

RIC: NCHR.AT, BBG: NEOCHI GA

Changes	Rating -	TP ↑	EPS ↑
Target price	€ 13.9		
of which DPS	€ 0.07		
Previous	€ 12.41		
Total stock return	8%		

Valuation	2005a	2006e	2007e	2008e
Adj. P/E	36.9x	21.6x	13.8x	10.7x
P/BV	8.6x	7.4x	3.6x	2.9x
EV/Sales	6.6x	4.2x	2.1x	1.4x
EV/EBITDA	30.8x	21.6x	12.2x	8.7x
EV/EBIT	43.3x	28.9x	15.5x	11.0x
Dividend yield	0.2%	0.5%	0.8%	1.0%
FCF yield	-6.5%	-3.6%	5.5%	7.3%

Per share	2005a	2006e	2007e	2008e
Adj. EPS	0.35	0.60	0.94	1.21
DPS	0.03	0.07	0.10	0.13

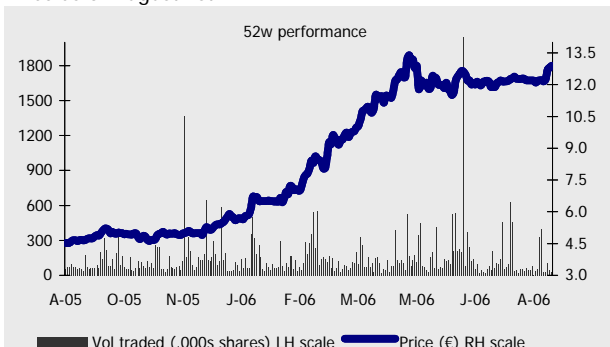
BS data (€m)	2005a	2006e	2007e	2008e
Sh. Equity	63	131	161	200
Net debt/(cash)	124	141	118	86

P&L data (€m)	2005a	2006e	2007e	2008e
Revenues	143	299	450	565
EBITDA	28	52	71	89
EBIT	21	41	57	71
Adj. Net income	13	22	34	43

Trading data	1m	3m	6m	12m
Rel. Performance	2.6%	9.2%	59.6%	163.1%
Abs. Performance	4.9%	9.3%	49.7%	185.4%
H   L 52w	€ 13.2   € 4.5			
Market cap. (mn)	€ 466			
Shares outstanding (m):	36.00			
Free float (% , mn)	66% € 307			
Avg. vol. Traded (52w):	163.8K			

Index constituent & weight:  
ASE (0.37%), FTSE 40 (1.00%), FTSE 140 (0.18%)

Price as of August 1st


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## H1-06 results led Neochimiki to an upward revision

### 07' Target Price at €13.9 and reiteration of neutral recommendation

On the occasion of Neochimiki's Q2/H1-06 results and its new upward revised figures we have proceeded with the valuation of the company, setting a new 07' target price of €13.9, unveiling an upside of 8% from the current price levels and reiterating our neutral recommendation. As a result we are looking for Sales, EBITDA and Net Profit (adjusted net Profit) CAGR 06-09 of 33%, 28% and 35% respectively.

### Q2/H1-06 Results

On its H1-06 results, Neochimiki posted an impressive increase in Sales, EBITDA and Net Profit of 91%, 75% and 925% to €107m, €22m and €57.5m respectively. The company's net profit is boosted due to the extraordinary income (€48.95m) deriving from the sale of a 43.44% stake in Lamda Detergent. As a result, Neochimiki has once again proceeded to the upward revision of its figures, pointing to 06' Sales and Net Profit (adjusted net profit) of €300m and €22m, from €270m and €19m previously.

### Growth Drivers

A number of reasons like the acquisition of Novion (ex Celanese), the acquisition of the Bulgarian MAKRO B, as well as, the new agreement with Lukoil have enhanced company's figures leading Neochimiki Group to a number of upward revisions.

### Risks

One of our major concerns is company's cash flow generation. Neochimiki's capex requirements and working capital needs for the current year will further aggravate 06 Group's cash flow generation, which nevertheless appears enhanced due to the sale proceeds of ~€68m, deriving from Lamda Detergents' placement. Despite the improvement, it still remains one of company's major issues, as capex requirements and high working capital needs for a company that enjoys galloping growth can easily "run wild", coming even higher, aggravating Group's cash flow generation. Apart from that we would like to mention the risk of losing one or more of its existing contracts.

