58%	6.07%	18.58%	22.81%
Tax income	954	3,808	3,942	4,083	4,675	5,331
Effective Tax Rate	6.18%	30.00%	29.70%	29.00%	28.00%	26.00%
Net Results After Taxes	14,479	8,884	9,331	9,996	12,021	15,173
EAT Margin	8.06%	4.56%	4.35%	4.32%	4.81%	5.61%
y-o-y Change. %		-38.64%	5.03%	7.13%	20.25%	26.22%
Proportion of Minority rights	2,561	1,777	1,866	2,199	2,765	3,641
Consolidated Net Results (a.t.&m.i.)	11,918	7,108	7,465	7,797	9,256	11,531
Net Margin	6.63%	3.65%	3.48%	3.37%	3.70%	4.27%
y-o-y Change. %		-40.36%	5.03%	4.45%	18.71%	24.58%

Source: Company Data & VRS Estimates

GROUP HISTORIC & PROJECTED BALANCE SHEET (1)

	2004	2005 E	2006 E	2007 E	2008 E	2009 E
Assets						
Total Net Intangible Assets	526	653	595	610	669	758
Tangible Assets	220,974	235,667	245,494	255,230	264,876	274,432
Accumulated Depreciation	40,802	52,211	64,236	76,850	90,167	104,189
Total Net Tangible Assets	180,172	183,455	181,257	178,380	174,710	170,243
Other L-term Receivables	1,450	1,351	1,260	1,176	1,099	1,028
TOTAL FIXED ASSETS	182,148	185,459	183,113	180,166	176,478	172,029
% Total Assets	53.48%	49.86%	48.16%	46.34%	44.62%	42.61%
Inventories	69,685	79,735	79,381	79,916	79,442	79,462
Debtors	72,561	93,481	103,446	114,210	124,722	136,979
Other Receivables	10,621	12,286	12,931	13,324	13,706	14,068
Cash in bank and at hand	5,569	1,021	1,344	1,153	1,150	1,215
TOTAL CURRENT ASSETS	158,436	186,524	197,102	208,603	219,019	231,724
% Total Assets	46.5%	50.1%	51.8%	53.7%	55.4%	57.4%
GRAND TOTAL ASSETS	340,584	371,983	380,214	388,769	395,496	403,753

Source: Company Data & VRS Estimates

GROUP HISTORIC & PROJECTED BALANCE SHEET (1)

	2004	2005 E	2006 E	2007 E	2008 E	2009 E
Equity & Liabilities						
Share capital	7,045	7,045	7,045	7,045	7,045	7,045
Share premium account	33,153	33,153	33,153	33,153	33,153	33,153
Total Reserves	44,972	45,398	45,846	46,314	46,870	47,561
Profit carried forward	19,926	25,257	30,930	36,934	44,246	53,586
Minority Rights	8,917	9,983	11,103	12,422	14,081	16,266
TOTAL CAPITAL & RESERVES	114,014	120,837	128,078	135,869	145,395	157,612
% Total Equity & Liabilities	33.48%	32.48%	33.69%	34.95%	36.76%	39.04%
Long Term Liabilities						
L-Term Bank Loans	94,122	104,500	104,000	93,000	105,000	67,000
Provisions for Staff Retirement	581	647	661	672	687	703
Investment Grants	17,637	16,755	15,918	15,122	14,366	13,647
Other long term debts	7,470	7,615	7,764	7,612	7,464	7,318
Total L-Term Liabilities	119,809	129,518	128,343	116,406	127,517	88,668
Short Term Liabilities						
Suppliers	46,473	39,868	43,336	46,489	50,554	54,532
Banks	36,439	54,000	50,500	59,000	33,000	52,500
Current portion of long term debt	14,244	18,500	20,500	20,500	28,000	38,000
Taxes-duties	1,113.3	1,904	1,971	2,041	2,337	2,665
Dividends	0	1,350	1,344	1,326	1,388	1,499
Sundry debtors	8,491	6,007	6,144	7,139	7,305	8,276
Total Current Liabilities	106,761	121,628	123,794	136,495	122,585	157,473
TOTAL LIABILITIES	226,570	251,146	252,137	252,900	250,101	246,141
% Total Equity & Liabilities	66.52%	67.52%	66.31%	65.05%	63.24%	60.96%
TOTAL EQUITY & LIABILITIES	340,584	371,983	380,214	388,769	395,496	403,753

Source: Company Data & VRS Estimates

Notes

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Value Invest - www.valueinvest.gr Investment Research & Analysis Journal - www.iraj.gr

Equity Research

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Alumil	ALMr.AT	€ 3.72	27 January 2006	2, 4, 5, 7

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