

# Neochimiki<sup>2</sup>

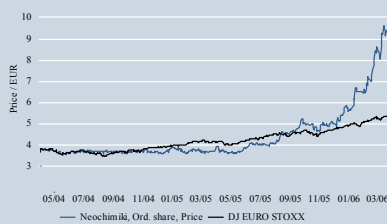
Chemicals

30 March 2006

## Strong Buy

Price EUR9.8 / Fair Value EUR13.8 (8.5)

### Performance



12 month high/low € 9.8/3.60  
 Rel. % 1m 14.0 3m 56.8 12m 98.4  
 Abs. % 1m 16.1 3m 70.9 12m 155.9

### Market Data

Reuters NChr.AT  
 Bloomberg NEOCHI GA  
 Market cap. €bn 0.4  
 Number of shares m 36.0  
 Free float % 49.9  
 Daily turnover shares 103,000

### Next Events

Interim results Q1 May 04  
 Q2 July 27  
 Q3 Nov. 02

### Rel. Sector

++

### Key Changes

EPS % 06e: +8 07e: +25  
 Rating

Ludger Mues, Dipl. Kfm; DVFA  
 + 49 (221) 145 – 2764  
 Ludger.mues@oppenheim.de

Dr. Jürgen Reck, Dipl.-Chem., CEFA  
 + 49 (221) 145 - 2765  
 juergen.reck@oppenheim.de

### IPO PROCEEDS OF LAMDA OPEN UP NEW GROWTH PERSPECTIVES

After the successful floatation of Lamda Detergents, which led to a cash inflow of approx. €65m, Neochimiki increased its guidance for 2005 and onwards significantly, as they are now able to finance further growth opportunities: In addition, Neochimiki signed a contract with Lukoil that will lead to additional sales of €50m in 2007. After this bundle of earnings-accretive new contracts, we have recalculated our fair value, which increases to €13.8 per share. With a PER<sub>07e</sub> of 11.7, the share is significantly undervalued in our view, given its huge growth potential.

**Strong buy.**

### COLLABORATION WITH LUKOIL WILL BOOST DISTRIBUTION SEGMENT

Neochimiki has begun collaborating with Lukoil and will distribute polymers for the plastics industry and solvents for the paints & lacquer industry in Greece. The above collaboration falls within the Group's plan for further growth through expansion of distribution activities in the sectors of polymers and paints and lacquer, consolidating the leading position it already holds in Greece and in the countries of Southeast Europe. All in all we expect sales volume for 2006 to be in the region of €20m, which should increase to €50m in 2007, giving the segments plastics and paints & lacquer a strong boost.

### E.O. PROFIT OF €15M DUE TO IPO OF LAMDA

Due to the increase of the free float of Lamda Detergents to 49.9%, Neochimiki generated a cash inflow of approx. €65m and an e.o. book gain of approx. €15m, which we have eliminated in our EPS calculation.

### IPO PROCEEDS WILL FINANCE FURTHER GROWTH

Neochimiki will use the proceeds of the IPO to finance further growth. It already strengthened the paints & lacquer business in late 2005 and the daughter company Lamda Detergents acquired a detergents plant in Bulgaria to leverage the growth into the Balkan region.

### Key Data

|                     | 2003 | 2004 | 2005 | 2006e                | 2007e            |
|---------------------|------|------|------|----------------------|------------------|
| Revenues            | 56   | 83   | 142  | 270                  | 400              |
| EBIT                | 9    | 12   | 21   | 35                   | 52               |
| Net profit          | 5    | 8    | 13   | 34                   | 30               |
| adj. EPS            | 0.15 | 0.21 | 0.35 | 0.52                 | 0.84             |
| Dividend            | 0.06 | 0.07 | 0.08 | 0.17                 | 0.25             |
| PER                 | 23.3 | 17.5 | 12.2 | 18.9                 | 11.7             |
| Div. yield %        | 1.6  | 1.9  | 2.0  | 1.7                  | 2.6              |
| EV/EBITDA           | 15.9 | 13.1 | 10.3 | 12.6                 | 8.9              |
| EV/Revenues         | 3.2  | 2.6  | 2.0  | 2.2                  | 1.5              |
| Price to book       | 5.0  | 2.6  | 2.6  | 3.0                  | 2.5              |
| EBIT margin %       | 15.3 | 14.8 | 14.4 | 13.1                 | 13.1             |
| ROE %               | 20.0 | 14.2 | 20.0 | 15.0                 | 20.3             |
| ROCE %              | 6.8  | 5.4  | 6.4  | 7.4                  | 9.8              |
| EPS CAGR 03-07: 54% |      |      |      | Equity ratio 05: 26% | Gearing 05: 203% |

Neochimiki has reduced its stake in Lamda Detergent to 50.1% to finance growth in new segments. Lambda is now a company under its own management, run at arm's length. Lambda's share of earnings within the Neochimiki group will therefore decline from currently approx. 40% to 20% in the future. Neochimiki intends to invest the IPO proceeds in several projects.

