

# METKA

Company Update

## OVERWEIGHT

Previous Rating: Overweight

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Share Price: €9.96 (close of: Jan 8<sup>th</sup>)**12M Price Target: €13.25**

Previous Target: €13.00

Expected Total Return: 33.0%

### Estimates

	2008	2009e	2010e	2011e
Sales (€ m)	381.5	350.0	540.0	597.8
EBITDA(€ m)	66.9	59.7	83.4	97.8
Net profit (€ m)	41.4	37.1	81.7	63.6
Net profit - adj. (€m)	41.4	37.1	52.2	63.6
EPS (€)	0.80	0.71	1.57	1.22
EPS growth (%)	12.6%	-10.4%	120.0%	-22.2%
EPS – adj. (€)	0.80	0.71	1.01	1.22
EPS – adj. growth (%)	12.6%	-10.4%	40.7%	21.7%

Source: METKA, Euroxx Research, (adj.: excl. one-off items)

### Ratios

	2008	2009e	2010e	2011e
P/E (x)	12.5	13.9	6.3	8.1
P/E (x) – adj.	12.5	13.9	9.9	8.1
EV/EBITDA (x)	7.9	8.5	5.8	4.9
EV/EBIT (x)	8.6	9.3	6.3	5.3
EV/Sales (x)	1.4	1.5	0.9	0.8
Div Yield (%)	3.6%	5.4%	6.3%	8.1%
P/BV (x)	3.6	3.5	2.7	2.5

Source: METKA, Euroxx Research, (adj.: excl. one-off items)

### Stock Performance

	3M	6M	12M	YTD
Absolute	4.1%	14.1%	45.2%	2.0%
Relative (ATG)	19.1%	6.5%	23.6%	-3.9%

### Stock Data:

Market cap (€ m)	517
Outstanding shares (#)	51,950,600
Daily Volume (#)	58,639
Low / High 52 w (€)	5.50 – 11.24
Free float	46%
Bloomberg / Reuters	METTK GA / MTKr.AT

### Company Description:

Founded in 1962, **METKA** undertakes projects regarding construction of energy plants, defense mechanisms and infrastructure. The company employs on average 600 people and was acquired by Mytilineos Group on January 1999.

## Fills cash and leaves room for higher margin foreign projects

On January 8<sup>th</sup>, 2010, METKA announced the sale of 100% of ETADE (fully-owned by METKA), to TERNA for a price of **€42.5m**.

ETADE holds a 90% stake in the consortium of the Megalopolis project budgeted at €500m and METKA is left with a **10% stake** in the same consortium as well as with the right to participate at 100% in the **6-year maintenance** contract for the project, budgeted close to €94m and scheduled to be signed by PPC up until to July 15<sup>th</sup>, 2010.

According to the announcement, METKA invokes the **delays** of more than two years of the Aliveri-PPC project as well as its intention to further expand its **activities abroad**, to argue on the sale of its 90% stake on Megalopolis-PPC project.

Following METKA's decision, we revisited our model and incorporated the appropriate changes into our investment case. In specific, we removed 90% of Megalopolis backlog expectations (or €450m of sales for the period FY11/13e with an EBITDA margin of 16.0%) and added €42.5m of cash in FY'10e, recorded in the P&L below EBIT as **extraordinary gain**.

On **valuation grounds**, our TP is decreased by €0.70 (or €36.4m) and increased by €0.82. We also fine tuned our defence expectations following the recent award of \$51.6m (or €36.5m in FY'11/12) for the two new Patriot projects and we adjusted our WACC estimates from 9.9% to 9.8%.

In our view, METKA's decision to sell Megalopolis project, is overall **pointing to the right direction**. *Although it raises some concerns regarding the company's capacity limit*, we think it is important that METKA manages to strengthen its balance sheet and working capital position. What is more, management is now better enabled to pursue **more profitable** foreign projects in replacement of the low operating margin (i.e. 16-17% on our estimates) Megalopolis one.

Plugging in our new set of estimates our DCF model returns a TP of **€13.25** (from €13.00 previously) and we reiterate our **Overweight** rating.

Existing backlog is now set at €1.8bn (or 5.2x FY'09e sales) and **growth prospects remain solid**. EPS (adj.) CAGR 09/12e is now seen at +30.2% vs +37.8% previously.

Please refer to important disclosures in the Disclosure Appendix.

