

Metka

We reconfirm our **Overweight** rating on Metka, raising our TP to €12.2
Metka is a precious source of light in an appearing gloomy 2010 for
Greek stock corporate earnings.

Investment Rating

O - 2 - 1

(Overweight - Medium Risk - Low Yield)

Current Price (Mar 16 10)	€10.68
Previous TP (Dec 22 2009)	€10.5
New Target Price	€12.2
Upside/Downside from current	+14.2%

Key Data

BBG - RIC	METTK GA / MTKr.AT
Shares o/s	51.95mn
Market Cap	554.8mn
Free Float	46%
52wk Range	€5.66 - €11.77
Av.Daily Vol.	64K shares
St. deviation	39.5%

Financial Highlights

Financials (€mn)	2008	2009e	2010f	2011f	2012f
Sales	381.5	339.2	637.1	844.4	728.2
EBITDA	66.8	59.3	109.0	142.9	122.4
Net Income	41.4	36.7	71.1	95.9	81.9
EPS (€)	0.80	0.71	1.37	1.85	1.58
DPS (€)	0.40	0.40	0.68	0.92	0.79

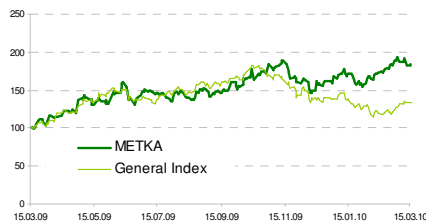
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Valuation Metrics

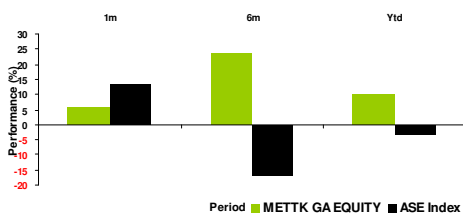
Valuation Data (x)	2008	2009e	2010f	2011f	2012f
PE	8.3	13.2	6.8	5.1	5.9
PBV	2.2	2.8	2.1	1.6	1.4
EV/Sales	0.9	1.4	0.7	0.4	0.5
EV/EBITDA	5.1	8.2	4.1	2.4	2.9
Div.Yield	6.0%	4.2%	7.3%	9.9%	8.4%

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Relative Graph (52wk)



Absolute Performance



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INVESTMENT SUMMARY

We upgrade our target price taking into consideration latest positive developments.

-Award of a new EPC project (owner OMV) in Samsun, Turkey, to replace the effectively sold Megalopolis V CCGT project. The Samsun project involves construction of a 870MW natural gas fired power plant, estimated conservatively at a beginning of February \$/€ parity at €470mn total value.

-The sale of fully owned subsidiary ETADE SA and effectively a stake of 90% at Megalopolis V CCGT EPC project to GEK Terna for €42.5mn. METKA sold its subsidiary together with construction of a 90% stake at PPC's Megalopolis gas plant to GEK Terna, freeing itself from a lower margin-higher risk (with respect to relations with PPC and potential delays) project to focus on EPC contracts abroad. The aforementioned second project in Turkey arrived as a welcome backlog replacement.

-Defence contracts of \$51.6mn to manufacture semi-trailers and launcher mechanics for Patriot missiles signed at the beginning of January 2010. A useful addition to METKA's defence arm orders, after the completion of Leopard 2 HEL tank co-production program.

We adjust sales/profit projections for 2010F-2012F. We retain our current 2009E projections.

We keep our existing sales and profit projections for 2009E, but we adjust sales and profit margins for 2010F-2012F taking into consideration the previously mentioned developments. The latest EPC project in Turkey has a shorter horizon (28.5 months) than what was expected for Megalopolis V, meaning that its construction is certainly placed within 2010-2012 period, with contribution to revenue from 2010. For the respective period, backlog has climbed again above €2bn. Yet, we want to rebalance revenue evolution in this period, by first lowering slightly projected 2010 sales to €637mn, raising the figure for 2011 to €844.4mn and adjusting higher 2012 revenue to €728.2mn. We add thereafter a three year projection estimate to 2015 were revenue gradually settles to the level of €700mn, to enter the terminal period. Regarding profit margins, we recognize that multiple project execution risk exists, yet we consider it somewhat lowered than before for 2010-2012 after the sale of Megalopolis V. At the same time addition of a project in Turkey with a higher (than that assumed for Megalopolis V) margin, strengthens the assumption that outside speculative execution hazards, there is no direct reason for more aggressive margin reduction until 2012. We model an EBIT margin of 16% in 2009 to slightly rise and settle again at 16.1% in 2012. Thereafter until 2015, to account for execution uncertainty and potential competitive pressure risks for new project bids, we factor in a gradual reduction of EBIT margin to 15.5% to enter the terminal period thereafter.

Megalopolis V project effectively cashed in and backlog climbed again to over €2bn. At least three strong years ahead.

METKA cashed in for €42.5mn 90% of PPC's Megalopolis V gas power plant and ETADE SA. Problems (outside its direct responsibility) regarding delays at Aliveri CCGT project had turned relation with PPC into a factor of additional risk, given also METKA's acceptance of PPC's request to undertake Megalopolis V project at a lower EBITDA margin than usual, and the complication for potential delays from the need for the gas grid connection network for Megalopolis V plant to be built in a future time. METKA, without causing problems to its relations with PPC, got itself out from the project (even if presumably at a minor discount in the price), added the new Turkish project and can focus better to its international operations that constitute a historic record percentage of its backlog.