1. The acquisition of a production plant in the paint and lacquer industry
2. The acquisition of a company for detergents in Bulgaria
3. A plant for the production of cosmetics in Romania

Significant increase of guidance for 2006 and onwards

All in all, we expect the intended projects to already be earnings accretive in 2006. From 2007 onwards these investments should significantly contribute to increasing the profits of Neochimiki. Mainly due to these projects and the collaboration with Lukoil, Neochimiki has increased its sales guidance for 2006 from €230m to €270m and for 2007 from €300m to €400m. Net profit should significantly increase in 2006 from the formerly expected €17.2m to €18.7 and to €30.3m (€24.1m) in 2007. Esp. the figures for 2007 demonstrate the additional growth opportunities due to the cash inflow.

2

First project already established in December 2005

In December 2005 Neochimiki had already established the first step of this program. Neochimiki acquired Novion, a former Celanese company, which has facilities in Vathi, Avlida (former facilities of Clariant) and produces emulsions and chemical raw materials for the paints & lacquer industry, as well as glue products. The production site has a capacity of approx. 12,000t for emulsions and resins per year. The acquisition price was approx. €20m, of which approx. €4-5m was debt of the company. In our view, this acquisition is a smart move, as Neochimiki is the largest distributor of raw materials for the production of paints & lacquer in Greece. This means that Neochimiki will have both the distribution and production margin.

In addition, Neochimiki acquired the distribution license of Celanese products for Greece, Cyprus and the Balkans with the right to produce these products for these nations for a five-year period. We expect approx. 50% of sales to be the production of chemicals and an equal proportion to be contributed from the distribution of chemicals. Overall sales should be in the region of approx. €30m. With this acquisition, Neochimiki strengthens its leading position in the production and distribution of chemical raw materials in Greece and in the Eastern European countries. Neochimiki intends to increase its capacity utilization from currently 55% to at least 75% at the end of 2006.

We estimate that Neochimiki will reach a market share of approx. 8-9% in the Greek market after this acquisition, considering that the market has a rough size of approx. €500m.

Collaboration with Lukoil leads to further growth of the segments plastics and Paint & lacquer

In addition, we have increased our sales estimates of the paint & lacquer segment by €5m in 2006 and €20m in 2007 to €70m due to the distribution collaboration with Lukoil for Greece. Also, the plastics segment should benefit from this collaboration. We have therefore increased our sales expectations for this segment for 2006 by €15m to €50m and for 2007 by €35m to €80m.

### Leveraging the growth in the Balkan region

With the acquisition of a detergents company in Bulgaria, Lamda Detergent is leveraging its successful position for the production of detergents for multinationals in the growing Balkan area. In a first step, the new production site will mainly produce detergents for multinationals.

### New factory with approx. one-third of already existing capacity

The new detergents factory in Sofia, Bulgaria, has a capacity of approx. one-third of the existing Atalanti factory, which means approx. 40,000t of powder detergents and 40,000-50,000t for liquids. The capacity utilization from currently only 20% could increase significantly due to the relocation of production of detergents from Atalanti to the new plant. We expect the new factory to be profitable in 2006 already, as the capacity utilization will be above 45%.

### Multinationals segment to benefit most from acquisition in Bulgaria

We expect the new factory to be already profitable in 2006, as capacity utilization will improve to 45% or even higher (reason: relocation of orders from Atalanti to the new facility in Bulgaria). Due to this acquisition, we have increased our sales expectations for the segment multinationals by €11m for 2006 and €25m for 2007, to €55m and €80m respectively. Sales for the private label segment should also benefit from this acquisition and the contract with the Greek subsidiary of the German supermarket chain Plus. We therefore increase our sales expectations to €17m (+ €4m) for 2006 and €30m (+€11m) for 2007. The raw materials for detergents and cosmetics will also benefit, as they are supplying the production of detergents. We therefore increase our sales expectations slightly to €13m from €11.5m for 2006 and €15m from €13m for 2007.

A new segment of Neochimiki is the production of cosmetics for Romania. This segment in our view should already generate €5m in 2006, which will likely double in 2007 to €10m.

| Peer group valuation |                |     |            |              |             |              |              |             |               |                |             |
|----------------------|----------------|-----|------------|--------------|-------------|--------------|--------------|-------------|---------------|----------------|-------------|
|                      |                |     | Price on   | EPS CAGR     | EV/EBITDA   | PER          | EBIT-Margin  | EV/Sales    | EBITDA-Margin | Dividend yield | PEG         |
|                      |                |     | 29/03/2006 | 03-07e       | 07e         | 07e          | 07e          | 07e         | 07e           | 07e            | 03-07e      |
| Specialty Chemicals  | CibaSC         | CHF | 77.51      | 4.15         | 6.59        | 14.03        | 8.48         | 0.89        | 13.50         | 3.98           | 3.38        |
|                      | Clariant       | CHF | 20.40      | 10.28        | 6.04        | 10.00        | 8.90         | 0.72        | 11.99         | 3.00           | 0.97        |
|                      | Degussa        | EUR | 45.60      | 17.87        | 7.22        | 18.17        | 9.35         | 1.07        | 14.83         | 2.41           | 1.02        |
|                      | DSM            | EUR | 38.27      | 41.36        | 4.58        | 11.43        | 11.66        | 0.84        | 18.31         | 2.87           | 0.28        |
|                      | Givaudan       | CHF | 1002.99    | 6.59         | 10.34       | 14.23        | 20.16        | 2.51        | 24.24         | 1.92           | 2.16        |
|                      | ICI            | GBP | 3.47       | 13.53        | 7.41        | 11.30        | 10.00        | 0.94        | 12.71         | 2.74           | 0.84        |
|                      | Lonza          | CHF | 87.95      | 5.20         | 8.28        | 15.39        | 14.15        | 1.80        | 21.70         | 1.58           | 2.96        |
|                      | Neochimiki     | EUR | 9.80       | 53.63        | 8.89        | 11.66        | 13.05        | 1.49        | 16.73         | 1.70           | 0.22        |
|                      | <b>Average</b> |     |            | <b>19.25</b> | <b>7.45</b> | <b>12.58</b> | <b>12.34</b> | <b>1.31</b> | <b>17.03</b>  | <b>2.54</b>    | <b>1.54</b> |