## Forecast changes

We cut our FY10/13e sales forecasts by 15.0%, due to the lack of €450m of Megalopolis project, yet we upgraded our average EBITDA margin by 0.13pp on the back of defence sector contribution and the absence of Megalopolis relatively low profit margins.

We note that our long term expectations on operating margins may pose a **significant upside risk** in case economic conditions improve further or new high margin foreign projects are added to our backlog expectations.

		Old	New	chng
FY'09e	Sales	350.0	350.0	0.0%
	EBITDA	59.7	59.7	0.0%
	<i>EBITDA margin</i>	<i>17.0%</i>	<i>17.0%</i>	<i>0.0pp</i>
	Net profit	37.1	37.1	0.0%
FY'10e	Sales	550.0	540.0	-1.8%
	EBITDA	86.6	83.4	-3.7%
	<i>EBITDA margin</i>	<i>15.7%</i>	<i>15.4%</i>	<i>-0.3pp</i>
	Net profit	54.5	51.7	-5.0%
	Net profit (adj.)	54.5	52.2	-4.1%
FY'11e	Sales	744.0	597.8	-19.6%
	EBITDA	119.0	97.8	-17.9%
	<i>EBITDA margin</i>	<i>16.0%</i>	<i>16.4%</i>	<i>0.4pp</i>
	Net profit	76.6	63.6	-17.0%
FY'12e	Sales	955.5	769.6	-19.5%
	EBITDA	149.5	124.0	-17.0%
	<i>EBITDA margin</i>	<i>15.6%</i>	<i>16.1%</i>	<i>0.5pp</i>
	Net profit	97.2	81.9	-15.8%
FY'13e	Sales	780.0	630.0	-19.2%
	EBITDA	117.7	95.2	-19.1%
	<i>EBITDA margin</i>	<i>15.1%</i>	<i>15.1%</i>	<i>0.0pp</i>
	Net profit	74.7	60.9	-18.4%
<b>Target price (€)</b>		<b>13.00</b>	<b>13.25</b>	<b>1.9%</b>

Source: Euroxx Research (adj. : excluding sale of ETADE)

### Sales & EBITDA forecasts

We see healthy topline growth in the next couple of years, while €1.4bn of new EPC projects are expected to further enhance the company's topline in the period FY'12/14e.

Sales Breakdown	2008	2009e	2010e	2011e	2012e	2013e	2014e	CAGR 08/14e
Signed Energy Projects	293.0	302.0	505.0	552.0	515.0	0.0	0.0	
% of total	76.8%	86.3%	93.5%	92.3%	66.9%	0.0%	0.0%	
Future Energy Projects	0.0	0.0	0.0	0.0	200.0	600.0	705.0	
% of total	0.0%	0.0%	0.0%	0.0%	26.0%	95.2%	95.9%	
<b>Energy Projects</b>	<b>293.0</b>	<b>302.0</b>	<b>505.0</b>	<b>552.0</b>	<b>715.0</b>	<b>600.0</b>	<b>705.0</b>	<b>15.8%</b>
% of total	76.8%	86.3%	93.5%	92.3%	92.9%	95.2%	95.9%	
Signed Defence Projects	28.0	0.0	0.0	13.8	22.6	0.0	0.0	
% of total	7.3%	0.0%	0.0%	2.3%	2.9%	0.0%	0.0%	
Future Defence Projects	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
% of total	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
<b>Defence Projects</b>	<b>28.0</b>	<b>0.0</b>	<b>0.0</b>	<b>13.8</b>	<b>22.6</b>	<b>0.0</b>	<b>0.0</b>	<b>n.m</b>
% of total	7.3%	0.0%	0.0%	2.3%	2.9%	0.0%	0.0%	
Future Construction Projects	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
% of total	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
<b>Construction Projects</b>	<b>9.5</b>	<b>8.0</b>	<b>5.0</b>	<b>2.0</b>	<b>2.0</b>	<b>0.0</b>	<b>0.0</b>	<b>n.m</b>
% of total	2.5%	2.3%	0.9%	0.3%	0.3%	0.0%	0.0%	
<b>Subsidiaries</b>	<b>51.0</b>	<b>40.0</b>	<b>30.0</b>	<b>30.0</b>	<b>30.0</b>	<b>30.0</b>	<b>30.0</b>	<b>-8.5%</b>
% of total	13.4%	11.4%	5.6%	5.0%	3.9%	4.8%	4.1%	
<b>Total Sales</b>	<b>381.5</b>	<b>350.0</b>	<b>540.0</b>	<b>597.8</b>	<b>769.6</b>	<b>630.0</b>	<b>735.0</b>	<b>11.5%</b>
y-o-y change	34.2%	-8.3%	54.3%	10.7%	28.7%	-18.1%	16.7%	