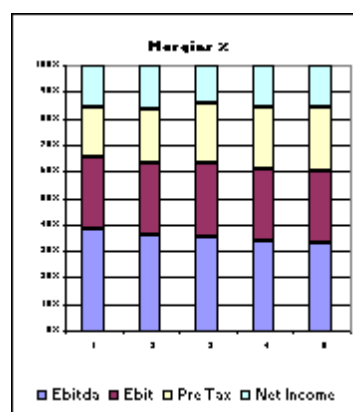
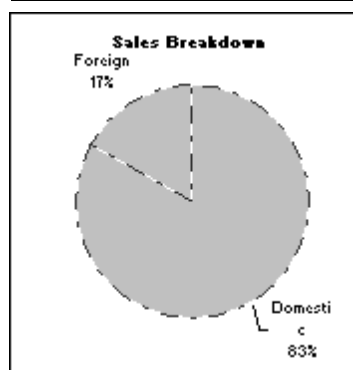
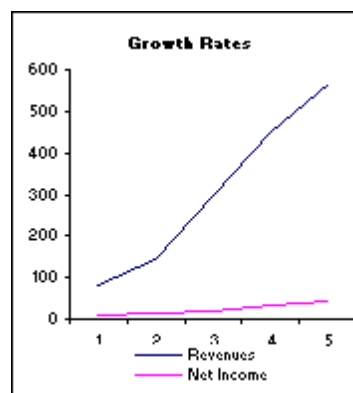
Neochimiki L.V Lavrentiadis is active in the production of detergents and the distribution of chemical products both in Greece and abroad. [www.neochimiki-lavrentiadis.gr](http://www.neochimiki-lavrentiadis.gr)

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**Please refer to important disclosures in the Disclosure Appendix, starting on page 9**

<b>Rating: Neutral   Medium Risk</b>		<b>Share price performance</b>			
Target price:	€ 13.92	(%)	<b>1m</b>	<b>6m</b>	<b>12m</b>
of which DPS:	€ 0.07	<b>Rel</b>	3%	60%	163%
Total stock return:	8%	<b>Abs</b>	5%	50%	185%
Mkt cap (mn):	€ 466	Free Float:		66%	
Enterprise value	€ 634	H   L 52w	€ 13.20	€ 4.52	
Headline figures	2004a	2005a	2006e	2007e	2008e
<b>P&amp;L items (€mn)</b>					
Revenues	83	143	299	450	565
Ebitda	18	28	52	71	89
Ebit	13	21	41	57	71
Adj. Pre tax income	9	15	33	49	65
Minorities	0	0	6	8	10
Adj. Net income	8	13	22	34	43
Adj. EPS (€)	0.21	0.35	0.60	0.94	1.21
DPS (€)	0.06	0.03	0.07	0.10	0.13
No. of shares, weighted	36	36	36	36	36
<b>Balance sheet items (€mn)</b>					
Fixed assets, net	114	176	243	246	249
Cash & equivalents	2	5	33	55	86
Current assets	42	66	143	215	286
Total assets	157	242	386	461	535
Equity	54	63	131	161	200
Minorities	0	4	28	36	45
Long term debt	62	120	142	138	125
Long term liabs	64	124	146	142	129
Short term debt	23	9	27	35	47
Current liabilities	38	51	81	122	162
Equity & liabilities	157	242	386	461	535
<b>Cash flow items (€mn)</b>					
Gross cash flow	n.a.	25	96	64	78
Δworking capital	n.a.	-7	38	16	13
Operating cash flow	n.a.	32	58	48	65
Capex	n.a.	71	77	18	21
Free cash flow	n.a.	-39	-19	30	44
Δdebt	n.a.	44	40	4	-1
Δequity	n.a.	0	0	0	0
Dividends	n.a.	2	2	4	5
Dividends to mins	n.a.	-4	-17	0	0
(Net Debt)/cash	n.a.	124	136	118	86
<b>Y -o - Y change (%)</b>					
Revenues	n.a.	72%	110%	51%	25%
Ebitda	n.a.	54%	88%	37%	25%
Ebit	n.a.	62%	99%	38%	26%
Pre tax income	n.a.	72%	120%	48%	32%
Net income	n.a.	67%	71%	57%	28%
EPS	n.a.	67%	71%	57%	28%
<b>Margins (%)</b>					
Ebitda	22%	19%	17%	16%	16%
Ebit	15%	14%	14%	13%	13%
Pre tax income	10%	11%	11%	11%	11%
Net income	9%	9%	7%	8%	8%
<b>Ratios &amp; valuation</b>					
Adj. P/E	61.6x	36.9x	21.6x	13.8x	10.7x
P/BV	8.6x	7.4x	3.6x	2.9x	2.3x
EV/Sales	6.6x	4.2x	2.1x	1.4x	1.1x
EV/EBITDA	30.8x	21.6x	12.2x	8.7x	6.7x
EV/EBIT	43.3x	28.9x	15.5x	11.0x	8.3x
FCF Yield	n.a.	-6.5%	-3.6%	5.5%	7.3%
Dividend Yield	0.5%	0.2%	0.5%	0.8%	1.0%
Payout ratio	29%	9%	11%	11%	11%
Debt/equity	1.6x	2.0x	1.3x	1.1x	0.9x
Net debt/ebitda	4.7x	4.5x	2.7x	1.7x	1.0x
Interest covered	3.0x	3.2x	4.8x	6.5x	8.3x
RoE	14%	20%	54%	21%	22%
RoIC	8%	9%	11%	13%	14%