Source: IBES, Oppenheim Research

Even on a static peer group comparison, the Neochimiki shares look attractive. On an EV/EBITDA07e comparison, the share is valued approx 20% above the sector average, despite the fact that the EBIT margin is approx. 6% above the sector average. On the other side, on a PER07 comparison, the share is valued approx. 8% below the sector average. The dynamic valuation, expressed in terms of PEG03-07e, demonstrates the attractiveness of the share with a value of 0.22, compared to 1.54 for the specialty chemicals sector.

**Neochimiki – P&L (Cost of sales)**

| <b>EURm</b>                     | <b>2003</b> | <b>2004</b> | <b>2005</b>  | <b>2006e</b> | <b>2007e</b> |
|---------------------------------|-------------|-------------|--------------|--------------|--------------|
| <b>Revenues</b>                 | <b>55.8</b> | <b>82.9</b> | <b>142.5</b> | <b>270.0</b> | <b>400.0</b> |
| Cost of revenues                | 36.8        | 55.0        | 99.6         | 188.8        | 281.4        |
| <b>Gross operating result</b>   | <b>19.0</b> | <b>27.9</b> | <b>42.9</b>  | <b>81.2</b>  | <b>118.6</b> |
| Selling costs                   | 5.7         | 8.1         | 0.0          | 25.7         | 38.0         |
| Administrative costs            | 2.1         | 3.2         | 16.0         | 9.2          | 13.6         |
| R&D costs                       | 0.1         | 0.1         | 0.0          | 0.1          | 0.1          |
| Other operating income/expenses | 0.1         | 0.1         | 0.7          | 0.0          | 0.0          |
| EBITDA                          | 11.2        | 16.7        | 27.5         | 46.3         | 66.9         |
| EBIT pre exceptionals           | 8.5         | 12.2        | 20.6         | 35.3         | 52.2         |
| <b>EBIT</b>                     | <b>8.5</b>  | <b>12.2</b> | <b>20.6</b>  | <b>35.3</b>  | <b>52.2</b>  |
| Interest result                 | -2.2        | -3.3        | -5.5         | -6.7         | -8.0         |
| <b>Financial result</b>         | <b>-2.2</b> | <b>-3.3</b> | <b>-5.5</b>  | <b>-6.7</b>  | <b>-8.0</b>  |
| <b>Earnings before tax</b>      | <b>6.6</b>  | <b>8.7</b>  | <b>15.0</b>  | <b>43.6</b>  | <b>44.2</b>  |
| Taxes                           | 1.0         | 1.0         | 2.4          | 4.2          | 7.6          |
| Tax rate %                      | 15          | 12          | 16           | 10           | 17           |
| <b>Profit/loss for the year</b> | <b>5.6</b>  | <b>7.7</b>  | <b>12.7</b>  | <b>39.3</b>  | <b>36.7</b>  |
| Minority interest               | 0.2         | 0.0         | 0.0          | 5.7          | 6.4          |
| <b>Net profit</b>               | <b>5.4</b>  | <b>7.7</b>  | <b>12.6</b>  | <b>33.7</b>  | <b>30.3</b>  |
| Adjustments                     | 0.0         | 0.0         | 0.0          | -15.0        | 0.0          |
| <b>Adjusted net profit</b>      | <b>5.4</b>  | <b>7.7</b>  | <b>12.6</b>  | <b>18.7</b>  | <b>30.3</b>  |