Source: Euroxx Research

Projects	Description	MW	Remaining Budget (€m)	9M'09	2009e	2010e	2011e	2012e	2013e	2014e
<b>EPC future</b>										
OMV	CC/Turkey	800MW	470	0	0	0	0	100	200	170
PEEGT	CC/Syria	700MW	700	0	0	0	0	50	250	400
NUON	CC/Belgium	800MW	235	0	0	0	0	50	150	35
<b>Backlog (Future)</b>			<b>1,405</b>							
<b>EPC existing</b>										
RWE/Turcas	CC/Turkey	775MW	470	0	0	80	150	240	0	0
PPC/Megalopoli	CC/Greece	811MW	50	0	0	0	15	20	15	0
E. Hellas/Motor Oil	CC/Greece	400MW	248	37	140	100	45	0	0	0
E. Hellas/St. Nicholas	CC/Greece	430MW	42	46	58	30	0	0	0	0
PPC/Mavropigi	LCB/Greece	-	0	2	2	0	0	0	0	0
PPC/Illarion	Hydro/Greece	-	14	2	5	9	2	0	0	0
PPC/Aliveri	CC/Greece	430MW	71	57	60	58	10	0	0	0
KESC Bin Qasim	CC/Pakistan	220MW	0	2	2	0	0	0	0	0
OMV(Petrom)	CC/Romania	800MW	196	12	30	118	60	0	0	0
PEEGT	CC/Syria	700MW	650	0	0	100	275	275	0	0
Scrapping	Greece	-	23	2	5	10	10	0	0	0
<b>Defence existing</b>			<b>36</b>	<b>2</b>	<b>2</b>	<b>14</b>	<b>23</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Infrastructure existing</b>			<b>12</b>	<b>5</b>	<b>8</b>	<b>5</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>0</b>
<b>Backlog (Existing)</b>			<b>1,812</b>							

Source: Metka, Euroxx Research

On our estimates, EBITDA margin is gradually falling from 17.5% in FY'08 to 15.4% in FY'10e, incorporating the higher management fee, the uncertainty of the current market environment and the competition in the global EPC sector. In the mid-term, contribution from the defence sector is expected to support operating margins while in the long term we model an EBITDA margin of 15.0% which we think may prove a rather conservative expectation.

EBITDA Breakdown	2008	2009e	2010e	2011e	2012e	2013e	2014e	CAGR 08/14e
Energy Projects	293.0	302.0	505.0	552.0	715.0	600.0	705.0	
<b>EBITDA of Energy Projects</b>	<b>54.5</b>	<b>61.0</b>	<b>94.2</b>	<b>105.9</b>	<b>134.2</b>	<b>109.3</b>	<b>127.6</b>	<b>15.2%</b>
<i>EBITDA mgn</i>	18.6%	20.2%	18.6%	19.2%	18.8%	18.2%	18.1%	
Defence Projects	28.0	0.0	0.0	13.8	22.6	0.0	0.0	
<b>EBITDA of Defence Projects</b>	<b>10.5</b>	<b>0.0</b>	<b>0.0</b>	<b>4.8</b>	<b>7.9</b>	<b>0.0</b>	<b>0.0</b>	<b>n.m</b>
<i>EBITDA mgn</i>	37.6%	n.m	n.m	35.0%	35.0%	35.0%	35.0%	
Construction Projects	9.5	8.0	5.0	2.0	2.0	0.0	0.0	
<b>EBITDA of Construction Project</b>	<b>1.3</b>	<b>1.0</b>	<b>0.6</b>	<b>0.2</b>	<b>0.2</b>	<b>0.0</b>	<b>0.0</b>	<b>n.m</b>
<i>EBITDA mgn</i>	14.2%	12.4%	12.2%	8.0%	8.0%	n.m	n.m	
Subsidiaries	51.0	40.0	30.0	30.0	30.0	30.0	30.0	
<b>EBITDA of Subsidiaries</b>	<b>8.2</b>	<b>6.4</b>	<b>4.8</b>	<b>4.8</b>	<b>4.8</b>	<b>4.8</b>	<b>4.8</b>	<b>-8.5%</b>
<i>EBITDA mgn</i>	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%	
<b>Total EBITDA after mgnt fee</b>	<b>66.9</b>	<b>59.7</b>	<b>83.4</b>	<b>97.8</b>	<b>124.0</b>	<b>95.2</b>	<b>110.3</b>	<b>8.7%</b>
<i>EBITDA mgn after mgnt fees</i>	17.5%	17.0%	15.4%	16.4%	16.1%	15.1%	15.0%	

