

Neochimiki (NCHr.AT)

Chemicals

Outperform
(New Coverage)

EUR8.06

ASE Index: 4,237.34
23/02/06

Reason for report: Initiation of Coverage

Valuation ratios	2004	2005	2006e	2007f
P/E adj. (x)	39.60	22.99	17.58	12.44
P/E on TP (x)	47.66	27.67	21.15	14.97
P/CFPS adj. (x)	22.38	14.81	10.51	7.69
P/BVPS (x)	5.37	4.60	3.74	3.06
EV/Sales (x)	4.51	2.91	1.91	1.48
EV/EBITDA (x)	20.66	15.05	11.48	8.74
RoE (%)	13.5%	20.0%	21.3%	24.6%
Fundamentals	2004	2005	2006e	2007f
Turnover	82.91	142.50	228.55	298.45
EBITDA	18.08	27.53	37.97	50.60
EBT	8.46	15.01	20.12	28.85
Net profit	7.33	12.62	16.51	23.32
EPS adj.	0.20	0.35	0.46	0.65
DPS	0.06	0.03	0.06	0.17
Shareholders funds	54.08	63.05	77.58	94.84
Net debt	83.47	124.30	145.70	151.97
<small>Note: Amounts in Eur mn unless otherwise stated</small>				
Margins (%)	2004	2005	2006e	2007f
Gross margin	35.4%	32.8%	28.9%	29.3%
EBITDA	21.8%	19.3%	16.6%	17.0%
EBT	10.2%	10.5%	8.8%	9.7%
Net profit	8.8%	8.9%	7.2%	7.8%
Dividend Yield	0.7%	0.3%	0.7%	2.1%
Growth rates (%)	2004	2005	2006e	2007f
Sales	48.5%	71.9%	60.4%	30.6%
EBITDA	52.7%	52.3%	37.9%	33.2%
EBT	32.4%	77.4%	34.0%	43.3%
Net profit	39.3%	72.3%	30.8%	41.3%
Share price data	1m	6m	12m	Y-t-D
Rel. perf. vs GI	15.8%	36.7%	55.4%	24.5%
Abs. perf.	24.0%	76.8%	115.5%	43.9%
L-T growth		1.00%		
WACC		9.67%		
12-month Target Price (EUR)	9.70			
Target Market Cap. (EUR mn)	349.15			
Current Market Cap. (EUR mn)	290.16			
Outstanding shares (mn)	36.00			
Free float	49.90%			
Average daily volume (shares)	190,340			

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Defining Growth

Neochimiki: A market leader in detergents & chemicals

Neochimiki was founded in 1974 as a chemicals trading company and is currently the local leader in the production of detergents on behalf of multinationals and private labels and the leading distributor of chemical raw materials to a network of c2,500 clients.

Positive Sector Dynamics

Increasing trends championing outsourcing and imports substitution, as well as the ability to duplicate the successful Greek business model abroad make Neochimiki a darling player in a favorable environment. The company's potential in the EUR5bn chemicals and EUR0.8bn detergents market is huge considering its low market shares and important entry barriers. The outlook of the EUR15bn Eastern European chemicals market is even more upbeat taking in mind the growth and transformation potential of the local economies. Neochimiki already operates subsidiaries in Romania, Bulgaria, Serbia, Ukraine, Cyprus and Germany.

Superior growth profile

Neochimiki announced a 71.9% y-o-y surge in '05 group sales, to EUR142.50mn, and a 72.3% hike in net profit, to EUR12.62mn, thereby finishing the last 5 years with a 63.8% CAGR in revenues and a 56.0% CAGR in net earnings. Moreover, updated management guidance calls for a '05-'11 EPS CAGR of 31.5% on the back of a 33.3% CAGR in sales. The group has set Eastern European expansion as its strategic goal and we consider that its strong relations with multinational conglomerates, current low market shares, high entry barriers and favorable sector dynamics sway the odds in favor of its success.

Our DCF Target Points to Considerable Upside

Neochimiki has gained 43.9% y-t-d, strongly outperforming the surging local market. In our view, the stock will continue to outperform the benchmark index as it still trades at a considerable discount to the market and its peers. We value the group through a DCF model at EUR9.70 per share, implying a total expected return of 21%. On our estimates, Neochimiki currently trades 12.4x 2007f net earnings or at a 17% discount to international peers. The discount widens to 58% on a 2007f PEG basis (Neochimiki's PEG stands at 0.43x). **At half the discount, Neochimiki's implied fair value would jump to EUR12.00 per share.**

Favorable Risk/Reward Profile

Major risks involve execution risks in Eastern Europe and cash flow management. Working capital and CAPEX needs remain high, constraining free cash flow generation and necessitating excessive gearing. With 2007f EBITDA at 7x net interest charges, we see minimum financial risk, while rewards may exceed expectations given a combination of a) growth momentum and b) leverage - both financial and operating. We initiate coverage with an Outperform Rating considering Neochimiki a genuine growth story.

Company Description

Neochimiki was established in 1974 as a chemicals trading company. It currently produces detergents for key clients such as Henkel, Unilever and Sara Lee. Additionally, the company produces detergent for private labels like Carrefour, DIA, Makro and AB Vassilopoulos. Finally it distributes chemicals on behalf of Shell, BP and BASF to a network comprising c2,500 clients. The company has established subsidiaries in Romania, Bulgaria, Serbia, Ukraine, Cyprus and Germany.

Comparable Companies

Clariant, Degussa, Lonza, Mc Bride, Ciba, Givaudan

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INVESTMENT THESIS**DOMINANT POSITION IN GREECE – PROMISING OUTLOOK ABROAD**

Neochimiki is the market leader in the production of detergents and the distribution of chemical raw materials in Greece. The company produces detergents on behalf of multinationals that originally imported raw materials, produced locally, advertised, packaged and distributed their branded detergents. The latter now only carry out their communication strategy and distribution in Greece. It also produces private label detergents for 8 out of the 10 largest super market chains in Greece. Neochimiki dominates the EUR800mn detergents production market and commands a 2.4% stake in the EUR5.00bn Greek chemicals market, with its customers extending to c2,500. The company is also active in the EUR15.00bn Eastern European chemicals market, currently enjoying a low (and promising) 0.15% share. The tendency of multinational players that operate in Greece to free up capital by a) substituting imports and b) outsourcing local production is bound to favor Neochimiki, while the potential in Eastern European markets is even greater. Eastern European expansion has been set as the company's 2005-2009 strategic goal.

ENTRY BARRIERS PROTECT MARGINS

Neochimiki operates on a c33% gross margin and a c19% EBITDA margin. In spite of the sector's attractive returns and robust growth prospects, not all existing participants or likely newcomers may benefit, in our view. Neochimiki owns logistics and production facilities in Greece (operates at c40% capacity) and has established subsidiaries in neighboring Bulgaria, as well as in Serbia, Ukraine, Romania, Germany and Cyprus. In 2005, the company agreed to merge its Lamda Detergent subsidiary (active in the production of detergents) with Ballis Chemicals (BLLr.AT), the latter owning a production plant in Thessaloniki. This move will a) increase the group's production capacity, b) allow for more streamlined operations (production lines at the Atalanti plant will operate with less interruptions) and c) enable Neochimiki to address the needs of a growing niche: detergents for professional use. During 2005, Neochimiki decided to bolster its position in the paints and lacquer business and proceeded to the acquisition of Novion. Armed with a committed management team, the necessary know how and strong relations with major multinational clients on both the production and distribution fronts, Neochimiki is poised to grow further. The aforementioned relations are secured with contracts extending up to 10 years. More importantly, Neochimiki has managed to meet the quality specifications set by global chemicals and detergents leaders like Unilever, Henkel, Basf, Ecolab, Johnson Diversey and Sara Lee and this constitutes the most important entry barrier in the sector, in our view. It also explains Neochimiki's success and transformation from a EUR12.08mn company in 2000 to a EUR142.50mn group in 2005.

KEEPING IT SIMPLE: WE BUY GROWTH

Neochimiki currently trades 12.4x 2007e net earnings (excluding new acquisitions, like the recent one involving Ballis Chemicals). At the same time, we project Neochimiki will raise net profit by a 32% CAGR in 2005-2009 on the back of a 36% CAGR in group sales and a 31% CAGR in EBITDA. We struggle to find similar small-cap growth cases in Greece. On our estimates, the company trades on a 2007f PEG of 0.43x – at a steep discount to the local market and major international peers. Our Target Price at EUR9.70 per share implies a 20% upside potential or a 21% total expected return including a EUR0.03 DPS anticipated for 2005. Further earnings upgrades and consequent changes in our target price may be the outcome of updated management guidance on growth, margins, working capital, CAPEX and gearing. We believe Neochimiki will continue to outperform the Greek market.

VALUATION

We employ a two-staged DCF model to value the Neochimiki Group and illustrate a peer group analysis to provide the full picture in the chemicals and detergents sector. For now, we avoid valuing the detergents production business separately (Lamda Detergent). We consider the use of discounted cash flows as the best means of capturing the growth potential of Neochimiki. Our explicit forecasts extend to 2012, when we expect the group to have increased 2005 sales by a 31.1% CAGR and 2005 group EBITDA and net profit by a 27.3% CAGR and a 30.9% CAGR respectively. We estimate the group's terminal value using a 1.0% growth rate at EUR357.90mn or 71% of the total enterprise value.

The remaining 29% of EV stands at EUR145.11mn after discounting Neochimiki's group FCFFs in the 6-year term to 2012 with a an average WACC of 9.7% on a 6.0% risk premium, a beta of 1.50 and a 3.80% risk free rate. Note that we have chosen to err on the conservative side and have assigned a rather high, 12.80%, cost of equity to mainly account for the risks associated with Eastern European expansion. The group's WACC benefits from the extensive use of 'low-cost' debt financing (debt at 1.9x equity). We have been particularly thorough in investigating the group's working capital (WC) and CAPEX needs as both restrain free cash flow generation in 2005-2006. Investments in production and distribution activities and cash tied-up in working capital are necessary to support and further fuel Neochimiki's growth momentum. On our estimates, the group will generate average incremental sales of EUR115.41mn per annum over the same period covering our explicit forecasts. Over the same period, cash locked in WC is estimated at EUR29.36mn per annum or c1/4 of incremental revenues. Increased contribution from Eastern European operations (shorter days sales outstanding), revenues from distribution activities (shorter inventory days turnover) and the overall streamlining potential following the acquisition of Ballis Chemicals' plant in Thessaloniki as well as the production unit of Novion are expected to limit working capital drains (we nevertheless plug in strict assumptions to err on the cautious side). Our CAPEX forecasts are in line with management guidance and involve both distribution and production activities. Bear in mind that investments in working capital compensate the group by preserving its hefty profit margins (multinational clients are willing to pay more to forego own production costs).