**Key ratios and numbers**

|                                  |       |       |       |       |       |
|----------------------------------|-------|-------|-------|-------|-------|
| <b>Data per share</b>            |       |       |       |       |       |
| Number of total shares           | 36.0  | 36.0  | 36.0  | 36.0  | 36.0  |
| EPS (reported)                   | 0.15  | 0.21  | 0.35  | 0.94  | 0.84  |
| adj. EPS                         | 0.15  | 0.21  | 0.35  | 0.52  | 0.84  |
| Dividend per share               | 0.06  | 0.07  | 0.08  | 0.17  | 0.25  |
| Sustainable FCFPS                | 0.04  | 0.39  | 0.82  | 0.07  | 0.62  |
| FCFPS                            | -0.68 | -0.63 | -1.00 | -0.11 | 0.30  |
| Book value per share             | 0.70  | 1.42  | 1.67  | 3.30  | 3.89  |
| <b>Growth rates %</b>            |       |       |       |       |       |
| Revenues change                  | 19.3  | 48.5  | 71.9  | 89.5  | 48.15 |
| EBIT change                      | 41.4  | 43.2  | 68.1  | 71.6  | 48.0  |
| Earnings before tax change       | 48.8  | 31.3  | 72.3  | 190.2 | 1.5   |
| Net profit change                | 90.5  | 40.9  | 64.9  | 167.0 | -10.2 |
| adj. EPS change                  | 90.5  | 40.9  | 64.9  | 48.1  | 61.8  |
| <b>Margins %</b>                 |       |       |       |       |       |
| Gross margin                     | 34.1  | 33.6  | 30.1  | 30.1  | 29.7  |
| EBITDA margin                    | 20.1  | 20.1  | 19.3  | 17.1  | 16.7  |
| EBIT margin                      | 15.3  | 14.8  | 14.4  | 13.1  | 13.1  |
| Net profit margin                | 9.7   | 9.2   | 8.9   | 12.5  | 7.6   |
| ROE                              | 20.0  | 14.2  | 20.0  | 15.0  | 20.3  |
| ROCE                             | 6.8   | 5.4   | 6.4   | 7.4   | 9.8   |
| <b>Expense ratios %</b>          |       |       |       |       |       |
| R&D to Revenues                  | 0.1   | 0.1   | 0.0   | 0.0   | 0.0   |
| Depreciation to Revenues         | 4.8   | 5.3   | 4.9   | 4.1   | 3.7   |
| <b>Other ratios</b>              |       |       |       |       |       |
| EVA ® SOP                        | 0.0   | 0.0   | 19.2  | 31.0  | 39.7  |
| ΔEVA ® SOP                       | 0.0   | 0.0   | 19.2  | 11.8  | 8.7   |
| Sustainable FCF yield %          | 1.0   | 10.6  | 19.3  | 0.7   | 6.3   |
| Interest cover                   | 4.0   | 3.7   | 3.7   | 5.3   | 6.5   |
| Equity ratio %                   | 30.8  | 34.6  | 26.0  | 34.0  | 34.7  |
| Gearing %                        | 180.3 | 155.4 | 203.3 | 107.9 | 89.2  |
| Net financial liabilities/EBITDA | 4.5   | 5.1   | 4.8   | 3.3   | 2.3   |

© EVA, ΔEVA is a registered trademark

**Neochimiki - Statement of Cash Flows**

| EURm   | 2003         | 2004         | 2005         | 2006e        | 2007e        |
|--|--------------|--------------|--------------|--------------|--------------|
| <b>Cash flow from operating activities</b>   |              |              |              |              |              |
| EBIT   | 8.5          | 12.2         | 20.6         | 35.3         | 52.2         |
| Depreciation / amortization                  | 2.7          | 4.4          | 7.0          | 11.0         | 14.7         |
| Change in other provisions                   | 0.0          | -0.2         | 0.0          | 0.0          | 0.0          |
| Non Cash Items                               | 2.1          | 3.1          | 4.2          | 3.5          | 8.7          |
| Taxes / tax refunds                          | 1.0          | 1.0          | 2.4          | 4.2          | 7.6          |
| Change in other assets & liabilities         | -1.1         | 1.0          | 0.0          | 0.0          | 0.0          |
| Change in Working Capital                    | 7.9          | 2.3          | -5.3         | 33.3         | 31.3         |
| <b>Cash flow from operating activities</b>   | <b>3.3</b>   | <b>17.2</b>  | <b>34.7</b>  | <b>12.3</b>  | <b>36.8</b>  |
| <b>Cash flow from investing activities</b>   |              |              |              |              |              |
| Investments in tangible assets               | -21.6        | -26.2        | -66.8        | -75.0        | -18.0        |
| Investments in financial assets              | 0.0          | -5.6         | 0.0          | 0.0          | 0.0          |
| Investments in intangible assets             | 0.0          | 0.0          | -0.4         | 0.0          | 0.0          |
| Disinvestments                               | -1.9         | -1.6         | 3.3          | 65.0         | 0.0          |
| Changes in other L.T. assets / acquisitions  | 0.0          | 0.0          | 0.0          | -0.1         | -0.1         |
| <b>Cash flow from investing activities</b>   | <b>-23.5</b> | <b>-33.4</b> | <b>-63.9</b> | <b>-10.1</b> | <b>-18.1</b> |
| <b>Cash flow from financing activities</b>   |              |              |              |              |              |
| Financial result                             | -2.2         | -3.3         | -5.5         | -6.7         | -8.0         |
| Change in financial liabilities              | 17.0         | 25.7         | 41.3         | 22.7         | 4.4          |
| Change in shareholder's Equity               | 10.2         | 0.0          | 0.0          | 0.0          | 0.0          |
| Dividend payments in previous year           | 2.0          | 2.5          | 2.2          | 6.0          | 9.0          |
| Other  | -2.2         | -3.1         | -1.4         | 0.5          | 0.0          |
| <b>Cash flows from financing activities</b>  | <b>20.8</b>  | <b>16.8</b>  | <b>32.2</b>  | <b>10.6</b>  | <b>-12.6</b> |
| <b>Change in cash and cash equivalents</b>   | <b>0.6</b>   | <b>0.6</b>   | <b>3.0</b>   | <b>12.8</b>  | <b>6.1</b>   |
| Cash and cash equivalents (begin. of period) | 0.6          | 1.2          | 1.8          | 4.8          | 17.6         |
| Cash and cash equivalents (end of period)    | 1.2          | 1.8          | 4.8          | 17.6         | 23.7         |

