



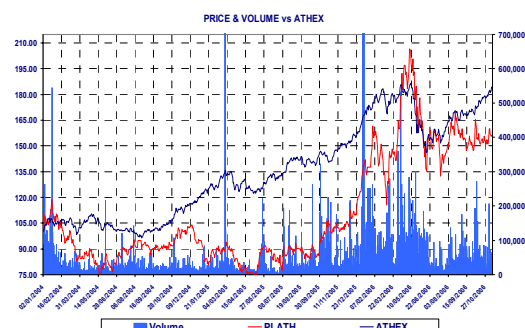
THRACE PLASTICS SA
PLAT GA

Price: €2.14 Cap: €97.4M
Target: €2.52 Cap: €114.6M
Previous: - Potential: 17.99%



Industry: CHEMICALS

November 17, 2006



COMPANY DESCRIPTION

Thraces Plastics' main activity is the production and distribution of plastic-synthetic textile and rigid packaging products (technical fabrics, non-wovens, plastic packaging products for food industry and chemicals and industrial bags). The Thraces Group has an extensive European presence with manufacturing facilities in 5 countries, 4 sales offices in different countries and increasing market shares in U.S.A., Australia, Japan and other countries worldwide.

SHARE DATA

Shares: 45,500,000 (Common Registered)

Capitalization (€M): 97.4

200d Mov.Avg.Price (€): 2.08

200d Mov.Avg. Volume (#): 93,708

%Price Change since 31/12/2005: 29 %

52 wk high: €2.79 (05/05/2006)

52 wk low: €1.32 (16/11/2005)

Major shareholders: 64%

Free Float: 36%

VALUATION (Working Hypotheses)

Risk Free Interest Rate (R_f): 4.50%

WACC: 8.39%

5-year CAGR of Turnover: 8.07%

Perpetuity after 2010: 2%

5-year CAGR of EBT: 8.17%

Effective Tax Rate₀₅: 25.0%

ESTIMATES - FORECASTS

€M	2004A	2005A	2006E	2007F
Sales	174	186	206	233
EBITDA	25.1	27.5	27.9	30.0
EATAM	6.7	10.0	9.1	10.3

Investment Opinion: ACCUMULATE (4/5)

CASH FLOW STATEMENT	2005 A	2006 E	2007 F	2008 F	2009 F	2010 F	Perpetuity
Turnover	186,253	205,950	232,853	249,051	263,915	274,526	280,016
EBIT	15,885	15,961	17,231	18,928	21,245	22,786	22,401
Less: Adjusted Tax	4,537	3,808	3,457	3,847	4,602	5,250	5,161
NOPAT	11,348	12,153	13,774	15,081	16,643	17,536	17,240
Plus: Depreciation	11,580	11,945	12,801	13,256	13,717	13,557	11,145
Less: Change in Working Capital	3,205	637	6,602	3,287	2,740	2,248	2,100
Less: Capex	11,522	17,082	15,603	11,784	12,035	10,462	11,201
Cash Flow to the Firm (FCFF)	8,201	6,379	4,370	13,266	15,585	18,384	15,084

AT A GLANCE

⇒ Thraces Plastics Co SA was founded in 1978 in Xanthi (North-East Greece) and rapidly became one of the leading groups of companies in the plastic - synthetic textile product industry in Europe. The Group has manufacturing facilities in Greece, Scotland, Bulgaria, Romania and Turkey as well as sales offices in Ireland, Norway, Sweden and Serbia, employs about 1,600 people and converts annually almost 75,000 tones of polymers.

⇒ Group's activity is divided into the following 4 sectors:

- **Wovens (46% of total turnover):** geotextiles, agrotexiles, carpet backing, industrial yarns, ropes & twines
- **Non Wovens (19% of total turnover):** plastic material used in construction (roofing membranes), agriculture (crop cover), hygiene (diapers) etc.
- **Rigid Packaging (13% of total turnover):** plastic packaging products (injection and thermoforming) for food industry and chemicals
- **Industrial Bags and FIBCs (First Intermediate Bulk Container) (22% of total turnover):** 1 Loop FIBC, 4 Loop FIBC, Heavy Duty Bags, Container Liners

⇒ **THE GROUP'S STRUCTURE:** Thraces Plastics S.A. (wovens), Don & Low LTD (wovens and non wovens), Don & Low Hellas S.A. (non wovens), Thraces Plastics Packaging Group of Companies (rigid packaging), Thraces Plastics Pack S.A. (rigid packaging), Thraces Liquid Pack S.A. (rigid packaging), Thrplast -Megabags Group of Companies (Big Bags and FIBCs).