Valuation

We make explicit projections of financial statements for 2009-2012 period and we add sales, basic profit lines, FCFF (Capex, ΔNWC and Depn assumptions) and invested capital (debt and equity) estimations for the period up to 2015. We add the €42.5mn from ETADE/Megalopolis V sale in 2010 cash position although payment might be delayed a few more months. We find it superficial to adjust other consolidated basic BS lines given the low figures of ETADE SA (equity, assets) as in its 2008FY statements, and we also add the 42.5mn in the valuation models at 2010 discounted back 1 full year. We utilize our two models, a DFC valuation using FCFF in three stages (2009-2012, 2013-2015 and a terminal period) and we also use EVA valuation for the respective periods to reach our TP as an average of the two models, for an eventual price of €12.2 per share.

Risks

The major source of risk remains execution (although we think that the sale of Megalopolis project adds positive influence) of at least 5 EPC projects simultaneously in the upcoming years. METKA will have to stand up to the challenge. It is not beyond its abilities but the future will eventually tell. Moreover, to sustain the level of revenue post 2012, METKA will have to add new successful EPC contracts to its backlog in the three years ahead, at a diminished of course rate than the one in the past couple of years.

Please refer to important disclosures at the end of the report

Metka

KEY DATA

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Company Profile

Metka is the major Greek EPC energy project contractor undertaking construction of thermal and hydro power plants, operating in Greece, the wider SEE region and the Middle East. Metka is also the leading Greek electro-mechanical and infrastructure engineering project contractor, involved in the defence equipment sector and construction of a wide range of major infrastructure projects.

Investment Pros

- Strong record high Backlog-Enhanced visibility for at least 3 years ahead.
- International expansion of EPC projects-Diversification of client base at very good profit margins
- Sustained stronger margins compared to peers.
- Strong balance sheet, cash position further strengthened-relatively small Capex needs.
- Skilled personnel – Accumulated experience in major EPC (with focus on CCGT) projects.

Shareholder Structure

Mytilineos Holdings	57.3%
Retail Investors	11.7%
Greek Institutional Investors	14.1%
Foreign Institutional Investors	16.9%

Source: Company Presentation Nov 2009, data as of 16 Nov 2009.

Investment Cons

- Ability to smoothly deliver on 5-6 simultaneous EPC projects (in Greece and abroad) not yet tested.
- Global crisis hits planned EPC investments internationally at least short term
- The ability to sustain revenue level of 5 major EPC projects and relative strong profitability post 2012 will be seen.
- Defence sector has run out of major projects after Leo2 Hel. Potential for participation in Hellenic Army's AIFV programme may exist but no info yet on if or how much Metka could get involved.

Management

CEO: Ioannis Mytilineos
CFO: Georgios Mammias
IR : Nikolaos Kontos-Dimitrios Katralis

Events Calendar

-FY 2009 results announcement	Mar 23 2010
-Annual General Meeting	May 11 2010
-Ex-2009Div Date	May 13 2010
-Q1 2010 results announcement	May 19 2010
-2009 Dividend payment	May 21 2010
-Presentation to investors at AGII	Jun 16 2010
-H1 2010 results announcement	Aug 4 2010
-Q3 2010 results announcement	Nov 17 2010

Valuation

Method	DCF-EVA	Periods	2009-2012,2013-2015,	Terminal
RI	5.4%	Ke		11.25
ERP	6.5%	Kd After tax	3.2%-5.12%	
b	0.9	WACC	10.76%-11.07%	
g	1.50%			

Profit & Loss

Summary (mn)	2008	2009e	2010f	2011f	2012f
Sales	381.5	339.2	637.1	844.4	728.2
Gross Profit	82.0	76.3	133.8	170.6	147.1
EBITDA	66.8	59.3	109.0	142.9	122.4
EBIT	61.5	54.3	103.7	137.9	117.1
EBT	58.0	52.6	101.7	135.4	114.1
Tax	13.2	14.2	24.4	31.1	25.1
Net Income	41.4	36.7	71.1	95.9	81.9

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Balance Sheet - Other Items

Summary (€mn)	2008	2009e	2010f	2011f	2012f
PPE	64.8	62.7	60.5	58.4	56.1
Intangible Assets	9.0	9.0	9.0	9.0	9.0
Inventories	15.3	13.4	25.7	34.4	29.7
Trade Receivables	213.1	237.0	366.6	404.8	419.0
Cash & Cash Equivalents	17.7	10.3	54.2	159.3	144.9
Total Assets	335.0	347.0	533.9	686.3	677.7
Total Equity	158.0	175.7	232.4	301.1	342.1
LT Borrowings	-	-	-	-	-
ST Borrowings	11.4	11.4	11.4	11.8	12.2
Trade Payables	83.8	97.2	199.9	240.0	207.0
Total Liabilities	176.9	171.4	301.5	385.2	335.6
Net Debt	(6.3)	1.1	(42.7)	(147.4)	(132.7)
Market Cap	343.9	484.7	484.7	484.7	484.7
EV	337.6	485.8	442.0	337.3	352.0

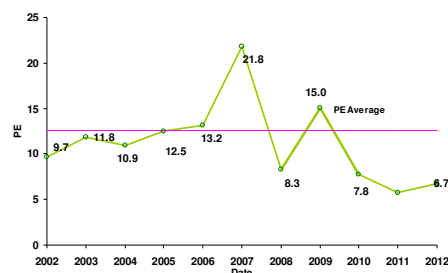
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Cash-flow Statement

Summary (mn)	2008	2009e	2010f	2011f	2012f
Change in NCWC	48.5	5.2	37.3	5.6	42.8
Net Cashflow from Oper.Act.	1.5	38.3	45.3	103.7	51.4
Net Cashflow from Invest.Act.	0.1	(3.0)	(3.0)	(3.0)	(3.0)
Net Cashflow from Financ.Act.	(32.8)	(20.8)	(20.6)	(35.2)	(47.5)
Change in cash	(9.6)	(7.4)	43.9	105.1	(14.3)
FCFF	2.3	36.5	43.8	102.6	50.8
FCFF Yield	0.7%	7.5%	9.0%	21.2%	10.5%

