

CASH FLOW STATEMENT	2006 A	2007 A	2008 F	2009 F	2010 F	2011 F	2012 F	Perpetuity
Turnover	135,181	168,026	187,165	214,586	234,873	252,646	266,541	271,872
EBIT	12,188	16,021	17,593	19,098	19,729	21,222	22,389	22,837
Less: Adjusted Tax	4,107	3,296	3,623	4,031	4,082	4,323	4,492	4,491
NOPAT	8,081	12,725	13,971	15,068	15,648	16,899	17,897	18,347
Plus: Depreciation	1,358	1,510	1,816	2,115	2,274	2,429	2,580	3,060
Less: Change in Working Capital	14,078	5,219	2,130	3,650	5,287	6,241	5,383	3,045
Less: Capex	5,722	1,398	6,221	5,558	2,221	1,700	1,700	3,060
Cash Flow to the Firm (FCFF)	-10,361	7,619	7,437	7,975	10,414	11,387	13,394	15,302

AT A GLANCE

⇒ A. KALPINIS - N. SIMOS SA STEEL PRODUCTS, renamed to ELASTRON, is a leading steel processor and reseller of steel products in Greece with over 50 years presence in the sector, managing the largest steel product range in the market. It is a full range independent steel service center, importing from more than 30 countries with no commitment.

⇒ The main products marketed cover the needs of technical and construction companies, industrial plants, refineries, farming industries, as well as the needs of the ship-building and ship-repairing industries. These products can be classified into three main categories i) Flat Steel products like symdeck 73 profiled steel sheet, metaldeck scaffolding plank, polyurethane panels and cold-form sections, ii) Long Steel products like H-Beams, I-Beams, channels, angles and iii) Structural Hollow sections and tubes like round, square and right steel pipes

⇒ The Company, through two ultra-modern units in Scaramagas and Aspropirgos, applies advanced concepts in the manufacture of steel products in GREECE, offering its customers ready to use products in the precise dimensions they need on demand, minimizing their costs incurred by undesirable wastage and large stock.

⇒ There are two associated companies i) CORUS-KALPINIS-SIMOS-SA COVERING MATERIALS, established in 1999 in Athens along with British Steel Holdings B.V. (50-50% joint venture), which deals with the manufacture and supply of composite insulated polyurethane panels, which takes an increasing share of the construction industry including roof and wall cladding solutions and ii) CORUS-KALPINIS-SIMOS Steel Service Center, established in 2007 in North Greece-Salonika along with Corus-Tata (50-50% joint venture), has as its main objective to set up a new distribution center in South East Europe. The new operation is expected to commence in the second half of 2008 and to handle a capacity of 150,000 tonnes per year (value approx. €100M with today's prices). The sales will cover both northern Greece and the Balkan region where ELASTRON at present has a limited presence (total exports represent only 9% of consolidated sales). The initial investment will reach €14.8M, which includes a 35% grant of total cost.

⇒ Moreover, the Company announced the establishment of new subsidiaries in Bulgaria and Romania in order to set up new Steel centers, implementing the strategy for further expansion abroad. In Romania, Hellenic Halyvourgia SA and Trigonis Bros SA will acquire a stake at the share capital with each shareholder owning 1/3 of the company. The overall investment plan is expected to reach a total capex of approximately €12 M.

⇒ There is also an affiliated company called STEEL CENTER S.A. owned by Kalpinis and Simos families, which is active in stainless steel products.

⇒ The new 5-year investment plan until 2011 for the mother company will reach €14.7M including among others the erection of buildings and special installations worth €4.94M, new mechanical equipment for the processing of steel products of €5.94M and technical equipment of €2.32M. The final subsidy is expected to reach €5.15M (35% of total investment expenditure).

⇒ The Company's weak point is the extent of the average collection period, which is approximately 168 days (from 185 compared to FY06), and the gap between accounts payable, which is 137 days. This has led to increased needs for working capital reaching, in fiscal year 2007, almost 63% of consolidated turnover. The Company's strategy is to reduce the collection period by forty days gradually by 2011, in line with global market practices.

⇒ The threats come from price volatility and cyclicity although the mergers in the sector internationally are expected to reduce the sharp fluctuations in the prices of raw materials.

⇒ The sector's competition in Greece comes mainly from three companies which are also listed on the Athens Stock Exchange and together with ELASTRON hold 50% of total market. According to consolidated turnover in 2007 ELASTRON and Sidma have 30% each, Bitros 27% and Kordellos Bros 13%, with a total worth of €610M.