source: company data &amp; Alpha Finance Research Estimates

**Neochimiki**

Current Price € 12.94

Sector: Chemicals

Neochimiki is active in the production of detergents and the distribution of raw chemical materials on behalf of major multinationals

website:

www.neochimiki-lavrentiadis.gr

all prices as of Sep 8th

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## Investment Summary

### New 07' Target Price at €13.9 and reiteration of neutral recommendation

On the occasion of Neochimiki's Q2/H1-06 results and its new upward revised figures we have proceeded with the valuation of the company, setting a new 07' target price of €13.9, unveiling an upside of 8% from the current price levels and reiterating our neutral recommendation. As a result, we are looking for Sales, EBITDA and Net Profit (adjusted net Profit) CAGR 06-09 of 33%, 28% and 35% respectively.

### Q2/H1-06 Results

Neochimiki's H1-06 results posted an increase in Sales, EBITDA and Net Profit of 91%, 75% and 925% to €107m, €22m and €57.5m respectively. The company's net profit is boosted due to the extraordinary income of €48.95m deriving from the sale of a 43.44% stake in Lamda Detergent for a total amount of ~€68m. As a result, Neochimiki has once again proceeded to the upward revision of its figures, pointing to 06' Sales and Net Profit (adjusted net profit) of €300m and €22m from €270m and €19m previously.

Table 1

#### Old vs. New Estimates

Old Estimates	2006e	2007e	2008e	2009e
<b>Sales</b>	<b>268</b>	<b>398</b>	<b>500</b>	<b>623</b>
Change %		48%	26%	25%
<b>EBITDA</b>	<b>48</b>	<b>66</b>	<b>82</b>	<b>100</b>
Change %		39%	24%	22%
<b>Net Pprofit</b>	<b>68</b>	<b>29</b>	<b>38</b>	<b>46</b>
<b>Adj. Net Profit</b>	<b>19</b>	<b>29</b>	<b>38</b>	<b>46</b>
Change %		56%	30%	21%
New Estimates	2006e	2007e	2008e	2009e
<b>Sales</b>	<b>299</b>	<b>450</b>	<b>565</b>	<b>704</b>
Change %		51%	25%	25%
Change % from previous estimates	11%	13%	13%	13%
<b>EBITDA</b>	<b>52</b>	<b>71</b>	<b>89</b>	<b>108</b>
Change %		37%	25%	21%
Change % from previous estimates	9%	8%	9%	8%
<b>Net Profit</b>	<b>70</b>	<b>34</b>	<b>43</b>	<b>53</b>
<b>Adj. Net Profit</b>	<b>22</b>	<b>34</b>	<b>43</b>	<b>53</b>
Change %		57%	28%	21%
Change % from previous estimates	15%	16%	14%	15%

\* Excluding the capital gains of €48.95m deriving from the sale of a 43.44% stake in Lamda

Source: Neochimiki, Alpha Finance

As we see, company's 06' Sales, EBITDA and Net profit have been upward revised from the previous estimates by 11%, 9% and 15% respectively.