Neochimiki Group - DCF Valuation Model

(EUR mn)	FY 06e	FY 07f	FY 08f	FY 09f	FY 10f	FY 11f	FY 12f
Sales	228.55	298.45	382.96	487.30	627.80	796.14	950.37
y-o-y	60.4%	30.6%	28.3%	27.2%	28.8%	26.8%	19.4%
EBITDA	37.97	50.60	63.86	79.93	103.30	125.80	148.83
y-o-y	37.9%	33.2%	26.2%	25.2%	29.2%	21.8%	18.3%
EBITDA margin	16.6%	17.0%	16.7%	16.4%	16.5%	15.8%	15.7%
Increase in WC	18.90	24.30	18.74	23.12	31.06	37.44	51.99
% of sales	8.3%	8.1%	4.9%	4.7%	4.9%	4.7%	5.5%
Tax paid	1.43	1.08	2.62	3.42	4.89	9.58	15.35
CAPEX	30.10	18.10	21.10	22.00	22.00	25.00	25.00
% of sales	13.2%	6.1%	5.5%	4.5%	3.5%	3.1%	2.6%
Operating Free Cash Flows	-12.46	7.11	21.40	31.40	45.35	53.78	56.50
y-o-y			200.8%	46.7%	44.4%	18.6%	5.1%
Discounted FCFFs		6.50	17.82	23.86	31.28	33.57	32.09
PV of Free Cash Flows		145.11	29%				
PV of Horizon Value		357.90	71%				
Enterprise Value		503.01					
+ Cash & cash equivalents	5.30						
- Debt	151.00	-145.70					
+ Participations (and other non current assets)	0.85						
- Minorities (and other long term liabilities)	9.01	-8.16					
Equity value		349.15					
# of shares		36.00					
Implied Fair Value		9.70					
Current Price	8.06						
Shares Outstanding	36.00						
Market Cap.	290.16						
2006 Dividend Yield	0.3%						
Upside Potential		20.3%					
Total Expected Return		20.7%					

Source: Piraeus Sigma-Devletoglou

We also cite a comparative analysis to provide a complete picture of the major players in the detergents and chemicals sectors globally. We avoid incorporating this peer group comparison in our valuation exercise due the different sizes of the companies involves, their different scope and geographic presence.

Peer group analysis

Company	Market Cap.	2006 PEG	2007 PEG	2005 P/E	2006 P/E	2007 P/E	2006 Ev/EBITDA	2007 Ev/EBITDA	2007 RoE	2007 DY	2007 Net margin
Dow Chemical	34,911.0	na	na	18.3x	9.8x	8.3x	6.6x	5.0x	26.4%	3.3%	11.1%
Basf AG	33,576.8	na	na	17.1x	10.9x	10.5x	4.5x	4.0x	16.9%	3.2%	7.2%
Degussa AG	8,796.5	na	1.31x	29.5x	high	20.3x	6.8x	6.5x	9.7%	2.6%	3.6%
Givaudan AG	4,458.9	1.90x	na	19.3x	17.2x	15.5x	11.3x	11.5x	19.0%	1.5%	14.4%
Ciba Spezialitaetenchemie	3,634.7	1.04x	na	15.9x	16.7x	14.9x	7.8x	7.1x	9.1%	3.7%	4.7%
Clariant AG	3,002.4	0.56x	0.75x	18.1x	14.4x	12.8x	6.5x	5.9x	14.3%	2.0%	4.1%
Lonza Group AG	2,680.9	1.02x	1.24x	27.6x	20.8x	17.4x	10.4x	9.8x	14.4%	1.7%	8.2%
Mcbride	439.4	1.68x	1.52x	13.5x	13.7x	12.5x	5.9x	5.7x	19.4%	3.7%	4.2%
Weighted Cap Average		1.23x	1.02x	19.6x	17.0x	15.0x	9.1x	8.7x	14.6%	2.2%	8.3%
Neochimiki L.V. Lavrentiadis S.A.	281.5	0.43x	0.43x	23.0x	17.6x	12.4x	11.5x	8.7x	24.6%	2.1%	7.8%
Premium (+) /Discount (-)		-65.3%	-58.1%	17.6%	3.2%	-17.2%	26.5%	0.4%	68.0%	-6.7%	-5.6%

Sources: Piraeus Sigma-Devletoglou, JCF Quant
Note: Closing prices as of 22/02/06

At first sight, Neochimiki appears to be trading on a demanding 2006 P/E of 17.6x – at a slight premium to the second group of international peers we have identified (market cap of EUR0.4-4.5bn) – and on a 2006 Ev/EBITDA of 11.5x – at steeper 24% premium. Moving forward to 2007, Neochimiki trades at a 17% discount on a P/E basis and at par with peers on an Ev/EBITDA basis. At the same time, the company offers superior Return on Equity (24.6%) and comparable dividend yield and net profit margin.

The greatest difference emerges when we account for growth: Neochimiki trades on a 2006 and 2005 PEG of 0.43x compared to a (sub)sector average of 1.23x and 1.02x respectively, ie the discount lies at a huge 58-65%. As stated earlier, we refrain from including a theoretical value stemming from the analysis of peers in our valuation model for Neochimiki. The comparison however reveals that despite the y-t-d rally, Neochimiki remains cheap and attractive. We initiate coverage on the stock with a Target Price of EUR9.50 per share, looking for a total expected return of 21%. We assign an Outperform rating as we consider that Neochimiki's share price should edge up towards our implied fair value on the back of its upbeat performance and stellar growth outlook.

SWOT Analysis

Strengths

- Dominant position in detergents market (production)
- Leading position in the distribution of chemicals
- Efficient balance sheet (gearing enhances EPS growth)
- Solid profit margins
- Competent management
- Strong relations with client base
- High entry barriers

Opportunities

- Increase market share in the rapidly growing Eastern European market
- Bolster shares in Greece
- Expand into the professional use segment (via Ballis Chemicals)
- Duplicate successful business model in other market niches

Weaknesses

- High dependency on a few multinationals
- High CAPEX & working capital needs limit free cash flow generation
- Low RoIC and ROCE
- Limited liquidity could hinder acquisitions
- Small size compared to foreign peers

Threats

- Losing contracts with major clients (10-year duration)
- Execution risks associated with Eastern European expansion
- Financial risks
- Healthy margins and growth potential could invite competition

Risks

The primary risks associated with Neochimiki involve the likelihood of losing one or more of the contracts with its major clients, execution risks related to its Balkan expansion, financial risks stemming from its extensive gearing and competition stiffening considering margins and outlook. An additional risk emanating from the nature of Neochimiki's business and its current position in the growth cycle relates to cash flow management and more specifically with CAPEX and working capital. Given that Neochimiki operates its Atalanti plant at a 40% utilization and has already acquired additional capacity, we consider CAPEX outlays as less likely (ex-acquisitions). On the other hand, working capital management is essential so that the group creates value (and not just sales) for its shareholders. Overshooting in working capital (over and above our estimates) could significantly impact our valuation and rating.

COMPANY DESCRIPTION

ORIGIN AND SETUP

Neochimiki boasts a 30-year proven expertise in the Greek chemicals market. The company was established in 1974 as a family-run business trading chemicals and producing hypochlorite bleaching salts. The appointment of Mr. L. Lavrentiatis as the company's CEO in 1996 marked the company's shift of focus in becoming the leading specialty chemical company in Greece. Staying in tune with the developments in the chemical sector, Neochimiki grew to become a leader in the distribution of chemical products and the dominant player in the production of detergents on behalf of multinationals and private labels in Greece. In May 2003, Neochimiki was floated on the Athens Stock Exchange at a market cap. of EUR49.50mn (9mn shares x EUR5.50/share) to achieve an average market of capitalization of EUR153.62mn in 2005 (the company distributed 3 bonus shares for every 1 held during 2003). As its management likes to refer to the company, Neochimiki [...is a one-stop-shop for chemicals, providing top quality products to the Greek and international markets].

Company Milestones

Year(s)	Event
1974	Neochimiki is established as a family business, trading chemical raw materials.
1997-1998	Acquires part of the facilities of Hoechst Hellas at Vathi, Avlida and expands its business activities in the chemical sector by entering the production of liquid chemical products. Lamda Detergent is established, marking Neochimiki's entrance in the sector of detergents. Lamda Pack (distribution of chemicals for packaging industries) is established.
2000-2001	Lamda Detergent acquires Henkel Hellas' factory in Atalanti, for the production of raw materials for detergents and the manufacturing of detergent end-products. Neochimiki expands in Northern Greece after establishing a logistics centre in the industrial area of Sindos (Thessaloniki). Spedimet (transport of chemicals), Lamda Lamda and Lamda Polymers Intl (distribution of solvents and polymers respectively) are established.
2002-2003	Neochimiki is floated on the Athens Stock Exchange on May 20, 2003. Lamda Lamda acquires Clariant's resin factory. Petronet (base industrial oils, paraffins), Chemical Solutions (resins), Neochimiki Romania (chemicals) and Tria Lamda (special fertilizers) are established.
2004	Lamda Fertilizers (distribution of raw materials for the production of fertilizers and specialties), Atlantic Polymers and Chemicals (ex Chempol Hellas /distribution of petrochemicals, mechanical and technological plastics) are established. Neochimiki expands its activities in Serbia and Cyprus by establishing Neochimiki Beograd and Neochimiki Lavrantiadis Limited. The company penetrates Bulgaria after establishing Neochimiki Bulgaria (trading and distribution of chemicals).
2005	Lamda Cosmetics (production, packaging and trade of cosmetics and chemical products) and Chemical Innovations (production, trade and distribution of emulsions for the paints, constructions and adhesives industries) are established. Neochimiki International is established with the target of participating in any form of domestic or foreign companies individually or as a joint-venture with other legal domestic or foreign entities.

Source: Company

PROFILE AND OPERATIONS

The company is the largest distributor of high-value added chemicals and one of the main chemical industrial complexes, currently cooperating with major multinationals and world-known chemical manufacturers. Neochimiki produces and distributing chemical products for several industrial sectors. After establishing subsidiaries in Cyprus, Bulgaria, Serbia and Romania, Ukraine and Germany, the company has expanded its presence in Eastern Europe, tipping its toes in a 200mn citizens market.

Business Activities

Production	Trade	Trade Combined
Production of detergents for multinational corporations	Trade of chemical raw materials for detergent and cosmetic industries	Production and trade of chemical raw materials for biologic sewage and water processing
Production of private label	Trade of polymers for	Production and trade of chemical raw materials for metal and construction industries
Production of raw materials for the detergent industries	Trade of chemical raw materials for food industries Trade of chemical raw materials for paint and lacquer industries Trade of chemical raw materials for textile industries Trade of chemical raw materials for special fertilizers	

Gross Margins

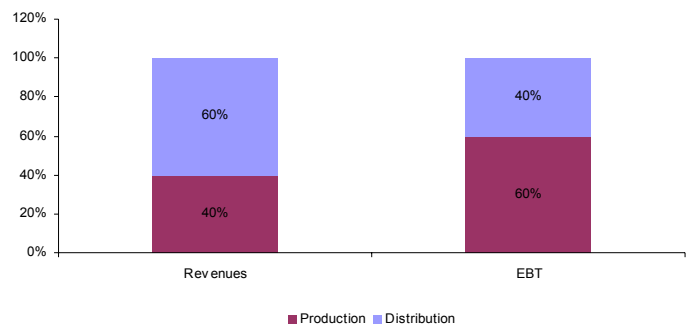
Production	Trade	Trade Combined
45-55%	5-30% depending on working capital investment (avg. 1	

Sources: Company, Piraeus Sigma-Devletoglou

PRODUCTION ACTIVITIES

Neochimiki is active in the production of detergents for multinationals and private label companies. Lamda Detergent, Neochimiki’s 84.62% subsidiary (stake prior to the merger with Ballis Chemicals), produces detergents in liquid and powder form and is currently the market leader in the EUR800mn Greek market. Its list of customers includes multinationals such as Henkel, Unilever, Ecolab, Johnson Diversey and Sara Lee, as well as hyper markets Carrefour, AB Vassilopoulos, Veropoulos, Galaxias, DIA, Makro, Massoutis and Metro. Thanks to its state-of-the-art production unit in Atalanti, Neochimiki also produces raw materials for the detergents and cosmetics industries. Revenues associated with production activities account for c40% of group turnover, while profitability wise, production contributes c60% of group EBT.