⇒ The Company posted very strong 1st Half 08 results mainly due to the significant improvement of total sales by 17.1% reaching the level of €100 M. Gross profit margin rose by 2 percent points at 18.8% compared to 16.9% in the respective period of 2007. These positive results were realized with the increase of international steel prices, and the depreciation of the US dollar against the Euro improved market conditions for companies, like ELASTRON, which import from Asia. Key contribution to the group's positive performance was also the expansion of sales network. Finally, EATAM formed at €7.8 M compared to €5.7 M in the 1st Half of 2007 marking a 35.5% increase. STEEL CENTER S.A. is not consolidated since there is only common management and no participation of the mother company in the share capital.

COMPANY DESCRIPTION

A. Kalpinis - N. Simos Steel Service Center imports, trades and processes steel products. Products include steel sheets, iron and aluminum.

SHARE DATA

Shares: 37,296,000 (Comm on Registered)

Capitalization (€ M): 49.23

200d Mov. Avg. Price (€): 1.70

200d Mov. Avg. Volume (#): 132,396

Price Change Since 31/12/07: -43%

52 wk high: 3.92 (10/4/2007)

52 wk low: 1.2 (1/23/2008)

Major Shareholders: 60.00%

Institutional Investor: 7.00%

Free Float: 33.00%

VALUATION (Working Hypotheses)

Risk Free Interest Rate (Rf): 4.75%

WACC: 9.13%

5-year CAGR of Turnover: 9.67%

Perpetuity after 2012: 2.00%

5-year CAGR of EBT: 8.73%

Effective Tax Rate_{eff}: 25.64%

VWAP 3months: 1.49

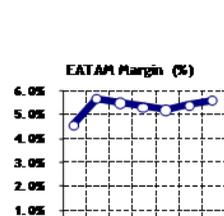
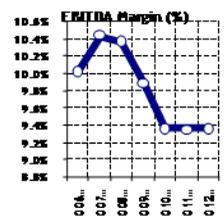
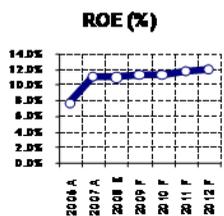
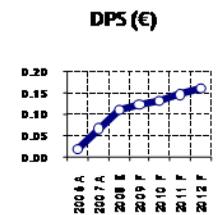
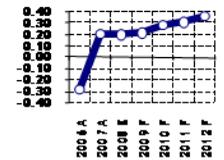
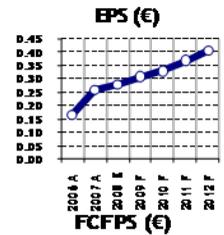
ESTIMATES - FORECASTS

€ M	2006A	2007A	2008E	2009F
SALES	135	168	187	215
EBITDA	13.5	17.5	19.4	21.2
EATAM	6.21	9.56	10.31	11.47

SALES BREAKDOWN			
in € (000)	2008 (e)	2009 (f)	2010 (f)
ELASTRON	166,415	174,736	183,473
CORUS-KALPINIS Ath 50%	15,750	17,100	18,900
CORUS-KALPINIS Sal 50%	5,000	22,750	32,500
TOTAL WORTH	187,165	214,586	234,873

Y-o-Y changes	2007 A	2008 E	2009 F	2010 F	2011 F	2012 F
Total Turnover	% 24.30%	11.39%	14.65%	9.45%	7.57%	5.50%
EBITDA	% 29.42%	10.72%	9.29%	3.72%	7.49%	5.57%
EBT	% 24.57%	8.41%	11.26%	5.31%	10.32%	8.44%
EAT & Minorities	% 53.88%	7.89%	11.26%	6.74%	11.80%	9.87%