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PE Graph



Source: Historical PE values, Bloomberg

Margins - Growth

Growth	2008	2009e	2010f	2011f	2012f
Sales	34.2%	-11.1%	87.8%	32.5%	-13.8%
Gross Profit	20.7%	-6.9%	75.3%	27.5%	-13.8%
EBITDA	16.8%	-11.2%	83.7%	31.2%	-14.4%
EBIT	17.9%	-11.8%	91.0%	33.0%	-15.1%
EBT	14.9%	-9.3%	93.4%	33.1%	-15.7%
Net Income	12.6%	-11.4%	93.7%	34.9%	-14.7%
EPS	12.6%	-11.4%	93.7%	34.9%	-14.7%
DPS	-20.0%	-1.1%	72.9%	34.9%	-14.7%

Margins	2008	2009e	2010f	2011f	2012f
Gross Profit	21.5%	22.5%	21.0%	20.2%	20.2%
EBITDA	17.5%	17.5%	17.1%	16.9%	16.8%
EBIT	16.1%	16.0%	16.3%	16.3%	16.1%
EBT	15.2%	15.5%	16.0%	16.0%	15.7%
Net Income	10.9%	10.8%	11.2%	11.4%	11.2%

ATE Sec Estimates-Company Fin Statements

Key Ratios

Performance	2008	2009e	2010f	2011f	2012f
ROE	26.2%	20.9%	30.6%	31.9%	23.9%
ROA	12.4%	10.6%	13.3%	14.0%	12.1%
ROIC	24.4%	19.6%	29.2%	30.7%	23.1%

Working Capital (days)	2008	2009e	2010f	2011f	2012f
Inventories	19	19	19	19	19
Trade receivables	204	255	210	175	210
Trade payables	80	105	115	104	104
Operating cycle	223	274	229	194	229
Cash cycle	142	169	114	90	125

Liquidity (x)	2008	2009e	2010f	2011f	2012f
Interest Coverage	15.14	108.07	185.36	197.80	149.58
Current	2.31	2.09	1.82	2.04	2.32
Quick	2.17	1.99	1.72	1.93	2.21
Debt/Equity	111.9%	97.6%	129.7%	127.9%	98.1%
Debt/Capital Invest.	52.8%	49.4%	56.5%	56.1%	49.5%

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Index Weightings

ASE Index: 0.89%
FTSE/ASE Mid Cap 40: 4.81%

Notes

Ke: Cost of Equity
Kd: After-tax cost of debt
Rf=10yr bond yield 6 month daily average to 15 Mar 2010
ERP: Equity Risk Premium
Source: ATE Securities Research

Investment Case

Positive Developments Continue

We continue to like METKA's investment case in the midst of a difficult 2010 for Greek stock corporate earnings, and we re-iterate our overweight rating from the current price levels. The firm's strategy for regional/international expansion continues to unfold successfully, adding quality and focus to the already strongly expanded in 2009 level of un-executed backlog.

New Turkish EPC project adds strength

The latest project undertaken in Turkey from Borasco AS (a wholly owned subsidiary of OMV GmbH) extends METKA's business activities in the promising Turkish market and arrives only four months after contract signature for the RWE AG owned 775MW gas fired plant at Denizli, Turkey. METKA had already undertaken and has started construction on behalf of OMV on an 860MW plant in Romania, and with this contract METKA expands its co-operation with the Austrian based company in Turkey.

Sale of Megalopolis V a sign of prudence and proactive thinking

The fact that Megalopolis V PPC owned project was sold, only a few months after signature of the contract, supports the intention of the company to focus on its international expansion, and use all its efforts not only to add to its backlog, but also to focus proactively on successful execution prospects, and neither sacrifice profitability nor good relations with PPC (its biggest Greek client). METKA increases its value in the near term from the sale, without undertaking execution risk for the project, while adding a second slightly more profitable than Megalopolis V project in Turkey. METKA seems determined not to aggressively target growth and expand its EPC operations unscrupulously, but to expand within its best knowledge for the limits of its execution capacity, and manoeuvre if possible around sources of potential future uncertainties. METKA appears to take its international expansion very seriously, targeting further development of its operations also for the years to follow 2012.

Defence arm a potential profit adding benefit

Defence contracts offer generous margins to METKA and their profit contribution, despite their small size relative to EPC contracts, can be a useful addition when it exists. After the completion of Leopard 2 HEL tank co-production programme for the Hellenic Army, the company has run out of major defence orders. Therefore, the recent export contract of almost \$52mn for Patriot missiles semi-trailers and launcher mechanics manufacture (for orders placed by Taiwan and United Arab Emirates) is a welcome small addition to profit to be realized up to the beginning of 2013.

Regarding larger programmes, the urgent need of the Greek Army to be supplied with modern armoured infantry fighting vehicles, for its mechanized infantry to follow up the ultra-modern Leopard 2 HEL and the Leopard 2 A4 tanks in the modern battlefield, appears (although we can currently only speculate) not to involve potential benefits for METKA commensurate to the program's size as the Leopard 2 HEL program did in the past. Mytilineos Group (the parent company of METKA) could reportedly get involved in the program through its participation in ELVO, but there does not appear much participation potential for METKA. The opposite would be a positive development. The solution reportedly now promoted also by the Greek Government to order new Russian BMP 3HEL vehicles (as opposed to older used and therefore cheaper vehicles of other types from different suppliers), and despite the willingness of the Russian side to offer generous benefits in Greek value added (reportedly the program will reach €1.3bn and Greek industrial participation could reach 33%), has the consequence that the Leo 2 HEL co-production agreement for METKA seems difficult to be repeated. The reason is that reportedly, aluminium alloys procession technology required for BMP 3 turret and hull construction (as opposed to steel alloy plates for Leo 2HEL) is lacking in Greece altogether. In any case any (even small) defence contract addition is positive for the company, yet under current conditions it could be difficult to prove crucial for its results evolution, with the EPC sector's contribution at its current size and importance. But defence contracts will always be potential profit boosters for METKA.