Group Earnings Drivers



Source: Company

Neochimiki entered the production of detergent sector in 2000, when it purchased the detergent and chemical factory of Henkel Hellas in Atalanti. The company took advantage of the production vacuum that appeared in the Greek market when multinationals withdrew their production units from Greece and only kept their own production units in cases where it was deemed absolutely necessary. Some conglomerates still import their detergent products in the Greek market but this policy carries along increased costs associated with transportation and stock handling. Neochimiki's prospects are further enhanced by the increased demand for private label products from the major super market and mini market chains. From a super market's angle, private label products are an excellent source of revenues with pricing policies at the hands of the retailers themselves.

Factory	Total Area (sm ²)	Production Capacity (Tonnes/Year)	Utilization
Atalanti	130,000	100,000 Liquid Detergents 100,000 Powder Detergents 25,000 Raw Materials	40%

Source: Company

DISTRIBUTION ACTIVITIES

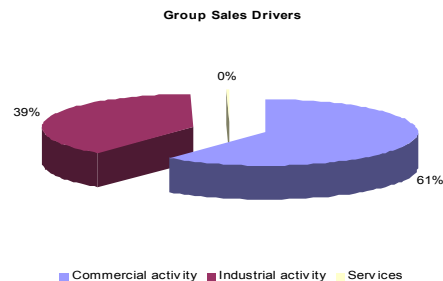
Neochimiki is also engaged in the distribution, packaging and repackaging of chemical raw materials in bulk, as well as the commercial representation of chemical products of leading producers. More specifically, the company is the largest distributor of high-value-added chemical products in Greece, operating in a low-risk /high-profit market. The company distributes products in several industries: Detergents, Cosmetics, Metallurgy, Textiles & Dyes, Special Fertilizers, Water Processing, Food & Drink, Rubber, Paints & Lacquer, Plastics and Base Oils. During the last couple of years, Neochimiki has expanded its distribution activities in the Balkans and Cyprus through the operations of its international subsidiaries. Distribution activities represent c60% of group revenues and c40% of EBT. With a low 2.4% stake in the EUR5.00bn Greek chemical market, Neochimiki boasts the leading distribution position with clients such as Shell, BP, and BASF. Moreover, Neochimiki's potential in the Balkans is enormous taking into account the market's size (estimated at EUR15.00bn) and growth outlook.

Group Sales Geography



Source: Company (2004 Annual Report)

Group Sales Drivers



Source: Company (2004 Annual Report)

WAREHOUSING FACILITIES

The company has established warehousing facilities in Thessaloniki, Northern Greece (total area: 40,000 sm², logistics: 10,000 sm², tanks: 5,000 m³) and Avlida, Central Greece (total area: 20,000 sm², logistics: 3,000 sm², tanks 3,000 m³).

STRATEGY

Neochimiki's 2005-2009 strategic goal is Eastern European expansion. The company plans to address a huge market in terms of citizens (c200mn) and growth potential by duplicating its successful Greek business model. Neochimiki's logistics infrastructure and long lasting relations with multinational conglomerates minimize execution risk and provide the company with key competitive advantages in the chemicals distribution sector.

Additionally, the company will seek to increase its market shares by profiting from the international trend to shift from imports to reliable local producers in the EUR5bn Greek market and the EUR15bn Eastern European chemical market. Neochimiki stands to benefit from its quality production and the already established relations with global players. Moreover, cost dynamics favor the company that can preserve its healthy margins and at the same time offer competitive prices. Alternative courses of action for Neochimiki's targeted clientele involve tying up working capital, proceeding with significant CAPEX and ending up with inflated final prices due to high transportation costs associated with imported raw materials.

Finally, Neochimiki aims at broadening its dominant position in the Greek market (flat outlook) by providing a larger portfolio of quality chemical products after augmenting the production volume of final detergent products for multinationals and private labels. The company targets to capitalize the following competitive advantages it possesses:

1. Quality and environmentally approved (by multinationals partners) facilities
2. Strong technological know-how in the detergent sector
3. Product design capacity
4. Flexibility of manufacturing units
5. Reduced transportation costs

OUTLOOK

Along with the release of 2005 results, Neochimiki upped 2006 guidance for group sales and net profit to EUR230mn (from EUR195mn) and EUR17.2mn (from EUR15.5mn) respectively. The new figures represent yearly increases of 61% and 36% respectively and the upgrade is attributed to the acquisition of Ballis and Novion (80%) and the robust outlook of the agro-chemicals business (20%). To finance the expected growth, Neochimiki decided to propose to the AGM a small dividend distribution. We expect higher dividend payouts from 2006 onwards. The company's management looks for a '05-'11 CAGR in sales of 33.3% and an EPS CAGR of 31.5%.

We consider the risk on guidance and our own estimates lying on the upside given a) increased production capacity from the merger through absorption of Lamda Detergent by Ballis Chemicals (*Neochimiki sold 436,000 Lamda Detergent shares for EUR7.57/share to Ballis' (old) shareholders, lowering goodwill directly with a EUR2.8mn capital gain*), b) the acquisition of Novion, and c) the high demand of the fast growing markets in South Eastern Europe.

2006 CALENDAR

Date	Event
February 23	FY '05 results release
May 4	1Q '06 results release
May	Presentation to Analysts
June 14	AGM
June 30	Record date for 2005 dividend
July 3	Ex-dividend date
July 11	Dividend payment
July 27	1H '06 results release
November 2	9M '06 results release

Source: Company

GROUP STRUCTURE

Group companies	Stake	Core Activity (ies)
Lamda Detergent	84.62%	<ul style="list-style-type: none"> Production of liquid and powder detergents for domestic and professional use Production, packaging and trading of raw materials for the detergents and cosmetics industries
Lamda Pack	100.00%	<ul style="list-style-type: none"> Trading of chemical raw materials for plastics and packaging
Lamda Polymers International	100.00%	<ul style="list-style-type: none"> Trading and distribution of polymers in the plastics industry
Lamda Lamda	100.00%	<ul style="list-style-type: none"> Trading of solvents, chemical raw materials for paints & lacquer industries Production of resins
Spedimet	80.44%	<ul style="list-style-type: none"> Transportation of chemical products, liquid fuels, chemical and caustic liquids
Petronet	100.00%	<ul style="list-style-type: none"> Trading and distribution of base oils, paraffin and lubricants
Lamda Fertilizers	100.00%	<ul style="list-style-type: none"> Trading of special fertilizers Provision of chemical products for fertilizer producers in Greece
Chemical Solutions	100.00%	<ul style="list-style-type: none"> Trading of resins and chemical raw materials for the paints & lacquer industry
Atlantic Polymers & Chemical	100.00%	<ul style="list-style-type: none"> Distribution of petrochemicals, mechanical and technological plastics
Neochimiki Romania	99.84%	<ul style="list-style-type: none"> Trading and distribution in Romania of all chemical products
Neochimiki AD Beograd	100.00%	<ul style="list-style-type: none"> Trading and distribution in Serbia of all chemical products
Neochimiki Bulgaria	99.00%	<ul style="list-style-type: none"> Trading and distribution in Bulgaria of all chemical products
Neochimiki LV Lavrentiadis	100.00%	<ul style="list-style-type: none"> Distribution and commercial representation of well-known chemical products in Cyprus

Sources: Company, Piraeus Sigma-Devletoglou

CORE SUBSIDIARIES

Neochimiki L.V. Lavrentiadis SA is the parent company of the Group and its core activity involves the trading, mixing, distribution, commercial representation, packaging and repackaging of bulk chemical raw materials, as well as the production of cleaning and surface-acting materials, polishing agents and water processing products. The parent company employs 47 people.

Lamda Detergent is a producer of liquid and powder detergents (end-products) for domestic and professional use and is also active in the the production, packaging and trading of raw materials for the detergents and cosmetics industries. Its clientele mainly comprises multinationals and private label companies. Lamda Detergent owns a production unit in Atalanti and employs 45 people. The company will be absorbed by Ballis Chemicals (BLLr.AT) and will become listed on the ATHEX.

Neochimiki Parent

(EUR mn)	FY 02	FY 03	FY 04
Sales	34.95	43.42	57.27
Gross profit	8.21	10.52	13.50
Gross margin	23.5%	24.2%	23.6%
EBITDA	4.72	5.55	7.27
EBITDA margin	13.5%	12.8%	12.7%
EBT	3.10	3.51	4.20
EBT margin	8.9%	8.1%	7.3%
Sigma net profit	1.97	2.86	3.56
Sigma net profit margin	5.6%	6.6%	6.2%
Dividend	0.67	2.02	2.20
Total equity	12.24	23.07	30.53
WC	11.98	11.06	15.76
Net debt	16.58	21.19	45.16
Capital Employed	28.82	44.26	75.69
Invested Capital	21.66	26.59	44.04
RoE	16.1%	12.4%	11.7%
RoIC	11.7%	11.1%	8.6%
ROCE	8.8%	6.7%	5.0%
Nominal tax rate	35%	35%	35%

Sources: Company, Piraeus Sigma-Devletoglou

Lamda Detergent

(EUR mn)	FY 02	FY 03	FY 04
Sales	23.02	26.20	41.85
Gross profit	3.54	6.10	9.37
Gross margin	15.4%	23.3%	22.4%
EBITDA	2.66	4.73	7.93
EBITDA margin	11.6%	18.1%	18.9%
EBT	0.90	2.51	4.02
EBT margin	3.9%	9.6%	9.6%
Sigma net profit	0.69	2.33	3.69
Sigma net profit margin	3.0%	8.9%	8.8%
Dividend	-	-	-
Total equity	10.36	14.69	26.49
WC	2.51	10.26	1.64
Net debt	13.78	20.69	21.05
Capital Employed	24.13	35.38	47.54
Invested Capital	24.12	38.32	47.60
RoE	6.7%	15.9%	13.9%
RoIC	4.5%	5.7%	7.4%
ROCE	4.5%	6.1%	7.4%
Nominal tax rate	35%	35%	35%

Sources: Company, Piraeus Sigma-Devletoglou

Lamda Pack is active in the trading of chemical raw materials for plastics and packaging. The company's warehouses in Avlida serve clients situated in central and Southern Greece. The Thessaloniki facilities serve clients in Northern Greece and the Balkans. The company employs 45 people.