Source: Euroxx Research

## METKA group P&L financial forecasts

All in all we estimate...

P&L (in €m)	2008	2009e	2010e	2011e	2012e
<b>Sales</b>	<b>381.5</b>	<b>350.0</b>	<b>540.0</b>	<b>597.8</b>	<b>769.6</b>
<i>chng</i>	34.2%	-8.3%	54.3%	10.7%	28.7%
Gross profit	82.0	74.2	108.3	125.7	161.3
<i>Gross margin</i>	21.5%	21.2%	20.1%	21.0%	21.0%
<b>EBITDA</b>	<b>66.9</b>	<b>59.7</b>	<b>83.4</b>	<b>97.8</b>	<b>124.0</b>
<i>chng</i>	17.1%	-10.8%	39.7%	17.3%	26.8%
<i>EBITDA margin</i>	17.5%	17.0%	15.4%	16.4%	16.1%
EBIT	61.5	54.7	77.1	91.1	116.8
<i>EBIT margin</i>	16.1%	15.6%	14.3%	15.2%	15.2%
Financials	-3.6	-1.0	-1.6	-1.7	-1.7
Other	0.0	0.0	42.5	2.4	3.2
Pre tax profit	58.0	53.6	118.0	91.8	118.3
<i>Pre tax margin</i>	15.2%	15.3%	21.9%	15.4%	15.4%
Tax	13.2	13.4	29.5	23.0	29.6
<b>Net profit</b>	<b>41.4</b>	<b>37.1</b>	<b>81.7</b>	<b>63.6</b>	<b>81.9</b>
<i>chng</i>	12.6%	-10.4%	120.0%	-22.2%	28.8%
<i>Net margin</i>	10.9%	10.6%	15.1%	10.6%	10.6%
<b>Net profit (adj.)</b>	<b>41.4</b>	<b>37.1</b>	<b>52.2</b>	<b>63.6</b>	<b>81.9</b>
<i>chng</i>	12.6%	-10.4%	40.7%	21.7%	28.8%
<i>Net margin (adj.)</i>	10.9%	10.6%	9.7%	10.6%	10.6%

Source: Metka, Euroxx Research

## Valuation

We apply a 2-stage DCF model, to derive our **TP** of **€13.25** for METKA (which includes '09e DPS of €0.54), from €13.00 previously, implying a 33% upside from current price levels and we reiterate our **Overweight** rating. We use explicit forecasts up to FY'14e and arrive at the terminal value with perpetuity growth rate of 1.0%.

Our DCF valuation is based on the following key assumptions:

- A 3 yrs raw beta of 0.79 (from 0.80 previously)
- A risk free rate of 4.8% (same as previously)
- A risk premium of 6.5% (same as previously)
- A WACC of 9.8% (from 9.9% previously)
- A perpetuity growth rate of 1.0% (same as previously)

DCF Valuation	2010e	2011e	2012e	2013e	2014e	T
<b>EBIT</b>	<b>77.1</b>	<b>91.1</b>	<b>116.8</b>	<b>87.4</b>	<b>102.1</b>	<b>103.1</b>
<i>chnng</i>	41.0%	18.2%	28.2%	-25.1%	16.7%	1.0%
<i>EBIT margin</i>	14.3%	15.2%	15.2%	13.9%	13.9%	13.9%
(-) Tax	29.5	23.0	29.6	22.0	25.1	25.8
(-) ΔWC	21.2	14.2	24.8	-27.8	28.2	12.1
(+) Depreciation	6.3	6.7	7.2	7.7	8.3	n.m
(-) CAPEX	6.4	7.2	9.7	8.4	9.7	n.m
<b>Free Cash Flow (FCF)</b>	<b>26.2</b>	<b>53.4</b>	<b>60.0</b>	<b>92.5</b>	<b>47.4</b>	<b>65.2</b>
WACC	9.8%					
<b>ΣPV of FCF's</b>	<b>200.9</b>					
Perpetuity growth rate	1.0%					
<b>Terminal value</b>	<b>468.7</b>					
<b>Firm value</b>	<b>669.6</b>					
(-) Net debt / (cash) '10e	-58.3					
(-) Minority rights	68.0					
(+) Associates	0.3					
<b>Equity value</b>	<b>660.2</b>					
DPS '09e	0.54					
<b>Value per share (€)</b>	<b>13.25</b>					