**Ratios and key figures**

|   |       |       |       |       |       |
|---|-------|-------|-------|-------|-------|
| Free cash flow to entity                    | -22.4 | -19.3 | -30.6 | 2.7   | 18.7  |
| Free cash flow to shareholder               | -24.5 | -22.6 | -36.1 | -4.0  | 10.7  |
| FCFPS                                       | -0.68 | -0.63 | -1.00 | -0.11 | 0.30  |
| Free cash flow yield                        | -19.4 | -16.9 | -23.5 | -1.1  | 3.0   |
| Sustainable free cash flow to entity        | 1.3   | 14.2  | 29.6  | 2.6   | 22.4  |
| Sustainable free cash flow to shareholder   | -0.9  | 10.9  | 24.1  | -4.1  | 14.4  |
| Sustainable FCFPS                           | 0.0   | 0.4   | 0.8   | 0.1   | 0.6   |
| Sustainable FCF yield                       | 1.0   | 10.6  | 19.3  | 0.7   | 6.3   |
| Operating cash flow/Capex                   | -0.2  | -0.7  | -0.5  | -0.2  | -2.0  |
| Operating cash flow/avg. net financial pos. | -0.1  | -0.3  | -0.3  | -0.1  | -0.3  |
| Maintenance capex/revenues                  | 3.6   | 3.6   | 3.6   | 3.6   | 3.6   |
| Depreciation/capex                          | -12.3 | -16.9 | -10.4 | -14.7 | -81.8 |
| Net working capital/revenues                | 45.4  | 33.9  | 16.1  | 20.7  | 21.8  |

**Neochimiki - Balance Sheet**

| <b>EURm</b>                                   | <b>2003</b> | <b>2004</b>  | <b>2005</b>  | <b>2006e</b> | <b>2007e</b> |
|---|-------------|--------------|--------------|--------------|--------------|
| <b>Assets</b>                                 | <b>88.2</b> | <b>155.5</b> | <b>242.3</b> | <b>367.0</b> | <b>430.0</b> |
| <b>Fixed assets</b>                           | <b>52.6</b> | <b>113.0</b> | <b>175.9</b> | <b>238.5</b> | <b>241.9</b> |
| Intangible assets                             | 1.7         | 6.0          | 11.2         | 9.0          | 8.8          |
| thereof goodwill                              | 0.0         | 0.0          | 0.0          | 0.0          | 0.0          |
| thereof act. development expenditure          | 0.0         | 0.0          | 0.0          | 0.0          | 0.0          |
| Property, plant + equipment (PPE)             | 50.9        | 107.0        | 164.6        | 228.8        | 232.3        |
| Financial assets                              | 0.0         | 0.0          | 0.1          | 0.7          | 0.8          |
| <b>Current assets</b>                         | <b>35.3</b> | <b>42.5</b>  | <b>66.0</b>  | <b>128.5</b> | <b>188.1</b> |
| Inventories                                   | 11.2        | 19.1         | 36.7         | 59.2         | 87.7         |
| Accounts receivable                           | 22.8        | 21.6         | 24.5         | 51.8         | 76.7         |
| thereof trade receivables                     | 22.8        | 21.4         | 24.3         | 51.8         | 76.7         |
| Marketable securities                         | 0.0         | 0.0          | 0.0          | 0.0          | 0.0          |
| Cash and cash equivalents                     | 1.2         | 1.8          | 4.8          | 17.6         | 23.7         |
| Deferred tax assets                           | 0.4         | 0.0          | 0.4          | 0.0          | 0.0          |
| <b>Total assets</b>                           | <b>88.2</b> | <b>155.5</b> | <b>242.3</b> | <b>367.0</b> | <b>430.0</b> |
| <b>Liabilities &amp; Shareholders' equity</b> | <b>88.2</b> | <b>155.5</b> | <b>242.3</b> | <b>367.0</b> | <b>430.0</b> |
| <b>Shareholders' equity</b>                   | <b>27.2</b> | <b>53.8</b>  | <b>63.1</b>  | <b>124.7</b> | <b>149.0</b> |
| Capital subscribed                            | 10.8        | 10.8         | 10.8         | 10.8         | 10.8         |
| Reserves                                      | 16.4        | 43.0         | 52.3         | 113.9        | 138.2        |
| thereof additional paid-in reserves           | 6.5         | 5.7          | 5.7          | 5.7          | 5.7          |
| thereof retained earnings                     | 9.8         | 37.3         | 46.6         | 108.3        | 132.5        |
| Items btw shareholders' equity + debt         | 1.3         | 0.3          | 4.1          | 27.8         | 34.2         |
| <b>Debt</b>                                   | <b>58.9</b> | <b>99.0</b>  | <b>171.3</b> | <b>207.2</b> | <b>233.7</b> |
| Provisions                                    | 0.0         | 1.1          | 0.2          | 0.2          | 0.2          |
| Pension provisions                            | 0.0         | 0.1          | 0.1          | 0.2          | 0.2          |
| Other provisions                              | 0.0         | 1.0          | 0.0          | 0.1          | 0.1          |
| Liabilities                                   | 58.9        | 97.9         | 171.1        | 207.0        | 233.5        |
| Financial liabilities                         | 50.2        | 85.3         | 132.9        | 152.0        | 156.4        |
| Other liabilities                             | 8.7         | 12.6         | 38.3         | 55.0         | 77.1         |
| thereof trade liabilities                     | 8.7         | 12.6         | 38.3         | 55.0         | 77.1         |
| Deferred tax liabilities                      | 0.9         | 2.4          | 3.8          | 7.3          | 13.0         |
| <b>Total liabilities</b>                      | <b>88.2</b> | <b>155.5</b> | <b>242.3</b> | <b>367.0</b> | <b>430.0</b> |
| <b>Ratios and key figures</b>                 |             |              |              |              |              |
| Current assets %                              | 40.0        | 27.4         | 27.2         | 35.0         | 43.7         |
| Long-term assets %                            | 59.6        | 72.6         | 72.6         | 65.0         | 56.3         |
| Equity ratio %                                | 30.8        | 34.6         | 26.0         | 34.0         | 34.7         |
| Book value per share                          | 0.70        | 1.42         | 1.67         | 3.30         | 3.89         |
| Gearing %                                     | 180.3       | 155.4        | 203.3        | 107.9        | 89.2         |
| Interest cover                                | 4.0         | 3.7          | 3.7          | 5.3          | 6.5          |
| Net working capital                           | 25.3        | 28.1         | 22.9         | 56.0         | 87.3         |
| Net financial position                        | -49.0       | -83.6        | -128.2       | -134.6       | -132.9       |
| Net financial liabilities/EBITDA              | 4.5         | 5.1          | 4.8          | 3.3          | 2.3          |
| Enterprise value                              | 178.0       | 217.4        | 282.4        | 583.5        | 594.9        |