Lamda Pack			
(EUR mn)	FY 02	FY 03	FY 04
Sales	2.52	5.69	7.61
Gross profit	0.21	0.77	-0.03
Gross margin	8.5%	13.5%	-0.4%
EBITDA	0.15	0.24	0.34
EBITDA margin	6.0%	4.1%	4.5%
EBT	0.15	0.21	0.16
EBT margin	6.0%	3.6%	2.1%
Sigma net profit	0.09	0.11	0.15
Sigma net profit margin	3.7%	2.0%	2.0%
Total equity	0.64	2.25	3.86
WC	0.26	-0.15	0.01
Net debt	-0.07	1.20	1.89
Capital Employed	0.57	3.45	5.75
Invested Capital	0.57	3.25	4.21
RoE	14.7%	5.1%	3.9%
RoIC	17.2%	4.2%	3.9%
ROCE	17.2%	4.0%	2.9%
Nominal tax rate	35%	35%	35%

Sources: Company, Piraeus Sigma-Devletoglou

Lamda Polymers International was established with the purpose of trading and distributing polymers in the plastics industry. The company employs 46 people.

Lamda Polymers International			
(EUR mn)	FY 02	FY 03	FY 04
Sales	3.81	8.22	8.36
Gross profit	0.44	0.73	0.98
Gross margin	11.6%	8.9%	11.7%
EBITDA	0.08	0.22	0.24
EBITDA margin	2.2%	2.6%	2.9%
EBT	0.08	0.21	0.13
EBT margin	2.2%	2.6%	1.5%
Sigma net profit	0.05	0.12	0.12
Sigma net profit margin	1.4%	1.5%	1.5%
Total equity	0.15	1.17	4.10
WC	0.13	-1.72	0.36
Net debt	-0.03	0.76	1.23
Capital Employed	0.13	1.94	5.33
Invested Capital	0.13	0.43	4.69
RoE	35.1%	10.2%	3.0%
RoIC	43.2%	32.8%	3.2%
ROCE	43.2%	7.2%	2.8%
Nominal tax rate	35%	35%	35%

Sources: Company, Piraeus Sigma-Devletoglou

Lamda Lamda is engaged in the trading of solvents, chemical raw materials for paints & lacquer industries, as well as the production of resins. The company employs staff of 44 people and has storage facilities, as well as a resin production factory in Avlida, acquired from Clariant in 2002.

Lamda Lamda			
(EUR mn)	FY 02	FY 03	FY 04
Sales	2.70	6.70	8.72
Gross profit	0.29	1.04	1.73
Gross margin	10.6%	15.5%	19.9%
EBITDA	0.14	0.35	0.55
EBITDA margin	5.2%	5.2%	6.4%
EBT	0.14	0.20	0.13
EBT margin	5.2%	3.0%	1.5%
Sigma net profit	0.09	0.18	0.13
Sigma net profit margin	3.4%	2.7%	1.5%
Total equity	0.19	2.27	3.42
WC	0.17	1.93	-4.84
Net debt	-0.02	2.88	1.51
Capital Employed	0.17	5.15	4.93
Invested Capital	0.17	4.96	3.41
RoE	47.9%	7.9%	3.7%
RoIC	54.9%	2.7%	5.9%
ROCE	54.6%	2.6%	4.1%
Nominal tax rate	35%	35%	35%

Sources: Company, Piraeus Sigma-Devletoglou

Chemical Solutions is active in the trading of resins and chemical raw materials for the paints & lacquer industry. The company employs 11 people.

Chemical Solutions			
(EUR mn)	FY 02	FY 03	FY 04
Sales	-	0.23	3.94
Gross profit	-	0.09	0.46
Gross margin	-	37.8%	11.7%
EBITDA	-	0.01	0.04
EBITDA margin	-	6.1%	0.9%
EBT	-	0.01	0.02
EBT margin	-	4.3%	0.6%
Sigma net profit	-	0.01	0.02
Sigma net profit margin	-	2.8%	0.4%
Total equity	-	1.01	3.02
WC	-	0.88	1.97
Net debt	-	0.00	-0.02
Capital Employed	-	1.00	3.01
Invested Capital	-	0.90	2.38
RoE	-	0.6%	0.5%
RoIC	-	0.7%	0.7%
ROCE	-	0.6%	0.5%
Nominal tax rate	-	35%	35%

Sources: Company, Piraeus Sigma-Devletoglou

Spedimet is active in the transportation of chemical products, liquid fuels, chemical and caustic liquids in special tank-trucks. Its personnel consists of 2 people.

Spedimet			
(EUR mn)	FY 02	FY 03	FY 04
Sales	0.61	0.32	0.37
Gross profit	0.30	0.14	0.14
Gross margin	48.6%	44.1%	38.8%
EBITDA	0.25	0.13	0.14
EBITDA margin	40.9%	42.2%	37.2%
EBT	0.09	0.03	0.02
EBT margin	14.7%	9.5%	5.7%
Sigma net profit	0.06	0.01	0.01
Sigma net profit margin	9.6%	4.1%	3.8%
Total equity	0.36	0.37	0.38
WC	0.01	-0.02	0.13
Net debt	0.00	-0.04	-0.01
Capital Employed	0.36	0.33	0.37
Invested Capital	0.36	0.33	0.38
RoE	16.2%	3.5%	3.6%
RoIC	21.8%	6.1%	3.6%
ROCE	21.8%	6.1%	3.6%
Nominal tax rate	35%	35%	35%

Sources: Company, Piraeus Sigma-Devletoglou

Petronet is charged with the trading and distributing of base oils, paraffin and lubricants and currently employs 24 people.

Petronet			
(EUR mn)	FY 02	FY 03	FY 04
Sales	-	-	9.31
Gross profit	-	-	1.40
Gross margin	-	-	15.0%
EBITDA	-	-	0.18
EBITDA margin	-	-	1.9%
EBT	-	-	0.06
EBT margin	-	-	0.6%
Sigma net profit	-	-	0.04
Sigma net profit margin	-	-	0.4%
Total equity	-	-	6.04
WC	-	-	4.19
Net debt	-	-	1.05
Capital Employed	-	-	7.09
Invested Capital	-	-	4.30
RoE	-	-	0.6%
RoIC	-	-	2.4%
ROCE	-	-	1.4%
Nominal tax rate	-	-	35%

Sources: Company, Piraeus Sigma-Devletoglou

Neochimiki Romania is headquartered in Bucharest and is active in trading and distribution in the Romanian market of all the chemical products traded by the Neochimiki Group. The company has offices and storage facilities in Bucharest and its staff consists of 11 people.

Neochimiki Romania			
(EUR mn)	FY 02	FY 03	FY 04
Sales	-	0.04	1.03
Gross profit	-	0.00	0.32
Gross margin	-	10.8%	30.7%
EBITDA	-	-0.08	0.00
EBITDA margin	-	-212.1%	0.3%
EBT	-	-0.08	0.03
EBT margin	-	-205.7%	2.5%
Sigma net profit	-	-0.08	0.02
Sigma net profit margin	-	-205.7%	1.5%
Total equity	-	0.01	0.01
WC	-	-0.04	-0.13
Net debt	-	0.00	-0.08
Capital Employed	-	0.00	-0.07
Invested Capital	-	-0.01	-0.08
RoE	-	-1438.0%	187.5%
RoIC	-	634.3%	3.7%
ROCE	-	-4258.3%	4.0%
Nominal tax rate	-	35%	35%

Sources: Company, Piraeus Sigma-Devletoglou

Atlantic Polymers & Chemicals (former CHEMPOL HELLAS S.A.) is active in the distribution of petrochemicals, as well as mechanical and technological plastics.

Atlantic Polymers & Chemicals			
(EUR mn)	FY 02	FY 03	FY 04
Sales	-	-	7.36
Gross profit	-	-	0.15
Gross margin	-	-	2.1%
EBITDA	-	-	0.03
EBITDA margin	-	-	0.4%
EBT	-	-	0.02
EBT margin	-	-	0.3%
Sigma net profit	-	-	0.01
Sigma net profit margin	-	-	0.2%
Total equity	-	-	3.02
WC	-	-	2.98
Net debt	-	-	-0.01
Capital Employed	-	-	3.01
Invested Capital	-	-	3.01
RoE	-	-	0.5%
RoIC	-	-	0.5%
ROCE	-	-	0.5%
Nominal tax rate	-	-	35%

Sources: Company, Piraeus Sigma-Devletoglou

RECENTLY ESTABLISHED SUBSIDIARIES

Lamda Cosmetics is active in the production, packaging and trade of cosmetics and chemical products.

Neochimiki Beograd is charged with the trading and distribution of all chemical products provided by the Neochimiki Group in the developing Serbian market. Headquartered in Beograd, the company operates locally warehouses and employs 13 people.

Neochimiki Bulgaria is the group's most recently established subsidiary and is part of its strategic planning for expansion in the Balkans. The company's core activity is the trading and distribution of all chemical products provided by the Group in the developing market of Bulgaria.

Tria Lamda trades special fertilizers and provides chemical products for fertilizer producers in Greece (personnel: 22 people) .

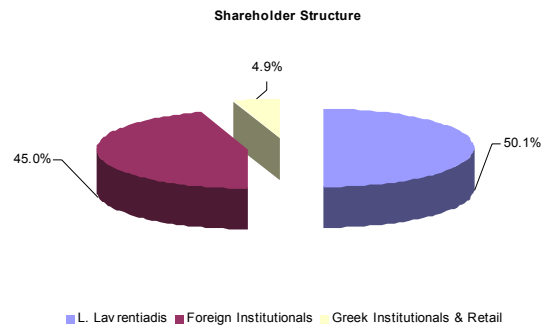
Neochimiki Lavrentiadis Limited is a recently established subsidiary and its main activity is the distribution and commercial representation of well-known chemical products in the growing market of Cyprus.

Atlantic Polymers & Chemicals GmbH is headquartered in Meerbusch, Dusseldorf, Germany and is active in the markets of Germany, Poland, the Czech Republic, Moldavia, France, Italy and Spain, marking Neochimiki's expansion in new markets through the distribution of mechanical plastics and polymers for large industries in these countries.

