

Europe Greece
Chemicals Speciality Chemicals

8 May 2007

Neochimiki

Reuters: **NCHR.AT** Bloomberg: **NEOCHI GA** Exchange: **ATH** Ticker: **NCHR**

Divest and conquer

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Refocus on the chemicals sector results into new TP of €33.2

We reinstate our coverage with a TP of €33.2 (+66% vs €20.0), which reflects the group's reorganization, capacity additions in chemical production and logistics optimization. We believe the exclusive focus on chemicals business in SE Europe is going to result in major economies of scale as demand growth for chemicals in the region accelerates. Buy.

Neochimiki divested its 34% stake in Lamda Detergent

The sale of Lamda removed minorities generated by the non-chemicals business, accounting for c35% of our previous valuation securing c€100m or chemicals business capex and improving capital structure to a 2007E net debt/EBITDA of 2.3x.

Capacity additions to keep supporting growth beyond 2007E

We expect the company to spend €60m within 2007E-2008E to fund >400% expansion of CRM capacity in Avlida's plants to a total €250m, accounting for c.65% of total capacity by YE08E. The investment is going to strengthen Neochimiki's operations in Greece and Emerging Europe thereby delivering an EBITDA and DB EPS CAGR of 24% and 40% respectively in 2006-2009E.

Valuation and risks

We value Neochimiki via a 100% DCF exercise (WACC=7.7%; g=2%; net debt/equity=76%). Our new TP of €33.2 suggests a 12-month total return of 48%, thereby reinforcing the high conviction on our Buy rating. Furthermore, it trades at a growth adjusted discount on 2007E EV/EBITDA and P/E of 93% and 78% respectively, lending further support to our rating. Primary risks include contract non renewal by multinationals, failure to make the business cash generative and the political/economic uncertainties arising from Emerging European operations.

Forecasts and ratios				
Year End Dec 31	2006A	2007E	2008E	2009E
Revenue (EURm)	302	500	700	875
DB EBITDA (EURm)	62	68	95	117
DB EPS (EUR)	0.78	1.15	1.61	2.02
OLD DB EPS (EUR)	0.65	1.12	1.39	1.73
% Change	19.0%	3.0%	16.0%	16.7%
DB EPS growth (%)	104.3	48.9	39.8	25.0
P/E (DB EPS) (x)	14.6	19.5	13.9	11.2
EV/EBITDA (x)	13.2	14.2	10.1	7.7
DPS (EUR)	0.03	0.25	0.37	0.46
Yield (%)	0.3	1.1	1.6	2.1

Source: Deutsche Bank estimates, company data

¹ DB EPS reflects the ordinary adjusted for non recurring operating items

Deutsche Bank



Company Review

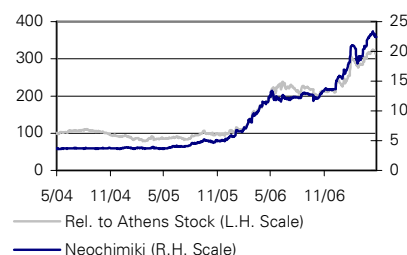
Buy

Price at 7 May 2007 (EUR)	22.48
Price Target (EUR)	33.20
52-week range (EUR)	23.38 - 11.50

Key changes

Target Price	20.00 to 33.20	↑	66.0%
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Price/price relative



Performance (%)	1m	3m	12m
Absolute	2.7	15.8	83.7
Athens Stock Exchange General Index 2.2			1.4

Stock & option liquidity data

Market cap (EUR)(m)	809.3
Shares outstanding (m)	38
Free float (%)	66
Option volume (und. shrs., 1M avg.)	-

Implied & Realized Volatility (3M)

Deutsche Bank AG/London

All prices are those current at the end of the previous trading session unless otherwise indicated. Prices are sourced from local exchanges via Reuters, Bloomberg and other vendors. Data is sourced from Deutsche Bank and subject companies.