Risks

- The global recession might be a worry. Up to now it had almost no visible adverse influence on METKA's growth, yet it could diminish somewhat potential EPC bidding targets in the short to mid term outside Greece. Yet, with recessionary fears gathering for Greece's domestic market while moderately appearing to contract internationally, METKA is a clear Greek stock play with minimum domestic exposure, although expansion in renewable energy and gas fired power generation in Greece could be assumed not to be particularly hindered by the crisis (irrespective of its severity) in the coming years.
- Delivering proper and smooth execution for at least 5 EPC projects simultaneously within and outside Greece remains a challenge. METKA exhibits confidence and restrained optimism, taking the issue (as the sale of Megalopolis V plant shows) seriously.

Valuation issues

We have raised our EBIT margin projections for 2010-2012 period but we have added a gradual EBIT margin contraction for the following years up to 2015 to exit at an EBIT margin of 15.5% (instead of a 15.2% terminal value EBIT margin before). We adjust sales to a slightly lower level than our previous estimate only for 2010, but to a higher level in 2011 and 2012, and we continue in the few years up to 2015 modelling a small fall, to gradually reach a sales level of €700mn that enters terminal value calculation (instead of almost €676mn previously entering terminal value after the end of 2012). We want to gradually model for the years after 2012 (up to 2012 visibility is very good especially after recent developments), and up to 2015, both an (slightly more moderate) EBIT margin contraction and a modest revenue decline to the level of €700mn. We use a three stage DCF and an EVA valuation model to average results for an eventual TP of €12.2 per share.

EPC major project backlog update

EPC Backlog Evolution

METKA sold 90% of the awarded by PPC only few months ago Megalopolis V project, and soon added the new Turkish project in Samsun for its backlog to cross the €2bn threshold again and reach the before the sale record high levels. On the potential implications of this move we elaborated previously. By looking at the development in the company's EPC project backlog, exposure to domestic operations and PPC as a client is minimized, while the participation of international projects rises to record high levels.

Exhibit 1. EPC major project backlog.

Backlog EPC Gas Fired Power Plants						
Client-Project	Region	Description	Total Budget mn Euro	Estimated Remaining Budget mn Euro	Status	MW
Domestic Projects						
PPC-Aliveri	Greece	CCGT	219	60	In progress	417
PPC-Megalopolis (10%)	Greece	CCGT	49.95	49.95	Not started yet	811
Endesa Hellas-Ag.Nikolaos	Greece	CCGT	232	45	In progress	444
Korinthos Power-Ag.Theodoroi	Greece	CCGT	285	285	Construction begins	437
International Projects						
OMV Samsun	Turkey	CCPP	470	470	Not started yet	870
OMV Petrom	Romania	CCGT	210	210	Construction begins	860
PEEGT Deir Ali 2	Syria	CCGT	650	650	Not started yet	700
RWE/Turcas	Turkey	CCGT	450	450	Not started yet	775

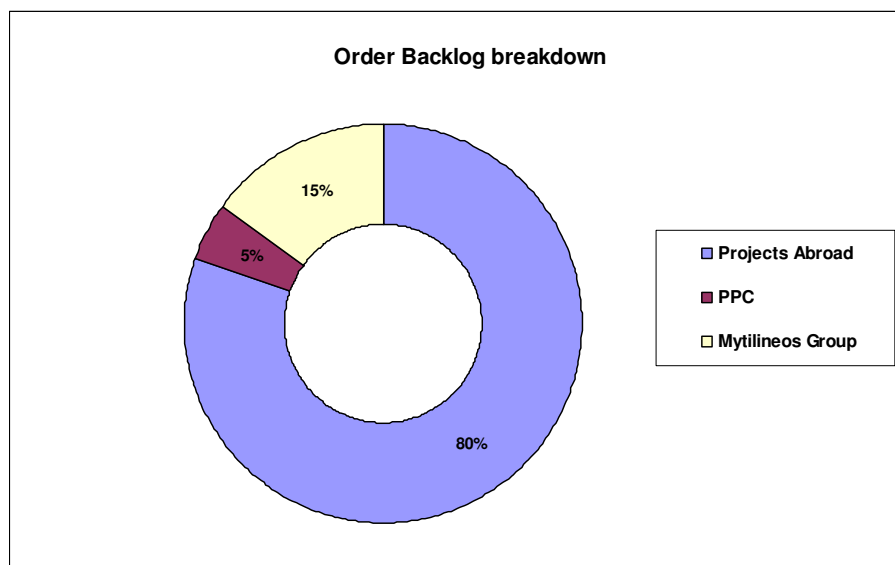
Source: Company announcements/presentations, ATE Securities estimates based on 9m2009 results and new contracts

We keep estimated remaining budget in the tables at levels of estimations after 9m 2009 results for expositional purposes. We expect part of the in progress and those beginning construction in late 2009 to have added a contribution in Q4 for 2009FY. But, for a further detailed update on the in progress projects' exact contribution to Q4 2009 we'll refer to 2009 full year report when announced.