Group companies	Stake	Acquisition Cost		Total Equity		Stake's		Accounting	
		31/12/04	31/12/04	31/12/04	Intrinsic Value	Difference			
Lamda Detergent	84.62%	9.31	26.49	22.42	13.11	141%			
Lamda Pack	100.00%	3.00	3.86	3.86	0.86	29%			
Lamda Polymers International	100.00%	3.00	4.10	4.10	1.10	37%			
Lamda Lamda	100.00%	2.00	3.42	3.42	1.42	71%			
Spedimet	80.44%	0.24	0.38	0.31	0.07	28%			
Petronet	100.00%	6.00	6.04	6.04	0.04	1%			
Lamda Fertilizers	100.00%	2.00	2.02	2.02	0.02	1%			
Chemical Solutions	100.00%	3.00	3.02	3.02	0.02	1%			
Atlantic Polymers & Chemical	100.00%	3.00	3.01	3.01	0.01	0%			
Neochimiki Romania	99.84%	0.10	0.01	0.01	-0.09	-92%			
Neochimiki AD Beograd	100.00%	0.04	-0.05	-0.05	-0.09	-234%			
Neochimiki Bulgaria	99.00%	0.05	0.05	0.05	0.00	0%			
Neochimiki LV Lavrentiadis	100.00%	0.00	0.00	0.00	0.00	-			
Totals		31.74	52.36	48.21	16.47				

Sources: Company, Piraeus Sigma-Devletoglou

SHAREHOLDING STRUCTURE

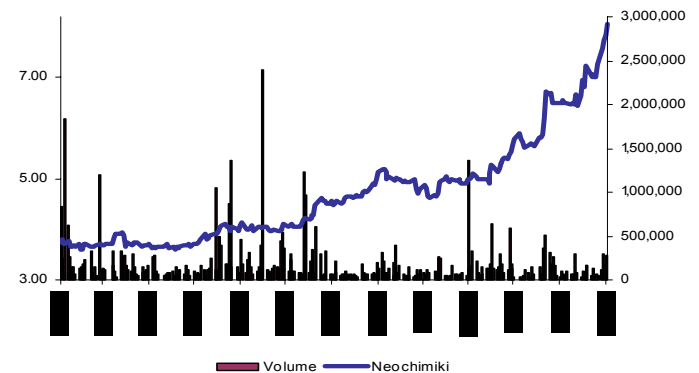


Neochimiki's free float factor currently stands at 49.9%, with major shareholder L. Lavrentiadis retaining the remaining 50.1% and full management control. Mr. Lavrentiadis is also the company's Chairman and CEO.

As of November 2005, Neochimiki participates in the Big Cap Market of the Athens Stock Exchange and in the FTSE/ATHEX 140 index. Additionally, the share has joined FTSE/ATHEX International as of January 2006 and is a constituent of Eurobank MidCap Private Sector 50 Index as of November 2004.

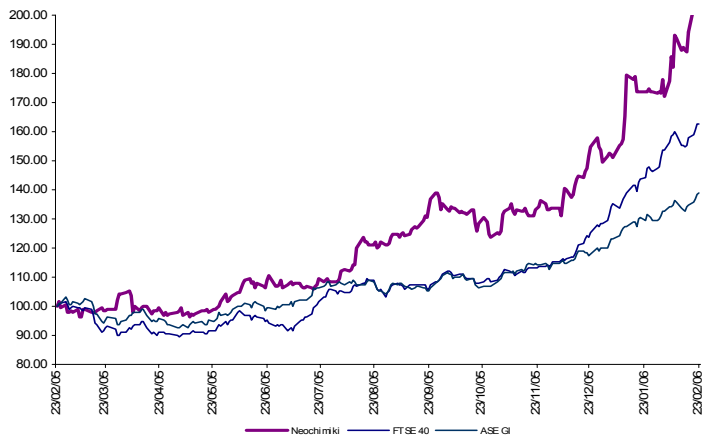
SHARE PRICE PERFORMANCE

Absolute Performance



Sources: ATHEX, Piraeus Sigma-Devletoglou Securities

Relative Performance



Sources: ATHEX, Piraeus Sigma-Devletoglou Securities

MARKET CHARACTERISTICS

COMPETITIVE LANDSCAPE

SBU	% of Sales	Competition	
		Greece	Abroad
Production			
Detergents for Multinationals	20%	MONOPOLY	Mc Bride, Da Silva, Persan, Chenotechnica
Detergents for Private Labels	7%	Rolco Vianyl, Minolvara	Hayat, Interstar, Persan, Mc Bride
Raw materials for detergents	7%	Kapachem	Cognis, BASF, Sasol
Paints & Lacquer	5%	Interchem, Chima, Petrobras, BP, Shell	Brenntag, Univar
Distribution			
Plastics	14%	Rigas, Skeberis, Pentaplast	Brenntag, Elton, Dow, Zora-Zo, Chemiplast, BWC
Fertilizers	14%	V.F.L, Veterin	Haifa, Valagro, Yara, Ziko, Alfa, Fertis, etc
Paints & Lacquer	9%	Interchem, Chima, Petrobras, BP, Shell	Brenntag, Elton, Tsi, Vira, Chemmax, etc
Industrial Base Oil	7%	Motor Oil	Hansen, Rosental
Water Processing	4%	Avlis, Elton	Brenntag
Cosmetics/Detergents	4%	Elton, Astron, Dichem, Rouboulakis	Brenntag, Elton, Stera Chemicals, Vasta, etc
Food Industry	4%	Elton, Moscholios, Astron	Brenntag, Biesterfeld, Barentz, Elton, Kuba, etc
Metallurgy	3%	Kaplanoglou, Tsopanelis	Brenntag, Elton, Arnaud, Evrochem, etc
Textiles	2%	Moscholios	Brenntag, Elton, Finkochem, Saboni, etc

Sources: Company, Piraeus Sigma-Devletoglou

THE DETERGENT PRODUCTION SECTOR IN GREECE

Detergent production in Greece constitutes an important sub-sector of the local chemical industry. Rival firms compete on price making detergent production a highly competitive field. Over the last couple of years, the sector has been steadily growing, with its current market size estimated at EUR800mn or 0.4% of Gross National Product (GDP). Sector indicative products include soaps, detergents for fabric-washing, detergents for dishwashing and chlorines.

In relation to production, exports, imports and domestic consumption during the past 10-15 years, domestic production grew by 2% per annum, while the production of cloth detergents decreased as a result of multinationals gradually shifting from domestic production to imports from their European subsidiaries. Chlorine production occupies c41% of total domestic detergent production capacity and the fabric detergent production c31%. Imports increased by 12% per annum and exports by 22%. Total consumption grew by 2.5% per annum.

The trend of multinationals withdrawing from local production is on the rise and the same holds true for demand for private label products. These two forces have created a production vacuum in the Greek market, with increased transportation costs weighing on imports and further boosting the need for local production. Therefore, the sector looks promising for local entities capable of producing detergents on behalf of third parties at low operating and material costs and high product design capacity. The large demand of large super market and mini market chains for private label products is an additional factor pointing to the sector's robust growth outlook. Private label products serve supermarkets as sources of revenues and enhanced profits offering them control over pricing policies and quality. The market share for private labels is below 10% of total consumption, in contrast to European countries where penetration stands at c20-25%.

Detergent and household cleaning products

Neochimiki's production unit in Atalanti is currently one of the largest factories of detergents in the Balkans, combining at least three of the key winning criteria: low operating and manufacturing costs, high product designing capacity and excellent quality standards. Through its production lines, Neochimiki produces a wide range of detergents and household cleaning products such as laundry detergents, dishwashing liquids, window cleaners and liquid personal care products. The company also produces detergent raw materials such as sulphonic acid, S.L.E.S. of water glass of sodium and potassium (alkaline and neutral). Its packaging lines for powders include ECO bags, plastic bags, boxes and bottles. Neochimiki also exports on behalf of its clients in foreign countries their own label products. Export destinations include Cyprus, Romania, Lybia, Bulgaria, FYROM, France, and others Former Yugoslavian regions.

Production of detergents for multinational corporations

In a market worth cEUR800mn, Neochimiki boasts a kind-of-monopoly position in the detergents-for-multinationals production, with most conglomerates using it as their sole producer in Greece. The company has the opportunity to further boost sales by substituting a large share of the imports on behalf of the multinationals in the form of toll manufacturing. The group's subsidiary Lamda Development specializes in the production of liquid and powder detergents for domestic and professional use. The latter activity will be further supported by the acquisition of Ballis Chemicals. Lamda Detergent manufactures a variety of products on behalf of multinational corporations such as Henkel, Ecolab, Lever, Johnson Diversay, and Sara Lee.

Production of private label detergents

Neochimiki is also a leader in the production of detergents for private labels. The company supplies domestic super market chains such as Carrefour, Dia, AB Vasilopoulos. The increasing demand of private label products from major players in the field of large super market and mini market chains is the primary growth driver in the sector. Neochimiki produces detergents for 8 out of the 10 largest super market chains in Greece.

In all, Neochimiki's turnover from production activities (cEUR55.00mn) points to a c7% stake in the local detergents production market (cEUR800mn). Neochimiki poses as the best alternative for multinationals operating in Greece, since the latter can switch from importing raw materials and proceeding with production locally to Neochimi without compromising the quality of their products. Such a practice (outsourcing) will free up working capital for them and limit CAPEX needs. Neochimiki currently generates c40% of its annual turnover and c60% of pretax profits from production activities.

THE CHEMICAL SECTOR IN GREECE

The chemical sector is one of the fastest growing sectors on an international scale as a consequence of technological progress and the development of new products. Its contribution to the total industry is up to 10% of the gross production value. The basic categories of chemicals in the sector are: basic or commodity chemicals and specialty chemical products. The basic chemicals mainly include inorganic and organic chemicals, plastics and fertilizers. The specialty chemicals include subcategories such as self-adhesive, agricultural, diagnostic, electrical chemicals, industrial cleaning products and industrial coating materials. These products are used in a large number of industrial sectors, such as the textiles, food and drinks, fertilizers, detergents, cosmetics, paint and other industries.

In Greece, the chemicals sector is exclusively based on the import of raw materials since the country does not have any oil product production units that are able to supply the sector with raw materials. The sector has a large number of small-sized commercial companies, most of which are subsidiaries of large multinational groups and some large companies of Greek-interests that have secured the representation of foreign firms. In the last few years, there is a trend in centralizing and accumulating sales in large companies. The demand in the sector is determined by the course followed by the individual industrial sectors that it addresses: pharmaceuticals, detergents, cosmetics and plastics. The penetration of the new emerging markets in the Balkans is the major challenge for Neochimiki. The reconstruction of companies active in Eastern European countries provides a great opportunity to Neochimiki that has already established local subsidiaries. In the near future, the company may as well proceed to productive operational investments in the Balkans (besides exports). The Greek chemicals market is estimated at EUR5.00bn, whereas the respective Eastern European market is quoted at EUR15.00bn and encompasses an upbeat growth outlook.

The Greek chemicals industries have known an important growth course and their upcoming challenge is the penetration of the emerging markets of the Balkan area, which offer great opportunities for investments. By offering quality at a reasonable price, Neochimiki has managed to attract key clients. Whereas previously large corporation like Shell, BP and BASF imported their branded goods and distributed them locally, Neochimiki currently provides this service in return for a fixed mark up on the sales invoice. The mark up differs on whether Neochimiki will store the products prior to delivery. Neochimiki currently boasts a distribution network comprising c2,500 clients.