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DISCLOSURES AND ANALYST CERTIFICATIONS ARE LOCATED IN APPENDIX 1

Model updated: 07 May 2007

Running the Numbers

Europe

Greece

Speciality Chemicals

Neochimiki

Reuters: NCHR.AT

Bloomberg: NEOCHI GA

Buy

Price as of 07 May EUR 22.48

Target price EUR 33.20

Company website

<http://www.neochimiki-lavrentiadis.gr>

Company description

Neochimiki is a producer and distributor of chemical raw materials on behalf of multinationals. Its activities are still largely concentrated in Greece, where the company is the market leader. The company is currently expanding aggressively in Emerging European markets.

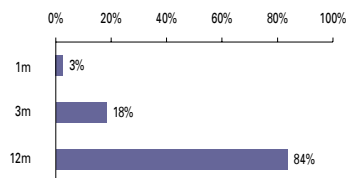
Research Team

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Absolute Price Return (%)



52-week Range: EUR 11.50 - 23.38

Market Cap (m) EUR 809

USD 1,100

Company identifiers

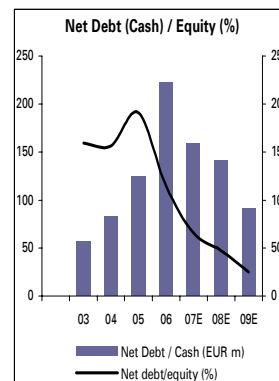
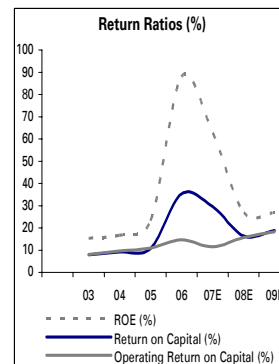
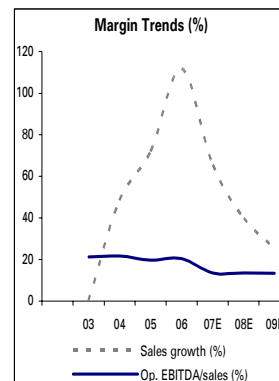
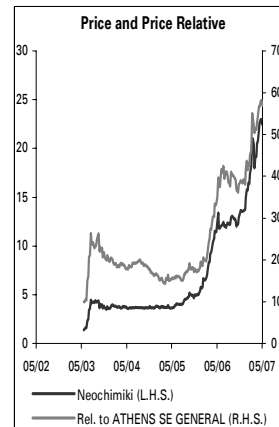
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Year Ending 31 December	2003	2004	2005	2006	2007E	2008E	2009E
SUMMARY							
DB EPS (EUR)	0.15	0.21	0.38	0.78	1.15	1.61	2.02
P/E (x)	23.5	17.9	11.2	14.6	19.5	13.9	11.2
DB EPS growth (%)	na	39.2	82.5	104.3	48.9	39.8	25.0
Reported EPS (EUR)	0.15	0.20	0.37	2.70	3.02	1.61	2.02
P/E (Reported) (x)	23.5	18.2	11.6	4.2	7.4	13.9	11.2
Operating CFPS (EUR)	0.01	0.22	0.73	-1.67	1.20	1.19	2.20
Free CFPS (EUR)	-0.65	-0.52	-1.17	-5.02	-0.46	0.61	1.58
P/CFPS (x)	471.8	16.9	5.9	nm	18.7	18.8	10.2
DPS (EUR)	0.06	0.03	0.06	0.03	0.25	0.37	0.46
Dividend Yield (%)	1.7	0.8	1.4	0.3	1.1	1.6	2.1
BV/Share (EUR)	0.96	1.47	1.69	4.44	5.80	7.32	9.24
Price/BV (x)	4.02	2.65	3.31	3.55	3.88	3.07	2.43
Weighted average shares (m)	35.2	36.0	36.0	36.0	36.0	36.0	36.0
Average market cap (EUR m)	124	134	154	408	809	809	809
Enterprise value (EUR m)	184	218	293	810	969	951	900
EV/Sales	3.30	2.63	2.06	2.68	1.94	1.36	1.03
EV/EBITDA	15.6	12.0	10.4	13.2	14.2	10.1	7.7
EV/EBIT	21.0	17.5	13.9	17.1	18.5	12.5	9.3
EV/Operating Capital	2.0	1.6	1.5	1.9	2.4	2.2	2.0
INCOME STATEMENT (EUR m)							
Sales revenue	56	83	143	302	500	700	875
Operating EBITDA	12	18	28	62	68	95	117
Depreciation	3	5	7	14	15	18	19
Amortisation	0	0	0	1	1	1	1