**Neochimiki - Divisional breakdown**

| <b>EURm</b>                            | <b>2003</b> | <b>2004</b> | <b>2005</b>  | <b>2006e</b> | <b>2007e</b> |
|--|-------------|-------------|--------------|--------------|--------------|
| <b>Revenues</b>                        | <b>55.8</b> | <b>82.9</b> | <b>142.5</b> | <b>270.0</b> | <b>400.0</b> |
| Multinationals                         | 9.4         | 16.9        | 28.8         | 55.0         | 80.0         |
| Chg. %                                 |             | 79.8        | 70.4         | 91.0         | 45.5         |
| Private Label                          | 4.1         | 6.0         | 10.2         | 17.0         | 30.0         |
| Chg. %                                 |             | 46.3        | 70.0         | 66.7         | 76.5         |
| Raw materials for detergents-cosmetics | 4.8         | 8.0         | 10.0         | 13.0         | 15.0         |
| Chg. %                                 |             | 66.7        | 25.0         | 30.0         | 15.4         |
| Cosmetics                              | 0.0         | 0.0         | 0.0          | 5.0          | 10.0         |
| Chg. %                                 |             |             |              |              | 100.0        |
| Plastics                               | 6.5         | 10.6        | 21.0         | 55.0         | 80.0         |
| Chg. %                                 |             | 63.1        | 98.1         | 161.9        | 45.5         |
| Paint & lacquer                        | 5.0         | 9.7         | 19.0         | 40.0         | 70.0         |
| Chg. %                                 |             | 94.0        | 95.9         | 110.5        | 75.0         |
| Cosmetics-Detergents                   | 5.0         | 5.0         | 6.0          | 7.0          | 10.0         |
| Chg. %                                 |             | 0.0         | 20.0         | 16.7         | 42.9         |
| Textiles                               | 4.5         | 3.0         | 3.0          | 3.0          | 3.3          |
| Chg. %                                 |             | -33.3       | 0.0          | 0.0          | 10.0         |
| Food Industry                          | 4.5         | 4.5         | 6.0          | 7.0          | 10.0         |
| Chg. %                                 |             | 0.0         | 33.3         | 16.7         | 42.9         |
| Water processing                       | 4.6         | 4.6         | 5.5          | 6.0          | 8.0          |
| Chg. %                                 |             | 0.0         | 19.6         | 9.1          | 33.3         |
| Metallurgy                             | 3.4         | 3.4         | 3.5          | 3.5          | 3.7          |
| Chg. %                                 |             | 0.0         | 2.9          | 0.0          | 5.7          |
| Fertilizers                            | 4.0         | 4.0         | 19.3         | 38.5         | 55.0         |
| Chg. %                                 |             | 0.0         | 381.5        | 99.9         | 42.9         |
| Industrial Base Oil                    | 0.0         | 7.2         | 10.2         | 20.0         | 25.0         |
| Chg. %                                 |             |             | 42.2         | 95.3         | 25.0         |
| <b>Gross profit</b>                    | <b>8.5</b>  | <b>12.2</b> | <b>20.6</b>  | <b>35.3</b>  | <b>52.2</b>  |
| Multinationals                         | 4.7         | 8.3         | 13.2         | 25.0         | 36.0         |
| Chg. %                                 |             | 76.6        | 59.0         | 89.4         | 44.0         |
| Private Label                          | 1.9         | 2.8         | 4.4          | 7.3          | 12.7         |
| Chg. %                                 |             | 47.4        | 58.0         | 65.0         | 74.0         |
| Raw materials for detergents-cosmetics | 2.2         | 3.7         | 4.4          | 5.6          | 6.3          |
| Chg. %                                 |             | 68.2        | 17.6         | 28.7         | 12.5         |
| Cosmetics                              | 0.0         | 0.0         | 0.0          | 2.3          | 4.4          |
| Chg. %                                 |             |             |              |              | 91.3         |
| Plastics                               | 1.7         | 2.6         | 4.7          | 11.0         | 16.0         |
| Chg. %                                 |             | 26.2        | 26.2         | 134.0        | 45.5         |
| Paint & lacquer                        | 1.3         | 2.4         | 4.3          | 11.0         | 16.0         |
| Chg. %                                 |             | 84.6        | 79.2         | 155.8        | 45.5         |
| Cosmetics-Detergents                   | 1.3         | 1.2         | 1.4          | 1.5          | 2.1          |
| Chg. %                                 |             | -7.7        | 16.7         | 7.1          | 40.0         |
| Textiles                               | 1.1         | 0.7         | 0.6          | 0.6          | 0.6          |
| Chg. %                                 |             | -36.4       | -14.3        | 0.0          | 6.7          |
| Food Industry                          | 1.1         | 1.1         | 1.2          | 1.4          | 2.0          |
| Chg. %                                 |             | 0.0         | 9.1          | 16.7         | 42.9         |
| Water processing                       | 1.8         | 1.7         | 2.0          | 2.1          | 2.8          |
| Chg. %                                 |             | -5.6        | 17.6         | 5.0          | 33.3         |
| Metallurgy                             | 0.9         | 0.8         | 0.7          | 0.7          | 0.7          |
| Chg. %                                 |             | -11.1       | -12.5        | 0.0          | 2.9          |
| Fertilizers                            | 1.0         | 0.9         | 4.0          | 9.0          | 13.0         |
| Chg. %                                 |             | -10.0       | 344.4        | 125.0        | 44.4         |
| Industrial Base Oil                    | 0.0         | 1.7         | 2.0          | 3.9          | 4.8          |
| Chg. %                                 |             |             | 17.6         | 95.0         | 23.1         |