FY '05 REVIEW

Neochimiki reported a stellar set of 2005 results with group sales soaring to EUR142.50mn, up 71.9% y-o-y, EBITDA posting a 52.3% y-o-y rise to EUR27.54mn and net profit jumping sky high to EUR12.62mn, up 72.3% y-o-y. The last guidance update we had from management (November 2005) called for group sales of EUR140mn (from a previous estimate of EUR120mn) and net profit of EUR12.00mn (from EUR11.00mn previously). The company did not book the capital gains (EUR2.8mn) from the acquisition of Ballis Chemicals in its profit & loss statement and directly reduced the goodwill in the asset side of its balance sheet (otherwise group earnings would have more than doubled to EUR15.42mn).

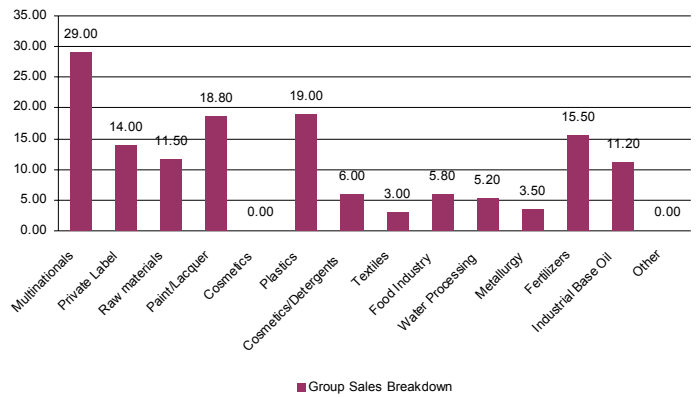
Neochimiki - Consolidated Profit & Loss Statements

(EUR mn)	FY 02	FY 03	FY 04	FY 05
Sales	46.82	55.84	82.91	142.50
y-o-y	58.2%	19.3%	48.5%	71.9%
COGS ex. depr.	34.16	36.25	53.59	95.82
Gross profit	12.66	19.59	29.32	46.68
Gross profit margin	27.0%	35.1%	35.4%	32.8%
Other operating income	0.06	0.29	0.78	0.71
y-o-y	-1.5%	353.7%	164.3%	-8.5%
% of sales	0.1%	0.5%	0.9%	0.5%
Administrative expenses ex. depr.	1.13	2.20	3.51	5.98
y-o-y	52.7%	95.1%	59.4%	70.7%
% of sales	2.4%	3.9%	4.2%	4.2%
Distribution expenses ex depr.	3.59	5.79	8.50	13.81
y-o-y	74.2%	61.1%	47.0%	62.3%
% of sales	7.7%	10.4%	10.3%	9.7%
R&D expenses ex. depr.	0.00	0.06	0.00	0.07
y-o-y	na	na	-100.0%	na
% of sales	0.0%	0.1%	0.0%	0.0%
EBITDA	8.01	11.84	18.08	27.53
y-o-y	49.2%	47.9%	52.7%	52.3%
EBITDA margin	17.1%	21.2%	21.8%	19.3%
Depreciation	1.97	3.05	5.64	6.98
y-o-y	112.4%	55.0%	84.9%	23.7%
EBIT	6.04	8.79	12.44	20.56
y-o-y	36.0%	45.6%	41.5%	65.2%
EBIT margin	12.9%	15.7%	15.0%	14.4%
Net interest expense	1.48	2.40	3.98	5.55
y-o-y	50.2%	62.5%	65.9%	39.3%
EBT	4.46	6.39	8.46	15.01
y-o-y	34.5%	43.2%	32.4%	77.4%
EBT margin	9.5%	11.4%	10.2%	10.5%
Total tax	1.51	0.93	0.99	2.36
Effective tax rate	33.8%	14.6%	11.7%	15.7%
EAT	2.95	5.46	7.48	12.66
y-o-y	32.3%	84.9%	36.9%	69.3%
EAT margin	6.3%	9.8%	9.0%	8.9%
Minority interests	0.10	0.20	0.15	0.04
Net profit	2.85	5.26	7.33	12.62
y-o-y	34.3%	84.5%	39.3%	72.3%
Net profit margin	6.1%	9.4%	8.8%	8.9%
EPS adjusted	0.14	0.21	0.20	0.35
y-o-y	34.3%	51.1%	-1.3%	72.3%
Dividend	0.67	2.02	2.20	1.01
Dividend payout	24%	38%	30%	8%
Adjusted number of shares	20.89	25.52	36.00	36.00
DPS	0.07	0.06	0.06	0.03

Sources: Company, Piraeus Sigma-Devletoglou

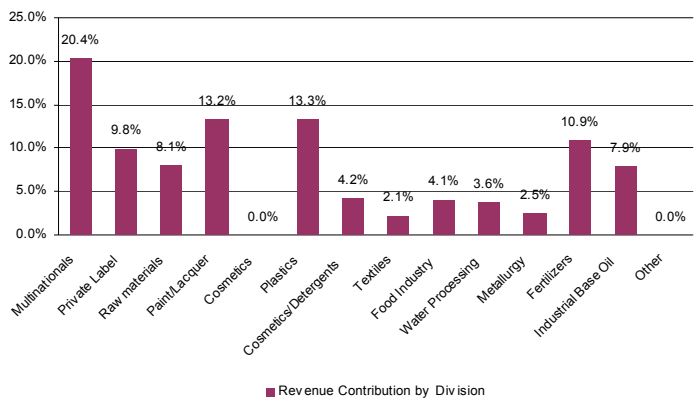
Gross profit margin declined by 2.6 ppts in 2005 owing to increased contribution from lower margin products like paints and lacquers. Distribution expenses came in lower as a percentage of sales while administrative expenses remained at 4.2% of turnover. EBITDA margin eased to 19.3% of sales, while thanks to the effect of operating and financial leverage, group EBT soared 77.4% y-o-y to EUR15.01mn. Increased taxes (effective tax rate at 15.7% from 11.7% a year ago) and lower minorities led net profit at EUR12.62mn, up 72.3% y-o-y. As already stated, the company considers proposing to the AGM a small dividend of EUR0.03 per share for 2005 (DY: 0.3%) and use the retained earnings to finance its Eastern European expansion.

2005 Group Sales Breakdown



Sources: Company, Piraeus Sigma-Devletoglou

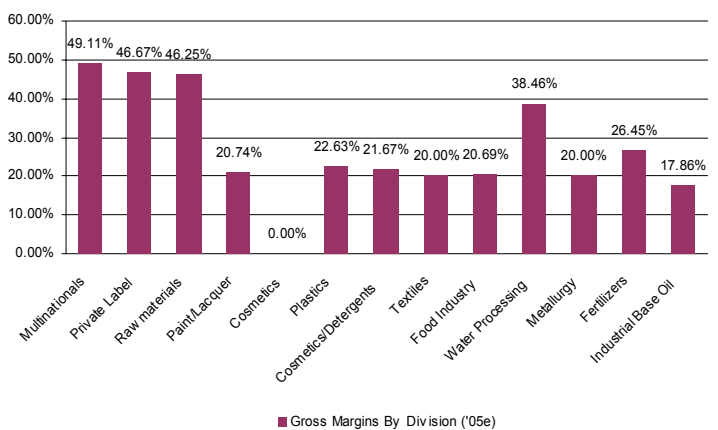
Revenue Contribution by Division



Sources: Company, Piraeus Sigma-Devletoglou

Total export activities stood at EUR23.5mn or 16.5% of sales from EUR11.2mn in 2004 (13.5% of total).

Gross Margins by Division (2005e)

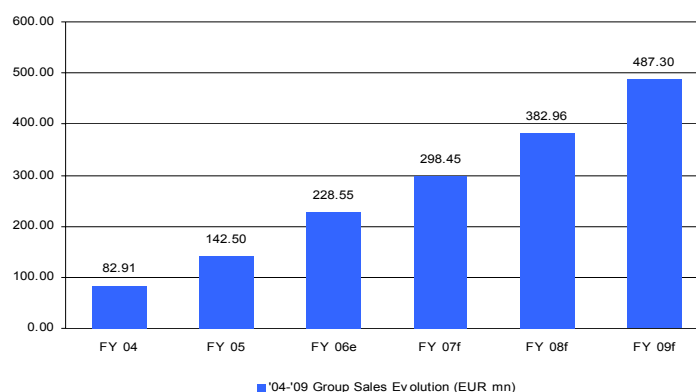


Sources: Company, Piraeus Sigma-Devletoglou

EARNINGS FORECASTS

Over 2000-2005, Neochimiki managed to radically transform to a EUR142.50mn chemicals group from a EUR12.08mn company in 2000. The company raised its revenues by a 63.8% CAGR and boosted net profits by an equally strong 56.0% CAGR. Management looks for a '05-'11 EPS CAGR of 31.5% on the back of a 33.3% CAGR in sales, in large stemming from higher market shares in Greece and aggressive expansion into Eastern European markets. We project a 2005-2009 group EPS CAGR of 32%, while we estimate the respective CAGRs in sales and EBITDA at 36% and 31% respectively.

2004-2009 Group Sales Forecasts (EUR mn)



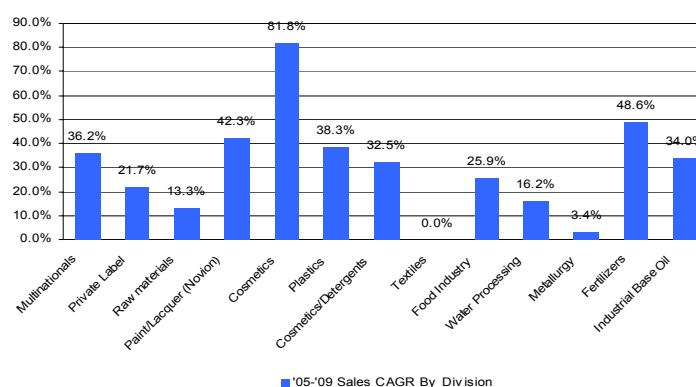
Source: Piraeus Sigma-Devletoglou

Neochimiki - Group sales breakdown per division

(EUR mn)	FY 04	FY 05	FY 06e	FY 07f	FY 08f	FY 09f
Multinationals	16.90	29.00	44.08	55.10	74.94	99.66
Private Label	6.00	14.00	13.30	19.42	25.63	30.76
Raw materials	8.00	11.50	11.50	13.00	16.50	18.98
Paint/Lacquer	9.70	18.80	34.59	49.47	59.36	77.17
Cosmetics	0.00	0.00	5.00	10.00	21.00	30.03
Plastics	10.60	19.00	34.20	44.46	54.24	69.43
Cosmetics/Detergents	5.00	6.00	7.02	10.04	15.06	18.52
Textiles	3.00	3.00	3.00	3.00	3.00	3.00
Food Industry	4.50	5.80	6.79	8.75	11.64	14.55
Water Processing	4.60	5.20	5.67	6.63	8.02	9.47
Metallurgy	3.40	3.50	3.50	3.71	3.71	4.01
Fertilizers	4.00	15.50	40.30	50.38	60.45	75.56
Industrial Base Oil	7.20	11.20	19.60	24.50	29.40	36.16
Other	0.01	0.00	0.00	0.00	0.00	0.00
Group sales	82.91	142.50	228.55	298.45	382.96	487.30
y-o-y	48.5%	71.9%	60.4%	30.6%	28.3%	27.2%