EBIT	9	12	21	47	52	76	97
Net interest income(expense)	-2	-4	-5	-11	-6	-6	-6
Associates/affiliates	0	0	0	0	0	0	0
Investment/other income(expense)	0	0	0	0	0	0	0
Exceptionals/extraordinaries	0	0	-1	74	80	0	0
Income tax expense	1	1	2	8	14	10	15
Minorities/preference dividends	0	0	0	6	0	0	0
Net income	5	7	13	97	113	61	77
CASH FLOW (EUR m)							
Cash flow from operations	0	8	26	-60	43	43	79
Movement in net working capital	-8	-3	5	-43	-7	-29	-25
Capex	-23	-26	-68	-120	-60	-21	-23
Free cash flow	-23	-19	-42	-181	-17	22	57
Other investing activities	0	-6	2	85	80	0	0
Equity raised(bought back)	10	0	0	0	0	0	0
Dividends paid	-2	-2	-1	-2	-1	-4	-6
Net inc(dec) in borrowings	16	27	44	115	-75	0	0
Other financing cash flows	0	0	0	0	0	0	0
Total cash flows from financing	24	25	43	113	-76	-4	-6
Net cash flow	1	1	3	17	-12	18	51
Movement in net debt(cash)	15	26	41	98	-63	-18	-51
BALANCE SHEET (EUR m)							
Cash and other liquid assets	1	2	5	22	10	27	78
Tangible fixed assets	68	107	165	346	329	332	334
Goodwill	0	0	0	0	0	0	0
Other intangible assets	1	6	11	17	18	18	18
Associates/investments	0	0	0	0	0	0	0
Other assets	35	41	62	125	223	312	389
Total assets	104	157	242	510	580	689	820
Interest bearing debt	58	85	129	244	169	169	169
Other liabilities	10	18	48	72	168	222	284
Total liabilities	68	103	177	316	337	392	453
Shareholders' equity	35	53	61	160	209	264	333
Minorities	1	0	4	34	34	34	34
Total shareholders' equity	36	53	65	194	243	297	367
Net working capital	24	25	17	59	59	93	109
Net debt(cash)	57	83	124	222	160	142	91
Capital	93	137	189	416	402	439	458
RATIO ANALYSIS							
Sales growth (%)	na	48.5	71.9	111.8	65.7	40.0	25.0
Op. EBITDA/sales (%)	21.2	21.8	19.7	20.4	13.6	13.5	13.4
EBIT/sales (%)	15.7	15.0	14.8	15.7	10.5	10.9	11.1
Payout ratio (%)	40.8	13.8	16.3	1.1	8.0	21.7	21.7
ROE (%)	15.2	16.7	23.2	87.9	62.8	27.0	26.7
Return on Capital (%)	7.9	9.3	10.7	35.3	29.6	16.4	18.8
Operating Return on Capital (%)	8.1	9.6	11.0	14.5	11.4	15.7	18.2
Capex/sales (%)	41.8	31.9	47.9	39.9	12.0	3.0	2.6
Capex/depreciation (x)	7.6	4.7	9.8	8.5	3.8	1.2	1.1
Net debt/equity (%)	159.5	156.5	191.2	114.7	65.8	47.7	24.8
Net interest cover (x)	3.7	3.3	4.2	4.5	9.1	13.0	17.0



Source: Company data, Deutsche Bank estimates

Estimate revision

We have revised our previous estimates of Neochimiki to reflect the following developments.