Source: Euroxx Research

We also perform a sensitivity analysis with various scenarios of discount and perpetuity growth rates.

Sensitivity analysis									
Terminal growth	0.5%				1.0%	1.5%			
<b>WACC discount rate</b>	<b>8.8%</b>	<b>9.8%</b>	<b>10.8%</b>	<b>8.8%</b>	<b>9.8%</b>	<b>10.8%</b>	<b>8.8%</b>	<b>9.8%</b>	<b>10.8%</b>
ΣPV of FCF (€m)	205.4	200.9	196.5	205.4	200.9	196.5	205.4	200.9	196.5
Terminal Value (€m)	517.6	441.3	380.8	553.5	468.7	402.2	594.3	499.4	426.0
Equity Value (€m)	713.6	632.8	567.9	749.5	660.2	589.4	790.3	690.9	613.1
<b>Value per share</b>	<b>€ 14.28</b>	<b>€ 12.72</b>	<b>€ 11.47</b>	<b>€ 14.97</b>	<b>€ 13.25</b>	<b>€ 11.88</b>	<b>€ 15.75</b>	<b>€ 13.84</b>	<b>€ 12.34</b>

Source: Euroxx Research

### Peer group comparison

On our estimates METKA trades at a considerable discount in terms of P/E '10e which in our view supports our buying recommendation.

Metka vs. Peer Group	Mcap (€m)	P/E 09e	P/E 10e
Andritz Ag	2,226	19.8 x	16.6 x
Ansaldo STS SpA	1,316	16.0 x	14.0 x
Alstom SA	15,357	12.4 x	13.3 x
Foster Wheeler AG	3,088	12.0 x	13.2 x
Siemens AG	61,206	20.0 x	16.8 x
Technip SA	5,709	13.6 x	16.8 x
Tecnicas Reunidas SA	2,376	16.3 x	14.4 x
<b>Median ex-Metka</b>		<b>16.0 x</b>	<b>14.4 x</b>
<b>Metka group</b>	<b>517</b>	<b>13.9 x</b>	<b>6.3 x</b>
<b>premium(+)/discount(-)</b>		<b>-13%</b>	<b>-56%</b>

Source: Factset, Euroxx Research

Metka vs. Peer Group	EV/EBITDA	
	09e	10e
Andritz Ag	7.2 x	6.6 x
Ansaldo STS SpA	7.7 x	6.6 x
Alstom SA	6.2 x	6.9 x
Foster Wheeler AG	5.7 x	6.7 x
Siemens AG	7.8 x	8.8 x
Technip SA	4.7 x	6.0 x
Tecnicas Reunidas SA	9.9 x	9.1 x
<b>Median ex-Metka</b>	<b>7.2 x</b>	<b>6.7 x</b>
<b>Metka group</b>	<b>8.5 x</b>	<b>5.8 x</b>
<b>premium(+)/discount(-)</b>	<b>19%</b>	<b>-13%</b>