Current Price	2006 A	2007 A	2008 E	2009 F	2010 F	2011 F	2012 F
1.32							
SHARES OUTSTANDING (000)	37,296	37,296	37,296	37,296	37,296	37,296	37,296
P/E (x)	7.93	5.15	4.77	4.29	4.02	3.60	3.27
P/Sales (x)	0.36	0.29	0.26	0.23	0.21	0.19	0.18
P/BV (x)	0.60	0.55	0.51	0.47	0.44	0.41	0.38
EPS (€)	0.17	0.26	0.28	0.31	0.33	0.37	0.40
EPS growth (%)	246.0%	53.9%	7.9%	11.3%	6.7%	11.8%	9.9%
PEG (x)	0.03	0.10	0.61	0.38	0.60	0.30	0.33
Operating CFPS (€)	-0.08	0.13	0.28	0.28	0.25	0.27	0.33
FCFF / Share (€)	-0.28	0.20	0.20	0.21	0.28	0.31	0.36
Dividend / Share (€)	0.02	0.07	0.11	0.12	0.13	0.15	0.16
Dividend Yield (%)	1.4%	5.1%	8.4%	9.3%	9.9%	11.1%	12.2%
ROE (%)	7.8%	11.1%	11.1%	11.4%	11.3%	11.7%	12.0%
EV/Sales (x)	0.80	0.65	0.58	0.51	0.46	0.42	0.39
EV/EBITDA (x)	7.94	6.28	5.64	5.19	4.93	4.50	4.11
Net Debt / Equity (x)	0.69	0.64	0.57	0.52	0.46	0.40	0.33
Current Ratio (x)	2.60	2.57	2.50	2.38	2.50	2.67	2.97
INCOME STATEMENT (€ ,000)	2006 A	2007 A	2008 E	2009 F	2010 F	2011 F	2012 F
Total Turnover	135,181	168,026	187,165	214,586	234,873	252,646	266,541
COGS	113,122	141,552	157,218	181,325	199,642	214,749	226,560
Gross Profit	22,059	26,474	29,946	33,261	35,231	37,897	39,981
Other Operating Income	2,451	2,276	2,527	2,897	3,171	3,411	3,598
SG&A Expenses	12,322	12,729	14,880	17,060	18,672	20,085	21,190
EBIT	12,188	16,021	17,593	19,098	19,729	21,222	22,389
Depreciation	1,358	1,510	1,816	2,115	2,274	2,429	2,580
EBITDA	13,546	17,531	19,410	21,213	22,003	23,651	24,969
Interest Expense	(1,870)	(3,168)	(3,660)	(3,596)	(3,403)	(3,210)	(2,857)
EBT	10,318	12,853	13,934	15,502	16,326	18,012	19,532
Taxes	4,107	3,296	3,623	4,031	4,082	4,323	4,492
Minorities							
EAT & Minorities	6,210	9,557	10,311	11,472	12,245	13,689	15,040
CASH FLOW (€ ,000)	2006 A	2007 A	2008 E	2009 F	2010 F	2011 F	2012 F
Cash flow from Operations	-2,824	4,879	10,393	10,424	9,338	10,192	12,479
Cash Flow from Investment	-5,711	-2,655	-7,005	-6,508	-3,006	-3,006	-3,004
Net Cash Flow from Financing	8,664	-2,476	-3,156	-4,182	-6,810	-6,598	-9,676
BALANCE SHEET (€ ,000)	2006 A	2007 A	2008 E	2009 F	2010 F	2011 F	2012 F
Total Non-Current Assets	43,931	46,320	51,509	55,902	56,634	57,210	57,635
Inventory	38,993	36,930	39,305	43,990	48,149	51,792	54,641
Receivables	73,091	81,990	87,593	94,847	99,821	104,848	109,282
Total Cash	1,723	1,472	1,704	1,438	960	1,549	1,349
Total Current Assets	113,807	120,845	129,106	140,853	149,562	158,870	165,989
Total Assets	157,739	167,165	180,614	196,754	206,196	216,080	223,624
Long Term Bank Loans	30,000	27,000	27,000	27,000	27,000	27,000	27,000
Non Current Liabilities	31,880	30,831	31,913	33,242	34,188	35,752	37,265
Short Term Banks	28,183	31,448	30,000	29,000	26,000	23,000	17,500
Current Liabilities	43,716	47,054	51,596	59,060	59,900	59,429	55,896
Equity	82,143	89,280	97,105	104,452	112,108	120,899	130,463
Total Equity & Liabilities	157,739	167,165	180,614	196,754	206,196	216,080	223,624
MARGIN ANALYSIS %	2006 A	2007 A	2008 E	2009 F	2010 F	2011 F	2012 F
Gross Profit	16.3%	15.8%	16.0%	15.5%	15.0%	15.0%	15.0%
SG&A Expenses	9.1%	7.6%	8.0%	8.0%	8.0%	8.0%	8.0%
EBITDA	10.0%	10.4%	10.4%	9.9%	9.4%	9.4%	9.4%
EBT	7.6%	7.6%	7.4%	7.2%	7.0%	7.1%	7.3%
EAT&Minorities	4.6%	5.7%	5.5%	5.3%	5.2%	5.4%	5.6%
Tax rate	39.8%	25.6%	26.0%	26.0%	25.0%	24.0%	23.0%



Source: MERIT SECURITIES, Company Financial Data



Investment Ratings

BUY (5/5): The difference between the stock's current price and its estimated target price is $\geq +30\%$

ACCUMULATE (4/5): The difference between the stock's current price and its estimated target price ranges between $[\,+10\%$ and $+30\%)$

HOLD (3/5): The difference between the stock's current price and its estimated target price ranges between $(-10\%$ and $+10\%)$

AVOID (2/5): The difference between the stock's current price and its estimated target price ranges between $[-10\%$ and $-30\%)$

REDUCE (1/5): The difference between the stock's current price and its estimated target price is $\leq -30\%$

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