Figure 1: Estimate revision (€ m)

	Previous			Revised			% Change /Margin Diff		
	2007E	2008E	2009E	2007E	2008E	2009E	2007E	2008E	2009E
Sales	500	640	802	500	700	875	0	9	9
EBITDA	89	112	138	68	95	117	-24	-15	-15
Margin (%)	17.8	17.5	17.3	13.6	13.5	13.4	-4.2	-4.0	-3.9
EBIT	72	91	113	52	76	97	-27	-16	-14
Margin (%)	14.4	14.2	14.1	10.5	10.9	11.1	-3.9	-3.2	-3.0
Net Earnings	40	50	62	113	61	77	180	22	24
Margin (%)	8.1	7.8	7.8	22.6	8.7	8.8	14.5	0.9	1.0
Net Earnings-ordinary, adjusted	40	50	62	41	61	77	3	22	24
Margin (%)	8.1	7.8	7.8	8.3	8.7	8.8	0.2	0.9	1.0
EPS, basic (reported) (Euro)	1.12	1.39	1.73	3.14	1.69	2.13	180	22	24
DB EPS* (Euro)	1.12	1.39	1.73	1.15	1.69	2.13	3	22	24
EPS, fully diluted (Euro)	1.12	1.39	1.73	3.02	1.61	2.02	170	16	17
DB EPS*, fully diluted (Euro)	1.12	1.39	1.73	1.15	1.61	2.02	3	16	17
DPS (Euro)	0.25	0.31	0.39	0.25	0.37	0.46	0	18	20

Source: Deutsche Bank estimates; *Ordinary, excluding non recurring operating items

I) **Divestment of 34% stake of Lamda Detergent:** The company realized a capital gain of c€80m and received a total of c€100m in cash.

II) **Capacity expansion:** Based on management guidance, we factor in a >400% boost in capacity in Avlida's plants by YE08E for a total cost of €60m accounting for the full extent of capex (excluding acquisitions) in 2007E; Avlida's production plants should then account for the bulk or c.65% of CRM production capacity. Under our forecasts, Neochimiki will have sufficient capacity to service the fast-growing chemicals sector in Southeastern Europe until 2011E. At the same time, continued demand growth acceleration in Southeastern Europe could result into further capacity additions, thereby keeping up the virtuous cycle. The strategy can continue paying off well for as long as Neochimiki creates critical mass by realizing bargain acquisitions in the region, as happened thus far.

Figure 2: Chemical raw materials production: Fully capacity progression (€ m)

	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E	2016E
Chemicals #1 -Lavrio	15	16	16	17	17	18	18	18	19	19
Chemicals #2 -Avlida I & II	46	250	256	263	269	276	283	290	297	305
Chemicals #4 -Theva	21	21	22	22	23	23	24	25	25	26
Chemicals #5 - Avlida III (Interchem)	93	96	98	100	103	105	108	111	114	116
Total Chemical Raw Materials production capacity	175	383	392	402	412	422	433	444	455	466
Utilisation ratio (%)	71	46	54	65	83	85	87	89	91	93

Source: Deutsche Bank estimates

III) **Redeploying capital into the chemicals sector:** We observe a notable dilution of EBITDA margin reflecting the 25%/75% split between chemical raw materials production and distribution revenues we incorporate in our forecasts. Typically, distribution activities command a lower gross margin. Our estimates include a gross margin of c29% for chemical production and c.23% for chemical raw material distribution from 2007E-2010E. This translates into sustained EBITDA margins above 13% within the same period. Furthermore, Neochimiki is currently focused exclusively on the chemical raw materials production and distribution business with a key strategy of realizing asset acquisitions in South Eastern

Europe at bargain pricing. The company is now best positioned to take advantage of the logistics opportunity in the chemicals sector for Southeastern Europe, having acquired the only corporates with fully-licensed chemicals distribution via their port facilities, Interchem at Avlida and Syntra at Elefsis. We would highlight the following growth catalysts per business unit.

***Production and distribution
growth drivers***

For production, we expect strong organic sales growth driven by more client diversification and more product diversification (per same client contract). For 2007E, Like-for-Like (organic) growth is expected c134%YoY from a total of 291%YoY. We expect Interchem to be the biggest contributor on top of organic growth, generating c€30m of sales. For distribution we identify 3 major drivers, each one accounting for a third (c40-42%YoY) of the 2007E 127%YoY sales growth: a) Bulk chemicals, with increased chemicals distribution traffic through the ports of Avlida and Elefsis, b) distribution in Southeastern Europe via the logistics centers created all over Greece and the port-rail link potential, which is further linked up to river warehousing facilities at the Danube river acquired via RNB and c) an increase in production output is expected to result in distribution increases.