### Growth Drivers

A number of reasons namely

- The acquisition of Novion (ex Celanese)
- The acquisition of the Bulgarian MAKRO B by its subsidiary Lamda Detergents
- The new agreement with Lukoil

have enhanced company's figures leading Neochimiki Group to a number of upward revisions.

**Risks**

One of our major concerns is company's cash flow generation. Neochimiki's capex requirements and working capital needs for the current year will further aggravate O6 Group's cash flow generation, which nevertheless appears enhanced due to the sales proceeds deriving from the sale of a 43.44% stake in Lamda Detergent. Despite the improvement that the Group presents, it still remains one of company's major issues, as capex requirements and high working capital needs for a company that enjoys galloping growth can easily "run wild", coming even higher, aggravating Group's cash flow generation. Apart from that, we would like to mention the risk of losing one or more of its existing contracts.

**All in all**

Despite the fact that the company presents significant improvement in terms of cash flow generation, coupled with the fact that it manages to deliver skyrocketing growth in every single quarter, leading Group's management to numerous upward revisions, we choose to be rather cautious.

The prospect that such growth might not be handled appropriately, resulting to the aggravation of cash flow generation make us hold a rather conservative stance, reiterating our neutral recommendation for the stock.

Although we may be unfair with Neochimiki, having in mind the progress that this has presented so far, the risks that the Group runs offset to our opinion its future prospects.

## Valuation

We value Neochimiki through a DCF model arriving at a '07 target price of €13.9 implying a 8% upside from current price levels (including the '06 DPS of €0.07), reiterating our neutral recommendation. We have proceeded to the revision of our model and the assignment of a new '07 target price due to the upward revision of company's basic figures, following the announcement of Q2/H1-06 results.

Sales are mainly, underpinned by Neochimiki's strategic decisions (acquisition of Novion, acquisition of the Bulgarian MAKRO B and the new agreement with Lukoil) and are expected to increase by 110% in 2006 reaching thus the amount of €300m and enjoying a CAGR 06-09 of 35%.

Risk free rate and equity risk premium stand at 4.20% and 5% respectively with the WACC shaping at 9.5%.

DCF Model							
Years				1	2	3	4
DCF model (€m)	2005	2006	2007	2008	2009	2010	2011
Sales	142.5	299.0	450.0	564.5	704.0	879.0	1,098.0
Growth %		110%	51%	25%	25%	25%	25%
EBIT	20.6	40.8	56.5	71.5	86.1	102.4	122.7
EBIT Margin	14.4%	13.6%	12.6%	12.7%	12.2%	11.7%	11.2%
EBIT*(1-Tax Rate)	17.3	34.7	48.0	58.6	68.9	79.9	93.3
Tax Rate	15.6%	14.9%	15.0%	18.0%	20.0%	22.0%	24.0%
Depreciation	7.0	11.0	14.7	17.8	22.3	26.3	29.5
Working Capital Needs	-6.6	41.9	11.7	12.9	21.1	26.5	33.2
Capex*	70.5	9.5	18.0	21.0	23.0	27.0	30.0
Debt	129.2	169.0	173.0	172.0	171.0	160.0	160.0
WACC	9.9%	9.6%	9.5%	9.5%	9.5%	9.5%	9.5%
FCFF	-39.6	-5.7	33.0	42.4	47.1	52.7	59.6
<b>Discounted FCFF</b>	<b>-39.6</b>	<b>-5.7</b>	<b>33.0</b>	<b>38.7</b>	<b>39.3</b>	<b>40.1</b>	<b>41.4</b>
Perpetuity Growth	1%						
Total Present Value of FCFF	159.6						
Terminal Value	492.3						
Enterprise Value	651.9						
Net Debt 07	117.7						
Minorities 07	35.5						
Equity Value	498.6						
Equity value/share	13.9						
DPS 06	0.07						
Target price 07	13.9						
Upside/Downside	8%						
				<b>WACC Assumptions</b>			
				Risk Free Rate		4.20%	
				Equity Risk Premium		5.00%	
				Expected Market Return		9.20%	
				Beta		1.40	
				Cost of Equity		11.20%	
				Cost of Debt		6%	

Source: Alpha Finance

\*From 2006 Capex we have subtracted the sale proceeds derived from Lamda Detergent's disposal

## Q2/H1-06 Results

### Q2/H1-06 Results

Neochimiki's H1-06 results posted an increase in Sales, EBITDA and Net Profit of 91%, 75% and 925% to €107m, €22m and €57.5m respectively. At this point we would like to mention that that company's net profit is boosted due to the extraordinary income of €48.95m deriving from the sale of a 43.44% stake in Lamda Detergent. Foreign sales more than quadrupled representing almost 34% of Group's turnover. In addition sales coming from production activity almost doubled on the back of the stronger demand deriving from multinationals and private labels in the detergent division, as well as by the new business of Celanese. Please recall that at the end of 2005 Neochimiki has proceeded to the 100% acquisition of Novion (ex Celanese) a company that is active in the production of emulsions and chemical raw materials for the paints & lacquers industry as well as glue products.