⇒ The strategy of the Group is persistent growth through long term relations, new markets, added value products and implementation of latest technology. The firm is aiming at high growth of the "Rigid Packaging" sector. "Rigid Packaging" products are manufactured in SE Europe & Greece and target SE Europe.

⇒ The company shows a low P/E ratio (10.7 for 2006) and enjoys a positive Free Cash Flow, although we expect heavy Capex for the next two years. Net Debt/Equity Ratio, that stands lower than 1, is also worth mentioned.

Operating Segment	Sales 2004	EBIT 2004	Sales 2005	EBIT 2005
Wovens	90,996	3,975	94,318	5,635
growth%			3.7%	41.8%
Non-wovens	35,055	4,627	37,886	4,250
growth%			8.1%	-8.1%
FIBCs	41,576	2,120	43,456	2,822
growth%			4.5%	33.1%
Rigid	19,566	2,290	25,679	3,129
growth%			31.2%	36.6%
Eliminations (Intersegment)	-13,652	-446	-15,086	49
Total Turnover	173,541	12,566	186,253	15,885
growth%			7.3%	26.4%

Y-o-Y changes		2005 A	2006 E	2007 F	2008 F	2009 F	2010 F
Total Turnover	%	7.33%	10.58%	13.06%	6.96%	5.97%	4.02%
EBITDA	%	9.42%	1.61%	7.62%	7.16%	8.63%	3.95%
EBT	%	41.00%	-7.39%	5.32%	11.28%	19.61%	14.08%
EAT & Minorities	%	48.56%	-9.24%	13.24%	11.28%	19.61%	14.08%



THRACE PLASTICS SA PLAT GA

Price: €2.14 Cap: €97.4M
Target: €2.52 Cap: €114.6M
Previous: - Potential: 17.99%



Current Price

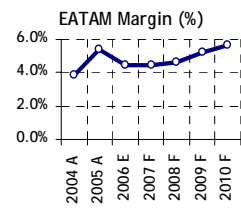
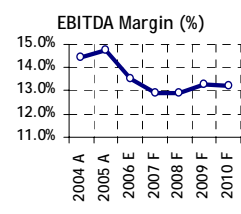
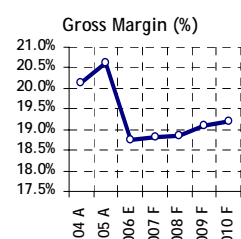
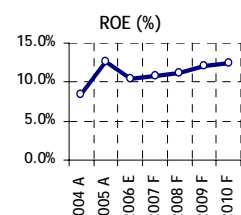
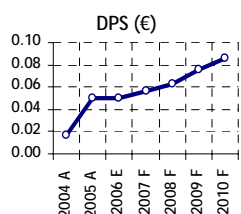
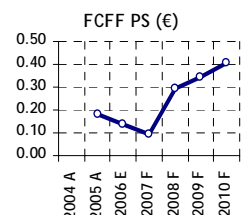
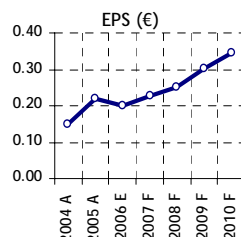
2.14	2004 A	2005 A	2006 E	2007 F	2008 F	2009 F	2010 F
Wtd. Avg. Shares (,000)	45,500	45,500	45,500	45,500	45,500	45,500	45,500
P/E (x)	14.43	9.71	10.70	9.45	8.49	7.10	6.22
P/Sales (x)	0.56	0.52	0.47	0.42	0.39	0.37	0.35
P/BV (x)	1.21	1.22	1.12	1.03	0.94	0.85	0.77
EPS (€)	0.15	0.22	0.20	0.23	0.25	0.30	0.34
EPS growth (%)		48.6%	-9.2%	13.2%	11.3%	19.6%	14.1%
PEG (x)		0.20	-1.16	0.71	0.75	0.36	0.44
Operating CFPS (€)	0.32	0.37	0.45	0.34	0.47	0.54	0.59
FCFF / Share (€)		0.18	0.14	0.10	0.29	0.34	0.40
Dividend / Share (€)	0.02	0.05	0.05	0.06	0.06	0.08	0.09
Dividend Yield (%)	0.8%	2.3%	2.3%	2.6%	2.9%	3.5%	4.0%
ROE (%)	8.4%	12.6%	10.5%	10.9%	11.1%	12.0%	12.4%
EV/Sales (x)	1.03	0.98	0.84	0.75	0.68	0.60	0.53
EV/EBITDA (x)	7.10	6.64	6.22	5.84	5.23	4.53	4.00
Net Debt / Equity (x)	0.60	0.66	0.58	0.56	0.45	0.33	0.20
Current Ratio (x)	1.40	1.30	1.32	1.33	1.41	1.56	1.76