We see in Exhibit 2 that international projects reach an estimated 80% of total EPC backlog with PPC participation minimized to record lows.

Exhibit 2. Backlog breakdown by client groups Abroad/ PPC/ Mytilineos Holdings

Client Group Participation breakdown



Source: ATE Securities estimates

Revenue-Profit margins update

Recent developments regarding new EPC and defence contract additions make us revise our 2010F-2012F expectations, with sales revenue strengthened in the latter two years of the period and slightly lowered for 2010. We expect profit margins to sustain their dynamism until 2012 with only a minor adjustment as a potential "risk haircut" for execution delays, and we model a slight decline to lower levels in the following 2013F-2015F period.

2009E Expectations unchanged

Exhibit 3. 2009E Estimations

2009	
<u>Euro mn</u>	
Revenue	339.18
EBITDA	59.31
EBITDA margin %	17.5%
EBIT	54.28
EBIT margin %	16.0%
EBT	52.59
EBT margin %	15.5%
Net Income	38.40
Net Income margin %	11.3%

ATE Sec Estimates

We maintain our previous 2009E estimations regarding level of sales and profitability.

We expect roughly €340mn of revenue with EBIT at €54mn for an EBIT margin of 16%. EBITDA margin is expected at 17.5%.

We expect EBT at around €52mn.

We do not expect potential modest deviations of actually announced results to be material for our valuation purposes or for prospective post 2009 expectations.

Revisions 2010F-2012F

Exhibit 4. 2010F-2012F assumptions revisions revenue/margins

<u>Euro mn</u>	2010			2011			2012		
	new	old	Δ%	new	old	Δ%	new	old	Δ%
Revenue	637.10	664.60	-4.14%	844.40	839.40	0.60%	728.22	676.22	7.69%
EBITDA	108.97	114.56	-4.88%	142.95	141.25	1.20%	122.38	107.76	13.56%
EBITDA margin %	17.1%	17.2%		16.9%	16.8%		16.8%	15.9%	
EBIT	103.69	109.29	-5.12%	137.90	136.20	1.25%	117.07	102.46	14.26%
EBIT margin %	16.3%	16.4%		16.3%	16.2%		16.1%	15.2%	
EBT	101.69	107.29	-5.22%	135.40	133.70	1.27%	114.07	99.46	14.70%
EBT margin %	16.0%	16.1%		16.0%	15.9%		15.7%	14.7%	
Net Income	71.10	75.02	-5.22%	95.91	94.71	1.27%	81.86	71.37	14.70%
Net Income margin %	11.2%	11.3%		11.4%	11.3%		11.2%	10.6%	

ATE Sec Estimates

Despite the slight strengthening of expected turnover for 2010F-2012F, we want to model a small decline of 4.14% for 2010E turnover compared to our previous estimate, to reflect a more balanced turnover evolution and add more weight on prospective 2011F and 2012F realized turnover, since we expect turnover generation from EPC backlog to peak in these two years. We model EBIT margin (which is important valuation-wise for our models) of 16.3% in 2010 from 16.4% previously, to stay at 16.3% in 2011 and reach 16.1% in 2012 (from 15.2% previously). We opt to be less strict in EBIT margin evolution to 2012 than before, given the good steady margin levels assured for EPC projects for this period and the additional small defence contracts.

2013F-2015F Sales-margins

We leave a more meaningful yet modest margin contraction for the period 2013F-2015F for which we have added profit estimations, to reflect uncertainty for this period and potential margin erosion. Yet, we exit at 2015 at an EBIT margin of 15.5% to enter in valuation terminal value thereafter, having added a small premium to our previous 15.2% terminal EBIT margin assumption. Regarding revenue, from the levels of 2012 estimation we model a gradual decline to the level of €700mn for 2015 as an estimation of a sustainable turnover basis.

In Exhibit 5 below our assumptions for the 2013F-2015F period.

Exhibit 5. 2013F-2015F Assumptions

	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>Euro mn</u>			
Revenue	715.00	715.00	700.00
EBITDA	117.56	116.84	113.80
EBITDA margin %	16.4%	16.3%	16.3%
EBIT	112.26	111.54	108.50
EBIT margin %	15.7%	15.6%	15.5%
EBT	109.31	108.59	105.62
EBT margin %	15.3%	15.2%	15.1%
Net Income	77.68	76.96	74.65
Net Income margin %	10.9%	10.8%	10.7%

ATE Sec Estimates

The above assumptions are the basis for the valuation models that follow next.

Valuation

Valuation

DCF Valuation We use first a DCF valuation using FCFF with explicit financial statement projections for 2009-2012 and projections of FCFF figures for 2013-2015 adding a terminal period thereafter. We increase our risk free rate assumption to 5.4% (from 4.7%), we retain a beta of 0.9, and we also reduce our equity risk premium to 6.5% (from 7%).

WACC as a result has been risen, and now stands in the range of 10.76% to 11.07% (the latter also for the terminal value) from 10.48% to 10.76% previously, with Re at 11.25% (from 10.96%) and the after tax cost of debt ranging from 3.2% to 5.12% (from 3.2% to 4.99%). Terminal growth is retained at 1.5%.

We add the €42.5mn from the sale of ETADE SA and the 90% of Megalopolis V to 2010 and discount it back one year as a reasonable assumption. We also adjust for debt, cash and minorities as of E2009 BS values.

The DCF price stands at €12.77 per share.

Details and results of the DCF model can be seen in the table below.