| <b>Neochimiki - Divisional breakdown</b> |             |             |             |              |              |
|--|-------------|-------------|-------------|--------------|--------------|
| <b>EURm</b>                              | <b>2003</b> | <b>2004</b> | <b>2005</b> | <b>2006e</b> | <b>2007e</b> |
| <b>Margins</b>                           |             |             |             |              |              |
| Gross margin %                           | 15.3        | 14.8        | 14.4        | 13.1         | 13.1         |
| Multinationals                           | 50.0        | 49.1        | 45.8        | 45.5         | 45.0         |
| Private label                            | 46.3        | 46.7        | 43.4        | 42.9         | 42.3         |
| Raw materials for detergents             | 45.8        | 46.3        | 43.5        | 43.1         | 42.0         |
| Cosmetics                                |             |             |             | 46.0         | 44.0         |
| Plastics                                 | 26.2        | 24.5        | 22.4        | 20.0         | 20.0         |
| Paint & Lacquer                          | 26.0        | 24.7        | 22.6        | 27.5         | 22.9         |
| Cosmetics-Detergents                     | 26.0        | 24.0        | 23.3        | 21.4         | 21.0         |
| Textiles                                 | 24.4        | 23.3        | 20.0        | 20.0         | 19.4         |
| Food Industry                            | 24.4        | 24.4        | 20.0        | 20.0         | 20.0         |
| Water processing                         | 39.1        | 37.0        | 36.4        | 35.0         | 35.0         |
| Metallurgy                               | 26.5        | 23.5        | 20.0        | 20.0         | 19.5         |
| Fertilizers                              | 25.0        | 22.5        | 20.8        | 23.4         | 23.6         |
| Industrial Base Oil                      |             | 23.6        | 19.5        | 19.5         | 19.2         |

**Analysts:**

Dr. Jürgen Reck, CEFA  
 Telephone + 49 (221) 145 - 2765  
[juergen.reck@oppenheim.de](mailto:juergen.reck@oppenheim.de)

Ludger Mues, DVFA  
 Telephone: + 49 (221) 145 – 2764  
[ludger.mues@oppenheim.de](mailto:ludger.mues@oppenheim.de)

**Publishing Team**  
 Jane Morgan (Editor)  
 Monika Laqua (DTP)

Sal. Oppenheim jr. & Cie. KGaA

Unter Sachsenhausen 4  
 50667 Köln  
 Telephone +49 (2 21) 1 45 – 01

Untermainanlage 1  
 60329 Frankfurt am Main  
 Telephone +49 ( 69) 71 34 – 0

Odeonsplatz 12  
 80539 München  
 Telephone +49 ( 89) 29 00 74 – 0

[www.oppenheim.de](http://www.oppenheim.de)  
[info@oppenheim.de](mailto:info@oppenheim.de)

Oppenheim Research GmbH

Unter Sachsenhausen 4  
 50667 Köln  
 Telephone +49 (2 21) 1 45 – 02

Untermainanlage 1  
 60329 Frankfurt am Main  
 Telephone +49 ( 69) 71 34 – 0

[www.oppenheim-research.de](http://www.oppenheim-research.de)  
[research@oppenheim.de](mailto:research@oppenheim.de)

Bank Sal. Oppenheim jr. & Cie.  
 (Schweiz) AG

Uraniastrasse 28  
 CH-8022 Zürich  
 Telephone + 41 (1) 2 14 22 14

Sal. Oppenheim jr. & Cie.  
 Securities Inc.