INCOME STATEMENT (€ ,000)	2004 A	2005 A	2006 E	2007 F	2008 F	2009 F	2010 F
Total Turnover	173,541	186,253	205,950	232,853	249,051	263,915	274,526
COGS	138,589	147,842	167,334	189,077	202,105	213,507	221,817
Gross Profit	34,952	38,411	38,616	43,776	46,946	50,408	52,709
SG&A Expenses	27,821	27,703	28,936	28,408	29,886	31,010	31,845
EBITDA	25,100	27,465	27,906	30,032	32,183	34,962	36,343
Depreciation	12,534	11,580	11,945	12,801	13,256	13,717	13,557
EBIT	12,566	15,885	15,961	17,231	18,928	21,245	22,786
Interest Expense	(2,511)	(1,707)	(2,831)	(3,402)	(3,538)	(2,837)	(1,786)
EBT	10,055	14,178	13,130	13,829	15,389	18,408	20,999
Taxes	1,910	3,997	3,873	3,347	3,724	4,455	5,082
Minorities	1,397	156	157	178	198	237	271
EAT & Minorities	6,748	10,025	9,099	10,304	11,467	13,716	15,647

CASH FLOW (€ ,000)	2004 A	2005 A	2006 E	2007 F	2008 F	2009 F	2010 F
Cash flow from Operations	14,784	16,942	20,664	15,444	21,188	24,789	27,012
Cash Flow from Investment	-8,889	-19,342	-16,213	-15,603	-11,784	-12,035	-10,462
Net Cash Flow from Financing	-8,240	1,916	-1,856	-4,068	-8,454	-14,921	-15,404

BALANCE SHEET (€ ,000)	2004 A	2005 A	2006 E	2007 F	2008 F	2009 F	2010 F
Total Non-Current Assets	108,374	106,516	104,161	107,001	105,551	103,890	100,809
Inventory	27,663	36,271	41,396	45,988	48,316	50,276	52,160
Receivables	52,639	57,242	65,286	73,349	77,953	82,078	84,828
Total Cash	12,588	12,104	14,700	10,473	11,425	9,258	10,405
Total Current Assets	93,952	105,708	121,382	129,811	137,693	141,611	147,393
Total Assets	202,326	212,224	225,543	236,811	243,244	245,502	248,202
Long Term Bank Loans	22,417	18,827	20,992	19,500	18,008	16,516	15,024
Non Current Liabilities	54,632	51,179	46,863	44,362	42,311	40,437	38,518
Short Term Banks	38,899	45,841	44,095	44,095	40,000	30,000	20,000
Current Liabilities	67,145	81,175	91,828	97,692	97,377	90,985	83,598
Equity	80,549	79,870	86,852	94,758	103,556	114,080	126,086
Total Equity & Liabilities	202,326	212,224	225,543	236,811	243,244	245,502	248,202

MARGIN ANALYSIS %	2004 A	2005 A	2006 E	2007 F	2008 F	2009 F	2010 F
Gross Profit	20.1%	20.6%	18.8%	18.8%	18.9%	19.1%	19.2%
SG&A Expenses	16.0%	14.9%	14.1%	12.2%	12.0%	11.8%	11.6%
EBITDA	14.5%	14.7%	13.6%	12.9%	12.9%	13.2%	13.2%
EBT	5.8%	7.6%	6.4%	5.9%	6.2%	7.0%	7.6%
EAT&Minorities	3.9%	5.4%	4.4%	4.4%	4.6%	5.2%	5.7%
Tax rate	19.0%	28.2%	29.5%	24.2%	24.2%	24.2%	24.2%



This report has been issued by MERIT Securities SA and may not be reproduced in any manner or provided to any other persons. Each person that receives a copy by acceptance thereof represents and agrees that it will not distribute or provide it to any other person. The information contained herein has been obtained from sources believed to be reliable but MERIT Securities SA has not verified it. The opinions expressed herein may not necessarily coincide with those of any member of MERIT Securities SA. No presentation or warranty (express or implied) is made as to the accuracy, completeness, correctness, and timeliness of fairness of the information or opinions herein, all of which are subject to change without notice. No responsibility or liability whatsoever or howsoever arising is accepted in relation to the contents here of by MERIT Securities SA or any of its directors, officers or employees. This report is not an offer to buy or to sell or a solicitation of an offer to buy or sell securities mentioned herein. MERIT Securities SA and others associated with it may have positions in, and may effect transactions in securities of companies mentioned herein. The investment discussed in this report may be unsuitable for investors, depending on their specific investment objectives and financial position.