IV) Issuance of convertible bond to keep financing expansion: Our group level DB EPS (fully diluted) was revised by 3% to €1.15 in 2007E and 16% to €1.61 in 2008E versus our previous estimates. Our new EPS estimates therefore reflect the potential share dilution from the €100m convertible bond issuance (Refer to Appendix A for further details)

Valuation

DCF: Our valuation methodology is a classic DCF exercise. We value Neochimiki via a 100% DCF exercise (WACC=7.7%; g=2% and net debt/equity=76%) resulting in €33.2 per share (+66% vs previous €20.0 or +€13.2 per share). The details of the valuation are illustrated in Figures 3-4. Note that the market value of minorities factored in our valuation stood at €250m, therefore the Lamda stake sale improved Neochimiki's DCF valuation by c€230m (minorities valuation less stake value incorporated in our valuation plus cash proceeds from stake sale, that is 250-120+100). The c€100m cash received from selling the stake in Lamda Detergent are going to be invested to realize acquisitions in SE Europe (including Greece) as well as enhancing capacity production. The sale of Lamda Detergent stake accounted for 31% of our TP upward revision or c€6.1 per share in absolute terms and capital structure improvements, notably a 2pp improvement in the WACC down to 7.7% (from 9.7%) accounted appx. for the remaining 35% of TP upward revision or €7.1 per share in absolute terms. Under our forecasts the stock achieves a 2007E net debt/EBITDA of 2.3x, so therefore nearly as what we view as optimal gearing levels (2.5-2.8x).

Figure 3: Neochimiki's valuation (€ m)

	DCF	Valuation	Per share (€)	% on total
DCF-core business	1,196	1,196	33.2	100
less market value of minorities	0	0	0.0	0
Total Value	1,196	1,196	33.2	100
Value per Share (Euro)	33.2	33.2		
Upside (+)/Downside (-) (%)		48		
Dividend yield (%)*		0		
Total shareholder return (TSR) (%)		48		

Source: Deutsche Bank estimates; Pricing as of 4 May 2007; *Dividend yield corresponds to dividend for fiscal T=2006, paid within T+1=2007.

Figure 4: DCF valuation of Neochimiki's core business (€ m)

	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E	2016E
Net cashflow from operating activities	60	66	92	114	141	161	186	178	178	163
Income Tax paid before interest	-3	-7	-13	-18	-25	-36	-32	-32	-31	-31
Net cash used in investment activities	20	-21	-23	-26	-28	-40	-32	-34	-36	-39
Subsidies received	0	0	0	0	0	0	0	0	0	0
Free Cashflow to firm (FCF)	77	38	57	70	88	85	122	113	110	94
Terminal value										1682
PV of FCF	71	33	46	52	61	55	72	62	57	45
Sum of PV (07E-16E)	554									
PV of Terminal value	802									
Enterprise value	1,356									
Net debt(-)/cash(+) less pension l/b	-160									
Shareholder value	1,196									

Source: Deutsche Bank estimates;

Multiples: Comparisons with DB's European Chemical Universe median multiples show that Neochimiki is trading at a discount of 93% and 78% on the basis of 2-year growth adjusted 2007E EV/EBITDA and P/E respectively.

Figure 5: Neochimiki's multiple valuation

	2007E	2008E
<u>Neochimiki</u>		
EV/EBITDA	14.2	10.1
2006-2008E EBITDA growth (%)	24	
EV/EBITDA/EBITDA growth	59.4	
P/E- ordinary, adj.	19.5	13.3
2006-2008E EPS growth (%)	48	
PEG	40.9	
<u>DB European Chemicals Universe</u>		
EV/EBITDA	8.9	8.5
2006-2008E EBITDA growth (%)	1	
EV/EBITDA/EBITDA growth	890.0	
DB P/E (ordinary, adj.)	16.5	14.5
2006-2008E EPS growth (%)	9	
PEG	183.3	
<u>Neochimiki valuation vs European Chemicals Universe</u>		
EV/EBITDA premium (+)/discount (-) (%) vs peers	60	18
EV/EBITDAG premium (+)/discount (-) (%) vs peers	-93	
P/E premium (+)/discount (-) (%) vs peers	18	-8
PEG premium (+)/discount (-) (%) vs peers	-78	