DCF Valuation Summary

Exhibit 6. DCF Valuation Summary

DCF (€m n)	2008A	2009E	2010F	2011F	2012F	2013F	2014F	2015F
Turnover	381.5	339.2	637.1	844.4	728.2	715.0	715.0	700.0
EBIT	61.5	54.3	103.7	137.9	117.1	112.3	111.5	108.5
Depreciation	5.3	5.0	5.3	5.1	5.3	5.3	5.3	5.3
CapEx	1.9	3.0	3.0	3.0	3.0	4.0	4.0	4.0
Change in NCWC	48.5	5.2	37.3	5.6	42.8	20.0	20.0	20.0
Operating Cash Flow	16.3	51.1	68.7	134.3	76.5	93.6	92.8	89.8
Tax	14.0	14.6	24.9	31.7	25.8	23.6	22.3	21.7
Cash Flow to the Firm (FCFF)	2.3	36.5	43.8	102.6	50.8	70.0	70.5	68.1
PV of Cash Flow s	-	36.5	39.5	83.3	37.1	46.0	41.7	36.3
Sum of PV of Cash Flow s								320.4
Terminal Year								
Terminal Value (TV)								722.2
PV of TV								384.6
Enterprise Value (Ent. V)								705.0
TV as % of Ent. V								54.6%
Cash & Marketable Securities & (PV of 42.5mn of ETADE sale discounted roughly 1 year)								
					48.6			
Participations & Investments					-			
Debt					11.4			
Options					-			
					-			
PV of Deferred Tax Payments					6.7			
Value of Equity after adjustment for minorities					663.2			
No. of Shares Outstanding (mn)					52.0			
Value per Share (€)					12.77			
Terminal Assumptions								
Risk-Free Rate					5.4%			
Market Risk Premium					6.5%			
Beta					0.90			
Cost of Equity					11.25%			
Cost of Debt					6.4%			
Nominal Tax Rate					20.00%			
After-Tax Cost of Debt					5.12%			
WACC					11.07%			
Stable Growth Assumptions								
g					1.50%			

Source: ATE Securities Research

The following two tables present the results of sensitivity analysis for the DCF valuation to changes in terminal WACC/growth and then to terminal EBIT margin/growth.

Sensitivity analysis of DCF valuation to WACC/g and EBIT margin/g deviations

Exhibit 7. Sensitivity Analysis for DCF- Value per Share for terminal growth rate/WACC

Sensitivity analysis Value per Share (Stable Growth Rate (y-axis) / WACC (x-axis))

g	WACC						
	9.57%	10.07%	10.57%	11.07%	11.57%	12.07%	12.57%
0.00%	12.67	12.34	12.05	11.78	11.53	11.31	11.10
0.50%	13.07	12.70	12.38	12.08	11.81	11.56	11.33
1.00%	13.51	13.10	12.74	12.41	12.11	11.84	11.59
1.50%	14.01	13.55	13.14	12.77	12.44	12.14	11.87
2.00%	14.58	14.05	13.59	13.17	12.80	12.47	12.17
2.50%	15.22	14.62	14.09	13.62	13.21	12.84	12.50
3.00%	15.96	15.26	14.66	14.13	13.66	13.24	12.87

Source: ATE Securities Research

Exhibit 8. Sensitivity Analysis for DCF- Value per Share for terminal growth/EBIT margin

Sensitivity Analysis Value Per Share (Terminal EBIT Margin (y-axis) / Terminal Growth Rate (x-axis))

g	EBIT margin						
	14.00%	14.50%	15.00%	15.50%	16.00%	16.50%	17.00%
0.00%	11.00	11.26	11.52	11.78	12.04	12.30	12.56
0.50%	11.26	11.53	11.81	12.08	12.35	12.62	12.89
1.00%	11.55	11.84	12.12	12.41	12.69	12.98	13.26
1.50%	11.87	12.17	12.47	12.77	13.07	13.37	13.67
2.00%	12.22	12.54	12.86	13.17	13.49	13.81	14.12
2.50%	12.62	12.95	13.29	13.62	13.96	14.29	14.63
3.00%	13.06	13.42	13.77	14.13	14.48	14.84	15.20

Source: ATE Securities Research

EVA Valuation

For the respective periods of the DCF valuation, we apply EVA valuation on 2009-2012, 2013-2015 plus a terminal period, with the calculated after tax EBIT minus WACC applied on beginning of year's Invested Capital (BV Equity plus Debt). EVA's are discounted and added to the FY2008 close BV of equity, We use the same base of figures/assumptions as in the DCF model. We add similarly the discounted for 1 year value of €42.5mn and adjust for debt and minorities as at the end of E2009 BS.

This model provides a price per share of €11.66.

Exhibit 9. EVA Valuation Summary

EVA Model amounts in mn Euro	2007A	2008A	2009E	2010E	2011E	2012E	2013E	2014E	2015E
EBIT after tax	38.56	47.54	39.64	78.81	106.18	91.32	88.68	89.23	86.80
INV CAPt-1	124.93	157.49	169.46	187.08	243.81	312.91	354.35	391.53	430.09
EVA			21.41	58.42	79.37	56.79	49.53	45.92	39.18
Discount Factor			1	0.90	0.81	0.73	0.66	0.59	0.53
growth	1.50%								
WACC			10.76%	10.90%	11.00%	11.03%	11.05%	11.06%	11.07%
Discounted EVA			21.41	52.68	64.42	41.49	32.57	27.17	20.87
Terminal Value									415.47
Sum of Disc EVA				260.60					
Discounted Terminal EVA				221.26					
FIRM VALUE									
(INVCAP08+DiscEVAs+DiscTermEVA +PV of 42.5mn from 2010)				689.65					
EQUITY VALUE									
(adjusted for debt & minorities at 2009% of minorities in Equity)				605.74					
TP Euro per share				11.66					

Target Price

We reach our final Target Price by averaging the two prices of the DCF (€12.77) and the EVA model (€11.66) for an eventual TP of €12.2 per share.