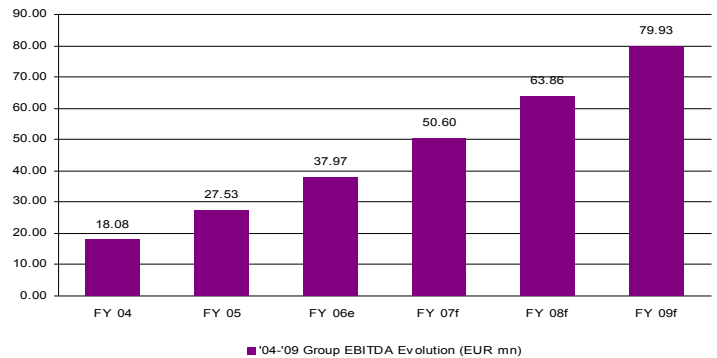
Sources: Company, Piraeus Sigma-Devletoglou

Growth per Division ('05-'09 sales)



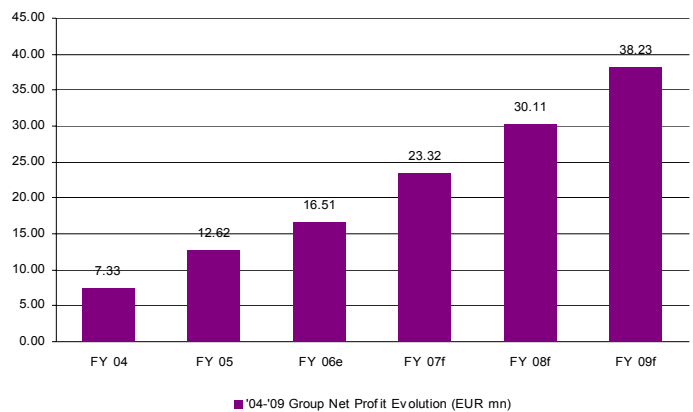
Source: Piraeus Sigma-Devletoglou, *The CAGR in cosmetics refers to the 2006-2009 period

2004-2009 Group EBITDA Forecasts (EUR mn)



Source: Piraeus Sigma-Devletoglou

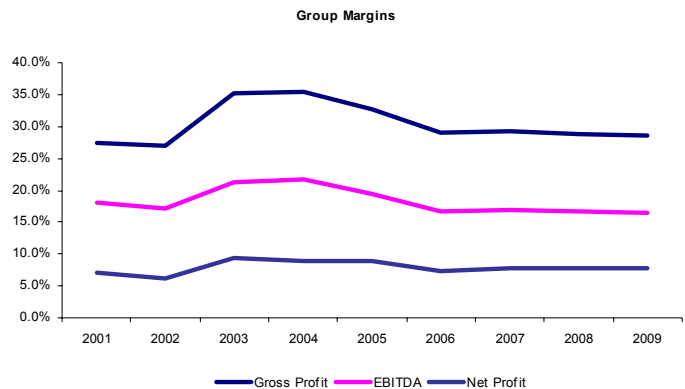
2004-2009 Group Net Earnings Forecasts (EUR mn)



Source: Piraeus Sigma-Devletoglou

In all, we see some further mild pressures in gross profit margin as the group keeps fuelling top line growth with lower added value products. We look for contained distribution and administrative expenses as a percentage of sales and thus anticipate the gross margin pressures to proportionately affect the group's EBITDA margin. Courtesy of a combination of a) inflated depreciation charges, b) lower net interest charges (again as a percentage of sales), and c) a consistently low (but rising) tax rate, we forecast that net profit margin will remain above 7.5% over the next 4 years (on our estimates, it will remain in the region of 7.7-8.2%).

Evolution of Group Profit Margins



Source: Piraeus Sigma-Devletoglou

FINANCIAL STATEMENTS

Neochimiki - Consolidated Profit & Loss Statements

(EUR mn)	FY 03	FY 04	FY 05	FY 06e	FY 07f	FY 08f
Sales	55.84	82.91	142.50	228.55	298.45	382.96
COGS	36.25	53.59	95.82	162.39	211.07	272.68
Gross profit	19.59	29.32	46.68	66.16	87.38	110.28
Gross margin	35.1%	35.4%	32.8%	28.9%	29.3%	28.8%
Total operating expenses, net	7.75	11.23	19.14	28.18	36.78	46.42
EBITDA	11.84	18.08	27.53	37.97	50.60	63.86
EBITDA margin	21.2%	21.8%	19.3%	16.6%	17.0%	16.7%
Depreciation/Amortization	3.05	5.64	6.98	11.11	14.42	18.30
EBIT	8.79	12.44	20.56	26.87	36.18	45.56
EBIT margin	15.7%	15.0%	14.4%	11.8%	12.1%	11.9%
Net interest expense	2.40	3.98	5.55	6.74	7.33	7.85
Net investment income (inc-one offs)	0.00	0.00	0.00	0.00	0.00	0.00
EBT	6.39	8.46	15.01	20.12	28.85	37.71
EBT margin	11.4%	10.2%	10.5%	8.8%	9.7%	9.8%
Total tax	0.93	0.99	2.36	2.62	4.33	6.22
EATBM	5.46	7.48	12.66	17.51	24.52	31.49
EATBM margin	9.8%	9.0%	8.9%	7.7%	8.2%	8.2%
Minorities	0.20	0.15	0.04	1.00	1.20	1.38
Net profit	5.26	7.33	12.62	16.51	23.32	30.11
Net profit margin	9.4%	8.8%	8.9%	7.2%	7.8%	7.9%
Dividend	2.02	2.20	1.01	1.98	6.06	9.03
Adj. number of shares	25.52	36.00	36.00	36.00	36.00	36.00
EPS adj.	0.21	0.20	0.35	0.46	0.65	0.84
DPS	0.06	0.06	0.03	0.06	0.17	0.25
Dividend payout	38.3%	30.0%	8.0%	12.0%	26.0%	30.0%

Neochimiki Group - Ratio analysis

(EUR mn)	FY 03	FY 04	FY 05	FY 06e	FY 07f	FY 08f
Market Cap.	290.16	290.16	290.16	290.16	290.16	290.16
EV	347.27	373.63	414.46	435.86	442.13	437.59
Cash & equivalents	1.21	1.85	4.89	5.30	3.03	2.57
Total bank debt	58.33	85.32	129.18	151.00	155.00	150.00
Net Debt	57.11	83.47	124.30	145.70	151.97	147.43
% of sales	102.3%	100.7%	87.2%	63.8%	50.9%	38.5%
Net debt to equity	1.6x	1.5x	1.9x	1.8x	1.5x	1.2x
Capital Employed	92.92	137.82	191.48	228.41	253.13	271.05
Invested Capital	93.05	139.67	195.35	232.30	257.03	274.97
PEG	-30.25	0.55	0.75	0.43	0.43	0.36
PEG on TP	-36.40	0.66	0.90	0.51	0.51	0.43
P/E adj. (x)	39.1x	39.6x	23.0x	17.6x	12.4x	9.6x
P/E adj. on PT (x)	47.0x	47.7x	27.7x	21.2x	15.0x	11.6x
P/CE adj. (x)	34.9x	22.4x	14.8x	10.5x	7.7x	6.0x
P/FCFE (x)	-11.3x	-8.8x	-6.9x	-14.9x	-1452.8x	21.4x
EV/EBITDA (x)	29.3x	20.7x	15.1x	11.5x	8.7x	6.9x
EV/Sales (x)	6.2x	4.5x	2.9x	1.9x	1.5x	1.1x
Net Debt/ EBITDA (x)	4.8x	4.6x	4.5x	3.8x	3.0x	2.3x
Interest charge coverage (x)	3.7x	3.1x	3.7x	4.0x	4.9x	5.8x
P/BV (x)	8.4x	5.4x	4.6x	3.7x	3.1x	2.5x
ROCE	8.1%	8.0%	9.1%	10.2%	12.1%	14.0%
RoIC	8.1%	7.9%	8.9%	10.1%	12.0%	13.8%
RoE	15.2%	13.5%	20.0%	21.3%	24.6%	26.0%
RoA	5.0%	4.7%	5.2%	5.6%	7.2%	8.3%
Earnings yield (adj.)	2.6%	2.5%	4.3%	5.7%	8.0%	10.4%
FCFE Yield	-8.9%	-11.3%	-14.5%	-6.7%	-0.1%	4.7%
Dividend Yield	0.7%	0.7%	0.3%	0.7%	2.1%	3.1%
Spread	-9.6%	-12.0%	-14.9%	-7.4%	-2.2%	1.6%
Working capital (WC)	24.36	25.54	18.92	36.64	57.69	72.83
y-o-y	86.5%	4.9%	-25.9%	93.6%	57.5%	26.2%
Sales growth	0.19	0.48	0.72	0.60	0.31	0.28
WC/Sales	43.6%	30.8%	13.3%	16.0%	19.3%	19.0%
Effective tax rate	15%	12%	16%	13%	15%	17%

Neochimiki - Consolidated Balance Sheets

(EUR mn)	FY 03	FY 04	FY 05	FY 06e	FY 07f	FY 08f
Fixed assets	75.08	121.57	192.08	222.18	240.28	261.38
Accumulated depreciation	6.89	8.21	16.26	27.37	41.79	60.08
Fixed assets, net	68.20	113.36	175.82	194.81	198.49	201.29
Deferred tax receivables	0.00	0.00	0.00	0.00	0.00	0.00
Investments in affiliated companies	0.00	0.00	0.00	0.00	0.00	0.00
Other long term receivables	0.49	0.76	0.61	0.85	0.85	0.85
Total non current assets	68.69	114.12	176.43	195.66	199.34	202.15
Inventories	11.20	19.14	36.67	51.16	66.50	85.91
Trade receivables	23.12	21.45	24.30	43.83	57.24	73.44
Other receivables	0.00	0.00	0.00	0.00	0.00	0.00
Cash and cash equivalents	1.21	1.85	4.89	5.30	3.03	2.57
Total current assets	35.54	42.43	65.86	100.29	126.77	161.93
Total assets	104.23	156.56	242.28	295.95	326.12	364.08
Total shareholders funds	34.54	54.08	63.05	77.58	94.84	115.91
Minority interests	1.27	0.27	4.13	5.13	6.33	7.71
Total equity	35.80	54.35	67.18	82.71	101.17	123.62
Long term debt	42.03	62.20	120.00	120.00	120.00	103.00
Corporate bond	0.00	0.00	0.00	0.00	0.00	0.00
Other long term liabilities	0.01	1.67	3.70	3.70	3.70	3.70
Deferred tax liabilities	0.00	0.00	0.00	0.00	0.00	0.00
Personnel provisions	0.12	0.17	0.17	0.18	0.20	0.22
Other provisions	0.00	0.00	0.00	0.00	0.00	0.00
Total long term liabilities	42.17	64.05	123.87	123.88	123.90	106.92
Short term debt	16.29	23.11	9.18	31.00	35.00	47.00
Trade payables	9.19	12.61	38.26	53.39	57.83	74.71
Income tax and other tax payable	0.78	2.43	3.79	4.97	8.22	11.82
Dividend payable	0.00	0.00	0.00	0.00	0.00	0.00
Other liabilities	0.00	0.00	0.00	0.00	0.00	0.00
Total short term liabilities	26.26	38.16	51.23	89.36	101.05	133.53
Total equity and liabilities	104.23	156.56	242.28	295.95	326.12	364.08
Inventory days turnover	113	131	140	115	115	115
Receivables days turnover	152	95	62	70	70	70
Payables days turnover	93	86	146	120	100	100