Source: Deutsche Bank estimates; Pricing as of 4 May 2007

Risks

- **Cash generating ability:** Our estimates assume that the business will be cash generative from 2007E onwards. In the event this does not materialize, due to working capital concerns or large capex investments, our valuation estimates are likely to be compromised. One of the key elements that act in Neochimiki's favor is that Emerging European markets have lower working capital days versus Greece. The reason is that the average collection period for the distribution part of the business in Emerging Europe is 45-60 days whereas for Greece it averages 120-150 days since Neochimiki supplies to, amongst others, state-controlled entities which typically pay much later than private companies. Going forward as the business quota of international activities grows we expect generally working capital deficit to keep narrowing.
- **Contract non renewal:** Neochimiki's production business unit is highly dependent on the renewal of contracts from multinationals (typical contract duration of 6-8 years) and private labels (typical contract duration of 3-5 years). In the event a large contract is not renewed, earnings could be impacted. Furthermore, the reputation losses can impair the ability to sign new clients. Moreover, there is always a chance that multinationals may decide to turn towards direct operations rather than outsourcing, seeking to buy one of their major dealers in the region. Under such circumstances, Neochimiki's strategy may face a fate of total reversal, in which case it would have to be sold to a supplier to survive.
- **Steep decline in margins:** As the share of distribution activities increases over time and competitive forces intensify, this is likely to dilute operating margins as these operations typically carry lower margins (than production activities) due the wholesale nature of the business. We have already factored a mild decline in margins in our forecasts. However, should the decline be steeper than we estimated, it is going to impact negatively our estimates and valuation.
- **Political and economic uncertainties in Emerging Europe:** Countries in Emerging Europe are more susceptible to disruptive changes in political parties and resulting economic uncertainties. As such, there are additional operational risks involved when engaged in emerging markets. Furthermore, unfavourable political changes can affect the access to distribution channels such as railways or the use of certain ports of entry, which could be
- **Intensifying competition:** Although this is currently not a major short/medium-term threat due to the high entry barriers and Neochimiki's first-mover advantage, the Group should be vigilant of other regional players such Brenntag, Vopak/Univar and Azelis which could pose a threat in the long term as they build up critical mass in terms of production capabilities and client network.

Appendix A: Adjustment for convertible bond issuance

In April 2007, Neochimiki raised €100m from the sale of convertible bonds. The securities which will mature in 7 years have a coupon rate of 1.25% and were priced to yield 3.7%. The conversion to stock, typically at the discretion of the bondholders can take place at anytime once the share price exceeds the strike price of €28.2. We incorporate this into our forecasts by running the following theoretical exercise. The option to convert-resulting in additional 3.5m common stocks will be fully exercisable from April 2007E, assuming the stock's price exceeds the strike price. As such the fully diluted adjusted weighted number of shares takes into account a timing factor of 0.67 (8/12 months) in 2007E. The year end closing number of shares is the sum of the undiluted and the additional 3.5m shares from the conversion. Furthermore, in our adjusted net income estimates, we add back the post tax (at 25%) interest cost of the convertible bond of €3m.