Exhibit 10. Profit & Loss Statement - Balance Sheet

Profit & Loss						
€mn	2008A	2009E	2010F	2011F	2012F	CAGR 08-12
Sales	381.47	339.18	637.10	844.40	728.22	17.54%
CoGS	299.49	262.87	503.31	673.83	581.12	18.02%
CoGS (% of Sales)	78.51%	77.50%	79.00%	79.80%	79.80%	
Gross Profit	81.98	76.32	133.79	170.57	147.10	15.74%
Gross Profit Margin	21.49%	22.50%	21.00%	20.20%	20.20%	
Total Operating Expenses	23.47	23.03	31.10	33.67	31.03	7.23%
Other operating income	3.02	1.00	1.00	1.00	1.00	
EBITDA	66.80	59.31	108.97	142.95	122.38	16.34%
EBITDA Margin	17.51%	17.49%	17.10%	16.93%	16.80%	
Depreciation	5.26	5.02	5.27	5.05	5.30	0.22%
Operating Profit (EBIT)	61.54	54.28	103.69	137.90	117.07	17.44%
EBIT Margin	16.13%	16.00%	16.28%	16.33%	16.08%	
Financial Income / Expense (Net)	(3.56)	(1.70)	(2.00)	(2.50)	(3.00)	
Profit Before Tax (EBT)	57.98	52.59	101.69	135.40	114.07	18.43%
EBT Margin	15.20%	15.50%	15.96%	16.03%	15.66%	
Tax	13.19	14.19	24.41	31.14	25.10	17.44%
Effective Tax Rate	22.76%	26.98%	24.00%	23.00%	22.00%	
EAT	44.78	38.40	77.29	104.26	88.98	18.72%
EAT Margin	11.74%	11.32%	12.13%	12.35%	12.22%	
Minorities	3.36	1.69	6.18	8.34	7.12	
Net Income (EATAM)	41.43	36.71	71.10	95.91	81.86	18.56%
EATAM Margin	10.86%	10.82%	11.16%	11.36%	11.24%	
Balance Sheet						
Non-Current Assets						
Property Plant & Equipment (PPE)	64.8	62.7	60.5	58.4	56.1	
Goodwill	7.9	7.9	7.9	7.9	7.9	
Intangible Assets	1.1	1.1	1.1	1.1	1.1	
Investments in Subsidiaries & Associates	-	-	-	-	-	
Deferred Income Tax Assets	1.7	1.7	1.7	1.7	1.7	
Available-for-Sale Financial Assets	0.4	0.4	0.4	0.4	0.4	
Other Non-Current Assets	2.2	2.2	2.2	2.2	2.2	
Total	77.9	75.9	73.6	71.6	69.3	-2.90%
Current Assets						
Inventories	15.3	13.4	25.7	34.4	29.7	
Trade & Other Receivables	213.1	237.0	366.6	404.8	419.0	
Other Receivables	4.3	3.8	7.2	9.5	8.2	
Other Current Assets	4.9	4.9	4.9	4.9	4.9	
Financial Assets at Fair Value through P&L	1.7	1.7	1.7	1.7	1.7	
Cash & Cash Equivalents	17.7	10.3	54.2	159.3	144.9	
Total	257.0	271.1	460.2	614.7	608.4	
Total Assets	335.0	347.0	533.9	686.3	677.7	19.27%
Equity						
Share Capital	16.6	16.6	16.6	16.6	16.6	
Share Premium Account	-	-	-	-	-	
Fair Value & Other Reserves	28.4	28.4	28.4	28.4	28.4	
Retained Earnings	76.7	92.9	128.4	176.4	217.3	
Intended Dividend	20.8	20.6	35.6	48.0	40.9	
Equity Attributable to Co.'s Shareholders	142.5	158.4	209.0	269.4	303.3	
Minority Interest	15.5	17.2	23.4	31.7	38.9	
Total Equity	158.0	175.7	232.4	301.1	342.1	
Non Current Liabilities						
Long-Term Borrowings	-	-	-	-	-	
Deferred Income Tax Liabilities	13.8	13.8	13.8	13.8	13.8	
Retirement Benefit Obligations	2.0	2.1	2.1	2.1	2.1	
Other Long-Term Liabilities	49.8	25.9	33.0	68.4	57.3	
Total	65.6	41.8	49.0	84.3	73.3	2.81%
Current Liabilities						
Trade Payables & Other Liabilities	83.8	97.2	199.9	240.0	207.0	
Current Income Tax Liabilities	10.9	12.8	27.8	32.1	27.9	
Short-Term Borrowings	11.4	11.4	11.4	11.8	12.2	
Other Short-Term Liabilities	5.2	8.1	13.3	17.0	15.3	
Dividends Payable	-	-	-	-	-	
Total	111.3	129.5	252.5	300.8	262.3	
Total Liabilities	176.9	171.4	301.5	385.2	335.6	
Total Liabilities & Equity	335.0	347.0	533.9	686.3	677.7	