Table 2

#### 6m results (P&L highlights)

€m	Q105	Q106	yoy %	Q205	Q206	yoy %	H105	H106	yoy %
<b>Sales</b>	<b>24.5</b>	<b>41.5</b>	69%	<b>31.3</b>	<b>65.2</b>	108%	<b>55.8</b>	<b>106.7</b>	91%
<b>EBITDA</b>	<b>5.9</b>	<b>10.2</b>	73%	<b>6.5</b>	<b>11.4</b>	75%	<b>12.4</b>	<b>21.6</b>	74%
EBITDA Margin	24%	25%		21%	17%		22%	20%	
<b>EBIT</b>	<b>4.3</b>	<b>7.6</b>	77%	<b>4.6</b>	<b>8.7</b>	89%	<b>8.9</b>	<b>16.3</b>	83%
EBIT Margin	18%	18%		15%	13%		16%	15%	
<b>EBT</b>	<b>3.1</b>	<b>54.5</b>	1658%	<b>3.3</b>	<b>6.5</b>	97%	<b>6.4</b>	<b>61.0</b>	853%
Adj EBT	3.1	5.6	79%	3.3	6.5	97%	6.4	12.1	88%
Adj EBT Margin	13%	13%		11%	10%		11%	11%	
<b>Net Profit</b>	<b>2.7</b>	<b>53.2</b>	1870%	<b>2.9</b>	<b>4.3</b>	48%	<b>5.6</b>	<b>57.5</b>	927%
<b>Adj. Net Profit</b>	<b>2.7</b>	<b>4.3</b>	59%	<b>2.9</b>	<b>4.3</b>	48%	<b>5.6</b>	<b>8.6</b>	54%
Adj. Profit Margin	11%	10%		9%	7%		10%	8%	

Source: Neochimiki

### Q2/H1-06 Results lead to an upward revision

The SBUs that have been enhanced yoy are paints & lacquers and fertilizers due to the acquisition of Novion (ex Celanese), the new agreement with Lukoil and company's further intrusion in the fertilizer's market. As we have already mentioned above, Novion is active in the production of emulsions and chemical raw materials for the paints & lacquers industry, while the agreement with Lukoil has to do with the distribution of polymers (on behalf of Lukoil) for the plastics industry as well as with the distribution of solvents for the paints & lacquers industry.

Table 3

#### Old vs New estimates (Paints & Lacquers, fertilizers)

Old Estimates (€m)	2006e	2007e	2008e	2009e
Paints & Lacquers	40	70	85	105
Fertilizers	38	54	65	80
New Estimates (€m)	2006e	2007e	2008e	2009e
Paints & Lacquers	47	90	110	133
Change % from previous estimates	18%	29%	29%	27%
Fertilizers	46	77	95	120
Change % from previous estimates	21%	43%	46%	50%

At this point we would like to mention that apart from paints & lacquers and fertilizers enhancement and as for the year 2006, sales deriving from multinationals and private labels appear also enhanced unveiling an increase of 9% and 29% respectively from company's previous estimates.

As a result the company has once again proceeded to the upward revision of its figures pointing to 06' Sales and Net Profit (adjusted net profit) of €300m and €22m from €270m and €19m previously.