Figure 6: Potential share dilution from the sale of convertible bonds

	2005	2006	2007E	2008E	2009E	2010E
Adjusted weighted no of shares (m)	36.00	36.00	36.00	36.00	36.00	36.00
Adjusted year closing no of shares (m)	36.00	36.00	36.00	36.00	36.00	36.00
Convertible bond shares (m)			3.5			
Adjusted weighted no of shares-fully diluted (m)			38.33	39.50	39.50	39.50
Adjusted year closing no of shares-fully diluted (m)			39.50	39.50	39.50	39.50
Timing factor			0.67			
Net income adjusted (€m)			116	64	80	99
EPS- fully diluted (€)			3.02	1.61	2.02	2.50
DB net income*, fully diluted (€m)			44	64	80	99
DB EPS*, fully diluted (€)			1.15	1.61	2.02	2.50

Source: Company data and Deutsche Bank estimates; *Ordinary, adjusted for non-recurring operating items

Appendix B: Financials

Figure 7: Neochimiki's consolidated income statement (€ m)

Year end December 31	2004	2005	2006	2007E	2008E	2009E	2010E	2011E
Detergents and cosmetics production	36	61	105	0	0	0	0	0
% change	54	69	74					
% on total	43	42	35	0	0	0	0	0
Chemical raw materials production	0	3	32	125	175	210	260	340
% change	n.a.	n.a.	967	291	40	20	24	31
% on total	0	2	11	25	25	24	24	25
Chemical raw materials distribution	47	79	165	375	525	665	834	1,027
% change	45	68	109	127	40	27	25	23
% on total	57	55	55	75	75	76	76	75
less intercompany	0	0	0	0	0	0	0	0
Total sales	83	143	302	500	700	875	1,094	1,367
% change	48	72	112	66	40	25	25	25
Cost of Sales	-54	-95	-211	-378	-529	-662	-829	-1,037
% change	48	78	121	79	40	25	25	25
Gross profit	29	47	91	123	171	213	265	330
% change	50	61	93	35	39	25	24	25
Other operating expenses, net	-11	-19	-30	-54	-76	-96	-120	-150
% change	45	70	54	84	40	25	25	25
EBITDA	18	28	62	68	95	117	145	180
% change	53	56	119	11	39	24	24	24
Margin (%)	21.8	19.7	20.4	13.6	13.5	13.4	13.3	13.2
EBITDA-adjusted	18	28	62	68	95	117	145	180
% change	53	56	119	11	39	24	24	24
Margin (%)	21.8	19.7	20.4	13.6	13.5	13.4	13.3	13.2
Depreciation charge	-6	-7	-14	-16	-18	-20	-22	-25
% change	85	24	103	12	15	10	12	10
EBIT	12	21	47	52	76	97	123	155
% change	42	70	124	10	46	27	26	27
Margin (%)	15.0	14.8	15.7	10.5	10.9	11.1	11.2	11.4
Financial results, net	-4	-5	-11	-6	-6	-6	-6	-5
Exceptional items, net	0	-1	74	80	0	0	0	0
EBT	8	16	111	127	70	91	117	150
% change	32	85	613	14	-45	30	28	28
Margin (%)	10.2	11.0	36.9	25.4	10.1	10.5	10.7	11.0
Income tax charge	-1	-2	-8	-14	-10	-15	-21	-30
Minority interests	0	0	-6	0	0	0	0	0
Net Earnings	7	13	97	113	61	77	96	120
% change	39	80	634	16	-46	26	25	25
Margin (%)	8.8	9.3	32.2	22.6	8.7	8.8	8.8	8.8
Net Earnings-ordinary, adjusted	7	14	28	41	61	77	96	120
% change	42	83	104	49	47	26	25	25
Margin (%)	9.0	9.6	9.2	8.3	8.7	8.8	8.8	8.8
EPS (basic), reported	0.20	0.37	2.70	3.14	1.69	2.13	2.66	3.33
% change	36	80	634	16	-46	26	25	25
EPS, FD, reported			2.70	3.02	1.61	2.02	2.50	3.11
% change				12	-47	25	24	24
DB EPS (basic)	0.21	0.38	0.78	1.15	1.69	2.13	2.66	3.33
% change	39	83	104	49	47	26	25	25
DB EPS, FD			0.78	1.15	1.61	2.02	2.50	3.11
% change				49	40	25	24	24
DPS	0.03	0.06	0.03	0.25	0.37	0.46	0.58	0.72
% change	-54	114	-50	733	47	26	25	25
% on EPS-ordinary, adjusted	13	16	4	22	22	22	22	22

Source: Company data and Deutsche Bank estimates

Figure 8: Neochimiki's consolidated balance sheet under IFRS (€ m)

