

**Valuation & Research Specialists (VRS)**  
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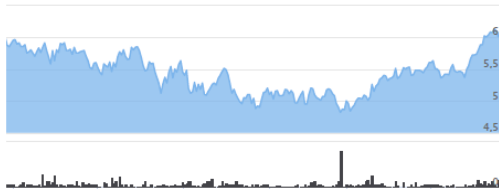
Share Price (10/04/2019) € 5.88

# of Shares (mn)	106.5
Market Cap (in € mn)	626.22
Average Volume (p)	30,533
Beta Co-efficient	0.92

Source: VRS Calculations, Reuters.  
Period as day/month/year.

## Stock Price Performance & Transaction Volume

(1 year, in € and in number of share units)



Note: Share price performance based on share price closes on Stock Exchange.  
Period as day/month/year if applicable.

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## EYDAP S.A.

Listed on Athens Exchange - Greece

[Bloomberg Ticker: EYDAP:GA] [Reuters Ticker: EYDr.AT]

**Business Sector | Industry: Water Supply & Sewerage Services**

### Our notes on EYDAP following the company's annual analyst and investor day (\*)

EYDAP (Athens Water Supply and Sewerage Company) is the undisputable leader in the Greek Water Supply market having more than 4.3 million customers and a pipeline network of 9,500 km. The sewerage sector serves 3.5 million residents and covers about 6,000 km. Below, we highlight some of our views combined with selective data presented by the company's management during the recent Analyst Day.

- **Growth trajectory is on track:** In FY 2018, all of EBITDA, EBIT, EBT and Net Profit after Taxes lines increased by 14%, 23%, 21% and 10% respectively. At the same time, the expenses fell considerably and the Cash and Cash Equivalents account rose sharply.

#### What we like

- Although the Turnover fell by 1.5%, the company's management cut down on the expenses. It is noteworthy that the General and Administration, Operating and Other Expenses fell by 8%, 6% and 12% respectively. By having control over their expenses, the management of EYDAP can guarantee up to a point the company's long-term sustainability.
- Furthermore, growth in Operating and Net Profits in FY2018/FY2017 should be a strong indicator of the company's commitment towards stronger financial performance going forward.
- EYDAP managed to improve Cash and Cash Equivalents by 30.2% (€ 88.7 million) from € 293.92 million in the beginning of 2018 to € 382.61 million in the end of 2018. This increase provides the management with more freedom to settle all short-term obligations without a need for lending. Also, EYDAP proposed a dividend distribution of 0.27 cents per share from the profits of 2018, thus implying an increase of 35% y-o-y.

#### What we anticipate

- Executives in the company are currently analyzing ways, which will possibly help EYDAP increase its clientele, by expanding its presence and service provision in sectors such as sewerage. The company's financial state is steadily improving, which shows that the Board's goal for the company's expansion can be achieved.
- The company is set to modernize its operating systems in order to enable them execute their tasks more efficiently. Specifically, the management's plan to implement the latest technology on their water supply network will help them provide services of higher quality and at a lower cost which will benefit both the company and the consumers.

#### What we will monitor

- Although the company's earnings (across four different lines) rose compared to FY2017, it is noteworthy that revenues regarding water consumption and sewerage services dropped by almost € 5 million. This drop is not as worrying given the overall positive financial state of the company.
- The company ran a simulation test to examine the level of water reserves in case they had to deal with an emergency. The upside of this is that the water reserves are sufficient to sustain water supply for 1,500 days, which is a record.

#### Our concern

- The main reason of concern regarding the company's key operations is the need to restore worn out parts of the pipeline. The total length of the pipeline network is about 15,500 km. The company's goal is to repair 150 km of pipeline annually. In FY2018, 40 Km of pipeline was restored. Evidently, there is a distance to cover for the company to attain the goal of 150 Km.

#### EYDAP Stock

- Following a downtrend for most of the year 2018, EYDAP stock gained momentum in the first months of 2019, registering an increase of 17.6% year-to-date in its share price.

(\*) The event concerned the presentation of the annual financial results 2018 and was held on Wednesday, April 5th, 2019, at the premises of the company, Athens, Greece.

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Covered Company	Bloomberg	Reuters	Stock Price	Date	Disclosure
EYDAP S.A.	EYDAP:GA	EYDr.AT	€ 5.88	April 10, 2019	2, 3, 6

1. VRS has acted as financial consultant for the covered company within the past 24 months.
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5. VRS produces research reports for this company on systematic basis.
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