**Table 4**  
**Old vs. New Estimates**

<b>Old Estimates</b>	<b>2006e</b>	<b>2007e</b>	<b>2008e</b>	<b>2009e</b>
<b>Sales</b>	<b>268</b>	<b>398</b>	<b>500</b>	<b>623</b>
Change %		48%	26%	25%
<b>EBITDA</b>	<b>48</b>	<b>66</b>	<b>82</b>	<b>100</b>
Change %		39%	24%	22%
<b>Net Pprofit</b>	<b>68</b>	<b>29</b>	<b>38</b>	<b>46</b>
<b>Adj. Net Profit</b>	<b>19</b>	<b>29</b>	<b>38</b>	<b>46</b>
Change %		56%	30%	21%
<b>New Estimates</b>	<b>2006e</b>	<b>2007e</b>	<b>2008e</b>	<b>2009e</b>
<b>Sales</b>	<b>299</b>	<b>450</b>	<b>565</b>	<b>704</b>
Change %		51%	25%	25%
Change % from previous estimates	11%	13%	13%	13%
<b>EBITDA</b>	<b>52</b>	<b>71</b>	<b>89</b>	<b>108</b>
Change %		37%	25%	21%
Change % from previous estimates	9%	8%	9%	8%
<b>Net Profit</b>	<b>70</b>	<b>34</b>	<b>43</b>	<b>53</b>
<b>Adj. Net Profit</b>	<b>22</b>	<b>34</b>	<b>43</b>	<b>53</b>
Change %		57%	28%	21%
Change % from previous estimates	15%	16%	14%	15%

## Financial Statements

<b>Balance Sheet</b>	<b>2005a</b>	<b>2006e</b>	<b>2007e</b>	<b>2008e</b>
<b>Fixed Assets</b>				
Intangible Assets, Net	11	9	9	9
Fixed Assets	165	233	236	240
Other L/T claims	1	1	1	1
<b>Total Fixed Assets</b>	<b>176</b>	<b>243</b>	<b>246</b>	<b>249</b>
<b>Current Assets</b>				
Inventories	37	57	79	100
Accounts Receivable	24	57	80	101
Cash Equivalents	0	23	50	81
Cash	5	5	5	5
<b>Total Current Assets</b>	<b>66</b>	<b>143</b>	<b>215</b>	<b>286</b>
Other	0	0	0	0
<b>Total Assets</b>	<b>242</b>	<b>386</b>	<b>461</b>	<b>535</b>
<b>LIABILITIES</b>				
<b>Shareholders' Equity</b>				
Share Capital	11	11	11	11
Share Premium	6	6	6	6
Adjustment differences	20	20	20	20
Reserves	25	25	25	25
Retained Earnings	2	70	100	139
<b>Total Equity</b>	<b>63</b>	<b>131</b>	<b>161</b>	<b>200</b>
Minorities	4	28	36	45
Provisions	0	0	0	0
<b>Liabilities</b>				
<b>Long Term Liabilities</b>				
Loans (Bank Loans, Bonds)	120	142	138	125
Other L/T Liabilities	4	4	4	4
<b>Total L/T Liabilities</b>	<b>124</b>	<b>146</b>	<b>142</b>	<b>129</b>
<b>Short Term Liabilities</b>				
Suppliers	38	46	75	100
S/T Bank Loans	9	27	35	47
Other S/T Liabilities	4	8	12	15
S/T to balance	0	0	0	0
<b>Total S/T Liabilities</b>	<b>51</b>	<b>81</b>	<b>122</b>	<b>162</b>
<b>Total Liabilities</b>	<b>175</b>	<b>226</b>	<b>264</b>	<b>290</b>
Other	0	0	0	0
<b>Total Equity &amp; Liabilities</b>	<b>242</b>	<b>386</b>	<b>461</b>	<b>535</b>