Source: Factset, Euroxx Research

## Summary of financials METKA

In € m, unless otherwise stated

Profit & Loss	2008	2009e	2010e	2011e	2012e	Balance Sheet	2008	2009e	2010e	2011e	2012e
<b>Sales</b>	<b>381.5</b>	<b>350.0</b>	<b>540.0</b>	<b>597.8</b>	<b>769.6</b>	Net fixed assets	64.8	64.3	64.6	65.1	67.7
% chng	34.2%	-8.3%	54.3%	10.7%	28.7%	Intangible assets	1.1	0.2	0.1	0.1	0.1
<b>Gross Profit</b>	<b>82.0</b>	<b>74.2</b>	<b>108.3</b>	<b>125.7</b>	<b>161.3</b>	Other L/T receivables	12.0	12.2	12.4	12.6	12.8
% chng	20.7%	-9.4%	45.9%	16.0%	28.4%	Current Assets	257.0	266.9	411.7	445.2	543.1
<b>EBITDA</b>	<b>66.9</b>	<b>59.7</b>	<b>83.4</b>	<b>97.8</b>	<b>124.0</b>	Accounts receivable	213.1	201.4	303.3	327.6	411.2
% chng	17.1%	-10.8%	39.7%	17.3%	26.8%	Other S/T receivables	9.2	9.6	13.3	13.1	16.9
D&A	5.3	5.0	6.3	6.7	7.2	Inventories	15.3	15.1	23.7	25.9	33.3
<b>Operating profit (EBIT)</b>	<b>61.5</b>	<b>54.7</b>	<b>77.1</b>	<b>91.1</b>	<b>116.8</b>	Financials assets	1.7	1.7	1.7	1.7	1.7
% chng	17.9%	-11.1%	41.0%	18.2%	28.2%	Cash & cash equivalent	17.7	39.1	69.7	76.9	80.0
Financials, net	3.6	1.0	1.6	1.7	1.7	<b>TOTAL ASSETS</b>	<b>335.0</b>	<b>343.7</b>	<b>488.8</b>	<b>523.0</b>	<b>623.6</b>
Other	0.0	0.0	42.5	2.4	3.2	Net debt/(cash)	-6.3	-27.7	-58.3	-65.5	-68.6
<b>Pre-tax profit</b>	<b>58.0</b>	<b>53.6</b>	<b>118.0</b>	<b>91.8</b>	<b>118.3</b>	Shareholders' equity	142.5	148.5	193.8	210.6	234.3
% chng	14.9%	-7.5%	120.0%	-22.2%	28.8%	Minority interest	15.5	18.6	25.5	30.8	37.6
Income tax	13.2	13.4	29.5	23.0	29.6	Long-term liabilities	65.6	42.2	57.2	61.0	74.1
Minority stake in profits	3.4	3.1	6.8	5.3	6.8	Long-term debt	0.0	0.0	0.0	0.0	0.0
<b>Net profit</b>	<b>41.4</b>	<b>37.1</b>	<b>81.7</b>	<b>63.6</b>	<b>81.9</b>	Provisions/other LT liab/ties	65.6	42.2	57.2	61.0	74.1
% chng	12.6%	-10.4%	120.0%	-22.2%	28.8%	Short-term liabilities	111.3	134.4	212.4	220.6	277.6
EPS (in €)	0.80	0.71	1.57	1.22	1.58	Accounts payable	83.8	102.0	159.7	173.3	220.0
% chng	12.6%	-10.4%	120.0%	-22.2%	28.8%	Taxes payable	10.9	13.4	29.5	23.0	29.6
<b>Net profit - adj.</b>	<b>41.4</b>	<b>37.1</b>	<b>52.2</b>	<b>63.6</b>	<b>81.9</b>	Short-term debt	11.4	11.4	11.4	11.4	11.4
% chng	12.6%	-10.4%	40.7%	21.7%	28.8%	Other S/T liabilities	5.2	7.6	11.8	12.9	16.7
EPS - adj. (in €)	0.80	0.71	1.01	1.22	1.58	<b>TOTA EQUITY &amp; LIAB/TIES</b>	<b>335.0</b>	<b>343.7</b>	<b>488.8</b>	<b>523.0</b>	<b>623.6</b>
% chng	12.6%	-10.4%	40.7%	21.7%	28.8%						
<b>DPS (in €), after tax</b>	<b>0.36</b>	<b>0.54</b>	<b>0.63</b>	<b>0.81</b>	<b>0.99</b>						
% chng	-28.0%	50.0%	16.7%	28.6%	22.2%						
Cash Flow	2008	2009e	2010e	2011e	2012e	Ratio Analysis	2008	2009e	2010e	2011e	2012e
<b>Net profit/(loss)</b>	<b>41.4</b>	<b>37.1</b>	<b>81.7</b>	<b>63.6</b>	<b>81.9</b>	Current ratio	2.3x	2.0x	1.9x	2.0x	2.0x