Year end December 31	2004	2005	2006	2007E	2008E	2009E	2010E	2011E
Net Fixed Assets	113	176	363	347	350	352	355	358
Non current assets	1	1	1	1	1	1	1	1
Current assets (ex-cash)	41	61	124	222	310	388	485	606
Cash	2	5	22	10	27	78	136	210
Total Assets	157	242	510	580	689	820	978	1,176
Equity	53	61	160	209	264	333	419	527
Provisions	0	0	2	0	0	0	0	0
Minorities	0	4	34	34	34	34	34	34
Non current liabilities	2	4	5	5	5	5	5	5
Debt (short and long-term)	85	129	244	169	169	169	169	169
Short-term liabilities (ex-debt)	16	44	65	163	217	279	350	441
Total L/b & Equity	157	242	510	580	689	820	978	1,176
Net debt (+)/cash (-)	83	124	222	160	142	91	33	-41
Net Debt/Equity	157	204	139	76	54	27	8	-8

Source: Company data and Deutsche Bank estimates

Figure 9: Neochimiki's cashflow statement under IFRS (€ m)

Year end December 31	2004	2005	2006	2007E	2008E	2009E	2010E	2011E
EBIT	12	21	47	52	76	97	123	155
Depreciation & amortisation	6	7	14	16	18	20	22	25
Provisions & other	-2	-1	-64	-2	0	0	0	0
Change in Working Capital	-3	5	-43	-7	-29	-25	-31	-39
Operating Cashflow	13	32	-46	60	66	92	114	141
Income taxes paid (-)	-1	-1	-4	-11	-17	-7	-17	-24
Dividends paid	-2	-1	-2	-1	-4	-6	-8	-10
Net interest received (+)/paid (-)	-4	-5	-11	-6	-6	-6	-6	-5
Capex & Acquisitions	-32	-66	-35	20	-21	-23	-26	-28
Total use of cash	-39	-73	-52	3	-48	-42	-56	-67
Net proceeds from financing	27	44	115	-75	0	0	0	0
Change in cash	1	3	17	-12	18	51	58	74

Source: Company data and Deutsche Bank estimates

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Appendix 1

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Additional information available upon request

Disclosure checklist			
Company	Ticker	Recent price*	Disclosure
Neochimiki	NCHR.AT	22.48 (EUR) 7 May 07	1,6,7,8
Lamda Detergent	BLLR.AT	9.98 (EUR) 7 May 07	6

*Prices are sourced from local exchanges via Reuters, Bloomberg and other vendors. Data is sourced from Deutsche Bank and subject companies.

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(as of 7/05/2007)



Previous Recommendations

- Strong Buy
- Buy
- Market Perform
- Underperform
- Not Rated
- Suspended Rating

Current Recommendations

- Buy
- Hold
- Sell
- Not Rated
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*New Recommendation Structure as of September 9, 2002

1. 20/12/2006: Buy, Target Price Change EUR20.00 2.

Historical recommendations and target price: Lamda Detergent (BLLr.AT)

(as of 7/05/2007)



Previous Recommendations

- Strong Buy
- Buy
- Market Perform
- Underperform
- Not Rated
- Suspended Rating

Current Recommendations

- Buy
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- Sell
- Not Rated
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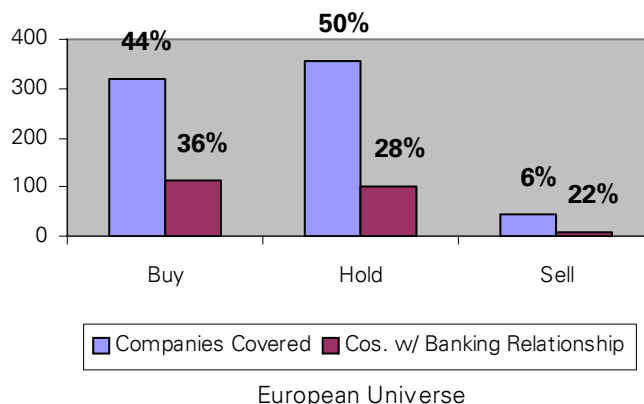
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