Source: Alpha Finance

<b>Income Statement (P&amp;L)</b>	<b>2005a</b>	<b>2006e</b>	<b>2007e</b>	<b>2008e</b>
<b>Sales</b>	<b>143</b>	<b>299</b>	<b>450</b>	<b>565</b>
Change %	72%	110%	51%	25%
COGS	96	209	322	404
Change %	79%	118%	54%	25%
<b>Gross Profit</b>	<b>47</b>	<b>90</b>	<b>128</b>	<b>161</b>
Change %	59%	92%	43%	25%
<i>Gross Profit Margin</i>	<i>33%</i>	<i>30%</i>	<i>29%</i>	<i>28%</i>
Other Operating Income	1	0	0	0
<b>OPEX</b>				
Administration Expenses	6	10	15	19
Change %	60%	67%	51%	25%
% Sales	3.0%	3.3%	3.3%	3.3%
R & D	0	0	0	0
Change %	n.a.	0%	0%	14%
% Sales	0%	0%	0%	0%
Distribution Expenses	14	28	42	53
Change %	62%	102%	51%	25%
% Sales	9.0%	9.3%	9.3%	9.3%
<b>Total Operating Expenses</b>	<b>20</b>	<b>38</b>	<b>57</b>	<b>72</b>
<b>EBITDA</b>	<b>28</b>	<b>52</b>	<b>71</b>	<b>89</b>
Change %	54%	88%	37%	25%
<i>EBITDA Margin</i>	<i>19%</i>	<i>17%</i>	<i>16%</i>	<i>16%</i>
Depreciation	7	11	15	18
<b>EBIT</b>	<b>21</b>	<b>41</b>	<b>57</b>	<b>71</b>
Change %	62%	99%	38%	26%
<i>EBIT Margin</i>	<i>14%</i>	<i>14%</i>	<i>13%</i>	<i>13%</i>
Financials	0	49	0	0
Interest Expense/Income	6	8	8	7
<b>EBT</b>	<b>15</b>	<b>82</b>	<b>49</b>	<b>65</b>
Change %	72%	446%	-40%	32%
<b>Adjusted EBT</b>	<b>15</b>	<b>33</b>	<b>49</b>	<b>65</b>
Change %	72%	119%	49%	32%
<i>EBT Margin</i>	<i>11%</i>	<i>11%</i>	<i>11%</i>	<i>11%</i>
<b>Taxes</b>	<b>2</b>	<b>5</b>	<b>7</b>	<b>12</b>
Minorities	0	6	8	10
<b>Net Profit (Cons)</b>	<b>13</b>	<b>70</b>	<b>34</b>	<b>43</b>
<b>Adjusted Profit</b>	<b>13</b>	<b>22</b>	<b>34</b>	<b>43</b>
EPS	0.35	1.96	0.94	1.21
Adj. EPS	0.35	0.60	0.94	1.21
Change %	67%	71%	57%	28%

Source: Alpha Finance

<b>Cash Flow Statement</b>	<b>2005a</b>	<b>2006e</b>	<b>2007e</b>	<b>2008e</b>
<b>Operating Cash Flow</b>				
Net Profit	13	70	34	43
Plus Minorities	0	6	8	10
Plus: Depreciation	7	11	15	18
Plus: Change in Provisions	0	0	0	0
Plus: Interest Expense	6	8	8	7
<b>Gross Cash Flow</b>	<b>25</b>	<b>96</b>	<b>64</b>	<b>78</b>
<b>Working Capital</b>				
Less: Inventories	18	21	22	20
Less: Accounts Receivable	3	33	23	20
Plus: Suppliers	26	8	29	25
Plus: Other S/T liabilities	1	4	4	3
<b>Change in Working Capital</b>	<b>-7</b>	<b>42</b>	<b>12</b>	<b>13</b>
<b>Operating Cash Flow</b>	<b>32</b>	<b>54</b>	<b>52</b>	<b>65</b>
<b>Investing Cash Flow</b>				
Less: Capex	71	77	18	21
Free Cash Flow	-39	-23	34	44
<b>Financing Cash Flow</b>				
Plus: Share Capital	0	0	0	0
Plus: Debt	44	40	4	-1
Minus: Dividends	2	2	4	5
Minus Dividends to Minorities	-4	-17	0	0
Minus: Interest Expenses	6	8	8	7
Other	-2	0	0	0
<b>Change in Cash Position</b>	<b>3</b>	<b>23</b>	<b>27</b>	<b>31</b>
Cash Position	5	28	55	86
<b>Source: Alpha Finance</b>				

<b>Ratios</b>	<b>2005a</b>	<b>2006e</b>	<b>2007e</b>	<b>2008e</b>
<b>Liquidity Ratios</b>				
Current Ratio (Times)	1.29	1.77	1.76	1.77
Quick or acid ratio (Times)	0.57	1.06	1.11	1.16
<b>Asset Management Ratios</b>				
Inventory Turnover	139.67	100.00	90.00	90.00
Days Sales Outstanding ( ACP)	62.24	70.00	65.00	65.00
Creditors' Payment period	145.73	80.00	85.00	90.00
Fixed Assets Turnover	0.81	1.23	1.83	2.27
Total Assets Turnover	0.59	0.78	0.98	1.05
<b>Debt Management Ratios</b>				
Debt /Asset Ratio	72%	59%	57%	54%
Debt/Equity	2.05	1.29	1.07	0.86
Net Debt/EBITDA	4.51	2.71	1.65	0.96
Net Debt/Equity	1.97	1.07	0.73	0.43
TIE	3.18	4.83	6.53	8.31
<b>Profitability Ratios</b>				
Profit Margin	9%	24%	8%	8%
ROA	5%	18%	7%	8%
ROE	20%	54%	21%	22%
RoIC	9%	11%	13%	14%
<b>Market Value Ratios</b>				
P/E	36.90	6.61	13.77	10.73
Adjusted P/E	36.90	21.64	13.77	10.73
P/BV	7.39	3.55	2.89	2.33
<b>Source: Alpha Finance</b>				