Source: ATE Securities Research

Exhibit 11. Selective Ratios

Selective Ratios	2008A	2009E	2010F	2011F	2012F
Valuation					
PE	8.3	13.2	6.8	5.1	5.9
P/BV	2.2	2.8	2.1	1.6	1.4
EV/EBITDA	5.1	8.2	4.1	2.4	2.9
EV/EBIT	5.5	8.9	4.3	2.4	3.0
EV/Sales	0.9	1.4	0.7	0.4	0.5
Per share					
EPS	0.80	0.71	1.37	1.85	1.58
DPS	0.40	0.40	0.68	0.92	0.79
BVPS	3.04	3.38	4.47	5.80	6.59
Payout ratio	50%	56%	50%	50%	50%
Div Yield (%)	6.0%	4.2%	7.3%	9.9%	8.4%
Liquidity					
Interest Coverage (EBIT/Int.Exp)	15.1	108.1	185.4	197.8	149.6
Current	2.3	2.1	1.8	2.0	2.3
Quick	2.2	2.0	1.7	1.9	2.2
Debt / Equity	112%	98%	130%	128%	98%
Net debt/Equity	-4%	1%	-18%	-49%	-39%
Debt / Total Capital	53%	49%	56%	56%	50%
Performance					
ROE	26%	21%	31%	32%	24%
ROA	12%	11%	13%	14%	12%
ROIC	24%	20%	29%	31%	23%
Working Capital					
Inventories	19	19	19	19	19
Trade receivables	204	255	210	175	210
Trade payables	80	105	115	104	104
Operating cycle	223	274	229	194	229
Cash cycle	142	169	114	90	125

Source: ATE Securities Research

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Share Price

All financial data calculated, are based on the closing price of the previous day, unless otherwise stated.

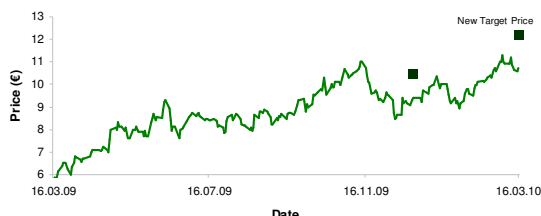
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Companies Mentioned in the Report

METKA (METTK GA / MTKr.AT)		Industrial Goods & Services		FTSE 40	TP: € 12.20
Price	Market Cap	L (52wk)	H (52wk)	Ytd (%)	P/E (09e)
€ 10.68	€ 554.8mn	€ 5.66	€ 11.77	10.66	15.41x

Date	Price (€)	TP (€)	Upside / Downside(%)	View
22.12.2009	9.33	10.5	+12.5%	O-2-2
16.3.2010	10.68	12.2	+14.2%	O-2-1



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- 1 ATE Securities SA and / or any of its affiliates owns 5% or more of the total share capital of the Company
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As of Aug.1 2006, ATE Securities SA has adopted a new rating system. Under the old rating system, ratings and definitions were: Buy, when the estimated valuation fair value exceed current market price by 20% or more, Sell, when the current market price exceed the estimated valuation fair value by 20% or more and Hold, when the estimated valuation fair value falls between the two above range points.

ATE Securities SA - Universe

ATE Securities SA Universe has a universe focused mainly on large capitalisation stocks that represents approx. 76% of ATHEX Market Cap.

Guide to Investment Research Rating System

Under the new Investment Research Rating System, in effect as of Aug.1 2006, **Investment Outlook** refers to the overall view of the analyst covering the company and is not a recommendation. The overall assessment of the company includes a *three factor rating system*: **Investment Rating (O, N, U, NR, UR, R, RS, CS) - Risk Rating (1, 2, 3) - Income Rating (1, 2, 3, 4)**.

Quantitative factors are updated at least quarterly or when deemed necessary.

Investment Rating

The five different categories are indicative of expectations of stock return. Stock return includes price appreciation over the next 6-12 months. In specific:

VIEW	Prefix	Definition
Overweight	O	Stock Return > +9%
Neutral	N	Stock Return in the range [-9%, +9%]
Underweight	U	Stock Return < -9%
Not Rated	NR	The company is not covered by ATE Securities SA Research & Analysis Department
Under Review	UR	Rating not currently available
Restricted	R	ATE Securities SA policy and/or law prohibits investment recommendation
Rating Suspended	RS	There is no sufficient fundamental basis for determining an investment rating or target.
Coverage Suspended	CS	We have suspended coverage on this company

Risk Rating

Risk is measured by a 2-factor equally-weighted model, which takes into account (i) Stock Volatility and (ii) Liquidity

Risk Factor	Definition	Quantification ⁽¹⁾
Stock Volatility	The stocks' standard deviation annualized (log scale)	Bottom 25% percentile
		Medium 25% percentile
		Top 50% percentile
Liquidity	Net Shares traded as % of total shares over a 12-month period	Top 20% percentile
		Medium 40% percentile
		Bottom 40% percentile

(1) percentiles of ATE Securities SA Universe

Source: Athens Stock Exchange, Bloomberg, Effect Finance Database

We use a scale of 1 to 3 to describe Low, Medium, High risk respectively, also taking into account qualitative factors.

When a rating is applied on an IPO, the scale 3 - "High Risk" is applied for a 12-month period.

Income Rating

An Income Rating is produced, based on the forecasted dividend yield for a 12-month period. This is then compared with the YtM of the 10-yr Greek Government bond, as shown below:

Income Measure	Definition	Quantification
Equity Div. Yield	Relative performance w.r.t. the 10-yr Greek Government bond	More than 50bps
		Within the range [-50bps, +50bps]
		Less than 50bps
		No dividend
		<i>High Div. Yielder</i>
		<i>Medium Div. Yielder</i>
		<i>Low Div. Yielder</i>
		<i>No Cash div. Yielder</i>

We use a scale of 1 to 4 to describe Low, Medium, High and No Div. income rating respectively.

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Ratings Distribution	Total	Overweight	Neutral	Underweight	Not Rated	Under Review	Restricted	Rating Suspended	Coverage Suspended
Equity Universe	25	5 (20%)	3 (12%)	0 (0%)	14 (56%)	2 (8%)	1 (4%)	-	-
Invest. Banking Services (per category)	0	-	-	-	-	-	-	-	-

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