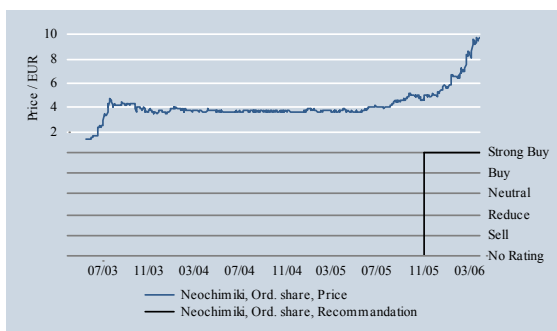
444 Madison Avenue, 34<sup>th</sup> Floor  
 New York, N.Y. 10022  
 USA  
 Telephone + 1 (2 12) 8 88 52 46

9

**Press contact:**  
 Tel. +49 221 145-2998  
[presse@oppenheim.de](mailto:presse@oppenheim.de)

**Further locations in:**

Baden-Baden, Berlin, Dublin, Duesseldorf, Geneva, Hamburg, Luxembourg, Salzburg, Stuttgart,  
 Vienna, Wiesbaden



Rating Distribution

| Recommendation | Coverage Universe |      | Investment banking-relationship |      |
|----------------|-------------------|------|---------------------------------|------|
|                | No.               | in % | No.                             | in % |
| Strong Buy     | 4                 | 1.3  | 1                               | 25.0 |
| Buy            | 122               | 38.6 | 28                              | 23.0 |
| Neutral        | 125               | 39.6 | 8                               | 6.4  |
| Reduce         | 28                | 8.9  | 2                               | 7.1  |
| Sell           | 2                 | 0.6  | 0                               | 0.0  |

10

The rating system of Sal. Oppenheim: Sal. Oppenheim’s rating system uses the grades STRONG BUY, BUY, NEUTRAL, REDUCE and SELL.

The ratings are based on the analysts’ expectations for the stock’s absolute change in stock price over a period of 6 to 9 months. The change in stock price results from the difference between the current share price and the analysts’ performance expectations, which are generally based on a fair value calculation.

Along with the expected high change in value, the STRONG BUY and SELL ratings also reflect the high degree of security which the analyst has in the given fair value.

Rating: Potential for change in stock price % (Difference between share price and performance expectations)

STRONG BUY (> 20%); BUY (> 10%); NEUTRAL (0% to 10%); REDUCE (< 0%); SELL (< -10%)

Time horizon: The ratings are based on the expected change in value of a stock within a time scale of 6 to twelve months

Fair value: The calculation of a stock’s fair value is generally based on the following models: 1) Discounted Free Cash Flow Model; 2) by a key comparable analysis

2 The following conflict of interest is referred to: Sal. Oppenheim jr. & Cie. KGaA or its affiliated entities managed or co-managed a public offering of securities for the subject company in the last 12 months.

This research report, prepared by Oppenheim Research GmbH, a wholly-owned subsidiary of Sal. Oppenheim jr. & Cie. Kommanditgesellschaft auf Aktien in Cologne („Oppenheim“), contains selected information and does not purport to be complete. This report bases on public available information and data („the Information“) believed to be accurate and complete. Oppenheim Research GmbH neither has examined the Information to be accurate and complete, nor guarantees its accuracy and completeness. Possible errors or incompleteness of the Information do not constitute grounds for liability, neither with regard to indirect nor to direct or consequential damages. In particular, neither Oppenheim Research GmbH nor Oppenheim are liable for the statements, plans or other details contained in the Information concerning the examined companies, their associated companies, strategies, economic situations, market and competitive situations, regulatory environment, etc. Although due care has been taken in compiling this research report, it cannot be excluded that it is incomplete or contains errors. Oppenheim Research GmbH as well as Oppenheim, their shareholders and employees are not liable for the accuracy and completeness of the statements, estimations and the conclusions derived from the Information and contained in this document. Provided this research report is being transmitted in connection with an existing contractual relationship, i.e. financial advisory or similar services, the liability of Oppenheim and Oppenheim Research GmbH shall be restricted to gross negligence and willful misconduct. Only in case of failure in essential tasks, Oppenheim or Oppenheim Research GmbH are liable for normal negligence. In any case, the liability of Oppenheim and Oppenheim Research GmbH is limited to typical, expectable damages and the liability for any indirect damages is excluded. This report does not constitute an offer or a solicitation of an offer for the purchase or sale of any security. Oppenheim may perform investment banking services or other services for companies mentioned in this report. Partners, directors or employees of Oppenheim may serve on the board of directors of companies mentioned in this report. Opinions expressed in this report are subject to change without notice. © Copyright Oppenheim Research GmbH. All rights reserved. Federal Institution for Financial Services