Neochimiki - Consolidated Cash Flow Statements

(EUR mn)	FY 03	FY 04	FY 05	FY 06e	FY 07f	FY 08f
Net Income	5.26	7.33	12.62	16.51	23.32	30.11
Add: Minority interests (net)	0.20	0.15	0.04	1.00	1.20	1.38
Add: Depreciation & Amortisation	3.05	5.64	6.98	11.11	14.42	18.30
Add: Provisions	0.12	0.05	-0.01	0.02	0.02	0.02
Add: Other items	0.00	0.00	0.00	0.00	0.00	0.00
Adj. for tax paid	-1.54	1.65	1.36	1.19	3.25	3.60
Adj. for other long-term items	-0.45	1.40	2.18	-0.24	0.00	0.00
Cash earnings	6.65	16.21	23.16	29.57	42.20	53.41
Change in inventories	2.59	7.94	17.54	14.49	15.34	19.41
Change in trade debtors	11.19	-1.68	2.85	19.53	13.41	16.21
Change in other current assets	-3.39	0.00	0.00	0.00	0.00	0.00
Change in trade creditors	-1.62	-3.43	-25.65	-15.13	-4.44	-16.88
Change in other current liabilities	0.33	0.00	0.00	0.00	0.00	0.00
Change in Working Capital	9.09	2.84	-5.26	18.90	24.30	18.74
% of sales	16.3%	3.4%	-3.7%	8.3%	8.1%	4.9%
Cash flow before investments	-2.45	13.38	28.43	10.68	17.90	34.67
CAPEX	23.32	46.18	70.51	30.10	18.10	21.10
% of sales	41.8%	55.7%	49.5%	13.2%	6.1%	5.5%
Free Cash Flow to Equity	-25.77	-32.80	-42.08	-19.42	-0.20	13.57
Change in capital	9.33	0.00	0.00	0.00	0.00	0.00
Change in debt	27.49	26.99	43.87	21.82	4.00	-5.00
Other items	-7.75	8.65	2.26	0.00	0.00	0.00
BoD fees	0.00	0.00	0.00	0.00	0.00	0.00
Dividend paid	2.69	2.20	1.01	1.98	6.06	9.03
Change in cash	0.62	0.65	3.04	0.41	-2.26	-0.46
Cash, beginning	0.59	1.21	1.85	4.89	5.30	3.03
Cash, end of year	1.21	1.85	4.89	5.30	3.03	2.57

APPENDIX I Neochimiki: Chemical Raw Materials and Products

Trading and Distribution of Chemical Raw Materials

Chemicals form the starting point for a series of chemical syntheses and processes in the manufacturing process of most industries. Neochimiki imports the bulk of these materials from large European chemical manufacturing firms in Germany, France, Italy, Belgium, Spain, Great Britain, Austria, Turkey and Finland.

Inorganic bases: These chemicals are mainly used in the detergent, textile, and paper production industries. Characteristic products include sodium hydroxide, potassium hydroxide and ammonia.

Inorganic salts: are mainly used in the detergent, textile, food and water treatment industries. Some indicative products are trisodium phosphate, sodium hexametaphosphate, sodium carbonate, sodium bicarbonate, calcium carbonate, sodium perborate and sodium metasilicate.

Inorganic acids: are mainly used in metal processing and in the detergent, food and water treatment industries. Some products are nitric acid, phosphoric acid, sulphuric acid, hydrochloric acid and hydrofluoric acid.

Organic acids: serve mainly in the food, textile, and detergent production industries. This category includes products like lactic acid, oxalic acid, formic acid, citric acid.

Polymers: serve mainly plastic producing industries. Some of them are polyethylene (linear, soft, hard), polypropylene (homopolymer, copolymer), polystyrene (simple and reinforced), engineering plastics (polycarbonate, polyamide, polyacetale), additives (titanium dioxide, fire retardants, etc.).

Detergents and cleaning materials: This category includes detergents in powder form for manual or machine washing cleaning materials.

Organic solvents: are used in metal processing, as well as in the paint and lacquer industries. Some related products are ethylene glycol, propylene glycol, perchloroethylene, trichloroethylene, white spirit and acetone.

Inorganic and organic chemical products: are mainly used by the detergent industries and include: alcohol sulphate, various surface-acting materials, chemical products fabric softeners and soap.

Trading and Production of Chemical Raw Materials

Neochimiki is also active in producing and trading detergent - cleaning materials for superficial processing, cleaning metals and chemical products for water processing. Some of the products it manufactures are surface-acting materials and polishing agents (used mainly for surface processing), building materials (thickening retardants, thickening accelerators, degasifiers and plasticizers for construction industries), and water treatment products (used for swimming-pool water treatment, sewage treatment and drinking water cleaning processes).

PRODUCTS AND MARKETS

Neochimiki trades and distributes high-performance chemical products of world-known manufacturing companies in most industrial sectors.

DETERGENT AND COSMETICS

Detergent Cleaning Materials: The detergent market has strict demands on the quality and specifications of raw materials for detergents. Knowledge on the combination of various chemical materials for the production of cleaning products is an important advantage in this type of business. Detergents is an important sector for Neochimiki. This sector is addressed mainly to large subsidiaries of multinational companies and to a large number of small and medium-sized enterprises, which have been growing fast in the last few years. Neochimiki provides its customers in this industry with detergent raw chemical materials that enhance both the processing and the performance of formulated cleaning and hygiene products. Related products include: Sulphates, Surfactants, Phosphates, Builder Ingredients, Soda ash, Bulk Chemicals, Solvents, Bleaching Agents, Acids and Alkalies, Thickening Agents and Fatty Acids.

Cosmetics: One of the major characteristics of this sub-sector is intense competition due to the existence of a great variety of products and a large number of commercial firms. It is notable that in the last few years the sector has kept rising, and the market development potential is positive, since the companies comprising the sector are healthy and the demand for cosmetics is increasing. Neochimiki supplies the cosmetic and pharmaceutical industry with high-quality chemical materials, ingredients and additives, used to optimize the

performance and structure of pharmaceutical and cosmetic products. Related products include: Surfactants, Consistency factors, Emulsifiers, Thickeners, Oxidising Factors, Polyethelene Glycols, Fats and Oils, Solubilizers, Fatty Alcohols, Silicones, PH Adjustments and other.

TRADE OF POLYMERS FOR THE PLASTICS INDUSTRIES

Polymers - Plastics

Plastics have brought important changes to the world and collected important investments in the past few years. Plastics is a fast growing industry with materials, which are involved in every facet of our live. During the period 1995-1999 the sector had an average yearly increase of 19.5%. Neochimiki's customers are some of the most diversified processing industries such as construction industries, paper and stationary, pipe and fittings, electronics, telecommunication and technical parts, packaging factories, textile, fiber, and automotive.

Textile - Dyeing - Finishing Industries

Neochimiki provides this industry with chemical products that are mainly used in the processing of dyeing and finishing fabrics. Textile and dyeing materials include Sulphuric Acid, Formic Acid, Reducing Agents, Oxidizing agents for Bleaching, Phosphates and Fabric Softeners. Plastics include Polyethylenes (PE), Polypropylenes (PP), Polystyrenes (PS), Polyvinyl chloride (PVC), Styrene butadiene rubber and Engineering plastics.

TRADE OF CHEMICALS FOR THE FOOD INDUSTRIES

Neochimiki's client base is mostly in food and drink sectors including breweries, juice and soft drink production units, oil mills, dairy product units and pastry making units. The company offers a wide range of high quality products of world-know manufacturers such as additives, chemical agents and disinfectants. These products improve the texture, structure, stabilization and performance of baked goods, fruit fillings, frozen desserts as well as the flow characteristics in sauces, confections and flavor gels. Food and Drink Additives include Bakery Enzymes, Glycerin, Phospates, Sorbitol, Fructose, Organic Acids, Citric Acid, Lactic Acid, Technical Products

PRODUCTION AND TRADE OF CHEMICALS FOR WATER PROCESSING AND BIOLOGICAL SEWAGE

Neochimiki offers specialized chemicals that are suitable for water treatment and waste treatment. Water treatment materials include sulphates, calcium hydroxide and silicones antifoam.

PRODUCTION AND TRADE OF CHEMICALS FOR METAL INDUSTRIES

Metallurgy uses a variety of sophisticated techniques to cultivate metals. Neochimiki addresses clients such as metal processing industries, pipe production plants, aluminum industries, nickel-plating plants and steel-mills. The company provides them with chemicals that are employed at several stages in the processing of many metals. Metal Processing Materials include Solvents, Reducing Agents, Alkalies, Acids, Sequestering Agents, and PH Adjusters.

TRADE OF CHEMICALS FOR PAINT AND LACQUER INDUSTRIES

Neochimiki offers a broad range of chemicals raw materials that are used by the paint industries during the production and formation of building paints, marine paints and lacquers for all purposes. Paint and Lacquer Processing Materials include Additives, Fillers, Matting agents, Resins, Solvents, Waxes, Oxidizing Agents, Alkalies and Acids.

TRADE OF SPECIAL FERTILIZERS

Specialty fertilizers ensure an even supply to all plants and they help the development of plants in every stage. They provide the best nutritional package for premium quality plant growth. Neochimiki uses them in field scale crops, in horticultural and agricultural crops by drip irrigation to prevent or cure deficiencies in particular in soil or crop conditions. Special Fertilizers include Dry Applied Fertilizers, Soluble Fertilizers and Liquid Fertilizers.

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Piraeus Sigma-Devletoglou Research Stock Ratings	Coverage Universe	Rating Definitions	Investment Banking Activities within 12-month period
Outperform :	58.7%	Total return (*) expected to be greater than 10% compared to the market's return (**) over a 12-month period	-
Neutral:	27.9%	Total return (*) expected to be between -10%/+10% compared to the market's return (**) over a 12-month period	-
Underperform:	3.9%	Total return (*) expected to be below -10% compared to the market's return (**) over a 12-month period	-
Restricted:	4.1%	In certain circumstances that Sigma Piraeus Devletoglou S.A. policy or applicable law / regulations preclude certain types of communication and investment recommendations	-
Under Review:	4.5%	Rating/TP may be subject to future revision	-

(*) Total return = Price appreciation + Dividend

(**) Market return = Risk free rate + 5% (an approximation of equity risk premium)

Investment ratings are determined by the ranges described above at the time of initiation of coverage, a change in rating, or a change in target price. At other times, the expected total returns may fall outside of these ranges because of price movement and/or volatility. Such interim deviations from specified ranges will be permitted but will become subject to review by Research Management.

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