(+) Minorities	3.4	3.1	6.8	5.3	6.8	Acid Test Ratio	2.2x	1.9x	1.8x	1.9x	1.8x
(+) D&A	5.3	5.0	6.3	6.7	7.2	Avg receivables days	202	210	205	200	195
(+) Chng in non cash items	-0.7	0.0	0.0	0.0	0.0	Avg creditors days	132	135	135	134	132
<b>Gross CF</b>	<b>49.4</b>	<b>45.2</b>	<b>94.8</b>	<b>75.6</b>	<b>95.9</b>	Avg inventories days	18	20	20	20	20
(+) Chng in acc. payable	-11.2	18.2	57.7	13.7	46.6	Cash conversion cycle	88	95	90	86	83
(+) Chng in other liabilities	17.5	-18.5	35.3	-1.6	23.4	Liabilities to equity	1.2x	1.2x	1.4x	1.3x	1.5x
(-) Chng in inventories	-6.5	-0.2	8.5	2.2	7.5	Bank debt to equity	0.1x	0.1x	0.1x	0.1x	0.0x
(-) Chng in acc. receivable	5.7	-11.7	101.9	24.3	83.6	Return on total assets	12.0%	10.9%	19.6%	12.6%	14.3%
(-) Chng in other receivable	2.9	0.4	3.7	-0.2	3.8	ROE	30.7%	25.5%	47.7%	31.4%	36.8%
Working capital chng	-4.2	-11.2	21.2	14.2	24.8	ROIC	30.9%	25.7%	28.2%	30.8%	35.7%
<b>Operating CF</b>	<b>53.6</b>	<b>56.4</b>	<b>73.6</b>	<b>61.4</b>	<b>71.1</b>	FCF yield	10.5%	10.2%	21.2%	10.5%	11.9%
(+) Sale of subsidiaries	0.0	0.0	42.5	0.0	0.0	WC requirements as % of sales	36.5%	30.6%	28.8%	28.0%	27.0%
(-) CAPEX	1.2	3.6	6.4	7.2	9.7	Gross margin	21.5%	21.2%	20.1%	21.0%	21.0%
(-) Investments	-2.1	0.0	0.0	0.0	0.0	EBITDA margin	17.5%	17.0%	15.4%	16.4%	16.1%
<b>Investing CF</b>	<b>0.9</b>	<b>-3.6</b>	<b>36.1</b>	<b>-7.2</b>	<b>-9.7</b>	EBIT margin	16.1%	15.6%	14.3%	15.2%	15.2%
(-) Dividends	26.0	31.2	36.4	46.8	57.1	Pre-tax profit margin	15.2%	15.3%	21.9%	15.4%	15.4%
(+) Debt chng	-6.8	0.0	0.0	0.0	0.0	Net profit margin	10.9%	10.6%	15.1%	10.6%	10.6%
(+) Other	-31.2	-0.2	-42.7	-0.2	-1.2	Net profit margin (adj.)	10.9%	10.6%	9.7%	10.6%	10.6%
<b>Financing CF</b>	<b>-64.0</b>	<b>-31.3</b>	<b>-79.1</b>	<b>-47.0</b>	<b>-58.4</b>	Dividend Payout Ratio	45.1%	75.6%	40.1%	66.2%	62.8%
Chng in Cash Position	-9.6	21.5	30.6	7.2	3.1						

Source: METKA, Euroxx Research

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<b>Under Review</b>	Recommendation and Target Price are subject to revision	8	24%	0%

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### Valuation Method

Our valuation for METKA is based on a 2-stage DCF model. We use a WACC rate of 9.8% and a terminal growth rate of 1.0%.

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**Rating History**

	Rating	Share Price	Target Price
16/04/07	Overweight	14.16	17.00
25/05/07	Overweight	15.28	17.00
03/08/07	Overweight	15.94	18.00
15/11/07	Overweight	15.94	17.50
17/04/08	Overweight	12.38	16.00
23/05/08	Overweight	13.64	16.00
06/08/08	Overweight	12.66	15.80
08/09/08	Overweight	13.14	17.00
07/11/08	Overweight	8.50	12.80
30/03/09	Overweight	6.02	8.90
01/06/09	Overweight	8.30	10.40
12/08/09	Overweight	8.20	10.00
30/10/09	Overweight	10.30	12.40
17/11/09	Overweight	10.75	13.00
11/01/10	Overweight	9.96	13.25

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