## DISCLOSURE APPENDIX

### Company-specific regulatory disclosures

#### Disclosure Checklist for Companies mentioned & other price data information

	Reuters	Rating	Price	Price date/time	Disclosure
Neochimiki	NCHr.AT	Neutral	€12.94	08-Sep-06	None

Source: Alpha Finance

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We aim to update our models and publish research at least on a quarterly basis, following the release of quarterly results. However, such reports may be also produced on the occasion of significant company-, sector-, or market-specific events.

#### Major changes vs. previous research reports

Date of report	Price on report date (€)	TP (€)	Rating	Forward <sup>1</sup> EPS (€)
25-Jan-06	6.50	6.05	Neutral	0.43
05-May-06	12.20	12.41	Neutral	0.81

Source: Alpha Finance | 1: next year's EPS used from December onwards

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### Definitions of Fundamental and Risk Ratings and Allocations

		RISK RATING						
		Low (L)	Medium (M)	High (H)	Relative to	Horizon <sup>2</sup>	Coverage <sup>3</sup>	IB services <sup>4</sup>
FUNDAMENTAL RATING	Outperform OP	TRP <sup>1</sup> > +5%		TRP <sup>1</sup> > +15%	FTSE140	Dec.'06	43.7%	19.4%
	Neutral N	(5%) < TRP <sup>1</sup> < +5%					38.0%	3.7%
	Underperform UP	TRP <sup>1</sup> < (5%)		TRP <sup>1</sup> < (15%)			2.8%	0.0%
	Restricted (G) R(G)	Alpha Finance belongs to the same group of companies				2.8%	0.0%	
	Restricted (IB) R (IB)	Alpha Finance is currently rendering investment banking services				0.0%	0.0%	
	Under review UR	No rating currently available				12.7%	11.1%	

Source: Alpha Finance | Data as of 30.06.05 | 1: Total Return Potential (=capital return + dividend yield) | 2: except otherwise stated | 3: Percentage of companies under coverage within this category as of 30.06.05 | 4: Percentage of companies within this rating category for which investment banking services were provided over the past 12 months, as of 30.06.05.

The Alpha Finance universe consists of 71 companies accounting as of 30.06.05 for 80.5% of total market value and 87.8% of the FTSE140 market value

### Risk Ratings Explained

We derive the overall risk rating for a stock by equally weighting quantitative and qualitative factors. We use a scale from 1 to 3 to describe 'low', 'medium' and 'high' risk respectively. We compute three different quantitative risks namely, investability, liquidity and volatility. We assign equal weights to investability and liquidity risks to arrive at a so-called trading risk, which is then equally combined with volatility risk to produce the stock quantitative risk. Using the same 1-to-3 scale, each analyst also assigns a qualitative risk, that is entirely up to his/her discretion to determine.

All IPOs are classified 'high risk' for 12 months after their listing date.

### Definitions of Risk Ratings

Quant factor	Definition	Brackets	Risk rating
Liquidity	Number of shares traded over the last 12 months as % of total shares outstanding	If less than or equal to 15%	High
		If greater than 15% but less than or equal to 40%	Medium
		If greater than 40%	Low
Investability	The free float factors applied by FTSE. If the stock is not a FTSE constituent, company information is used	If less than or equal to 20%	High
		If greater than 20% but less than or equal to 50%	Medium
		If greater than 50%	Low
Volatility	Number of months over the last 2 years, in which a stock has moved up or down by more than 10%	If greater than or equal to 10	High
		If greater than 7 but less than or equal to 9	Medium
		If less than or equal to 7	Low

Source: Alpha Finance | Data as of 30.06.05 | The quant factors are updated at the end of each calendar quarter.

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