

Company Note

Financial Results 9M 2014

Valuation & Research Specialists (VRS)

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EYDAP S.A.

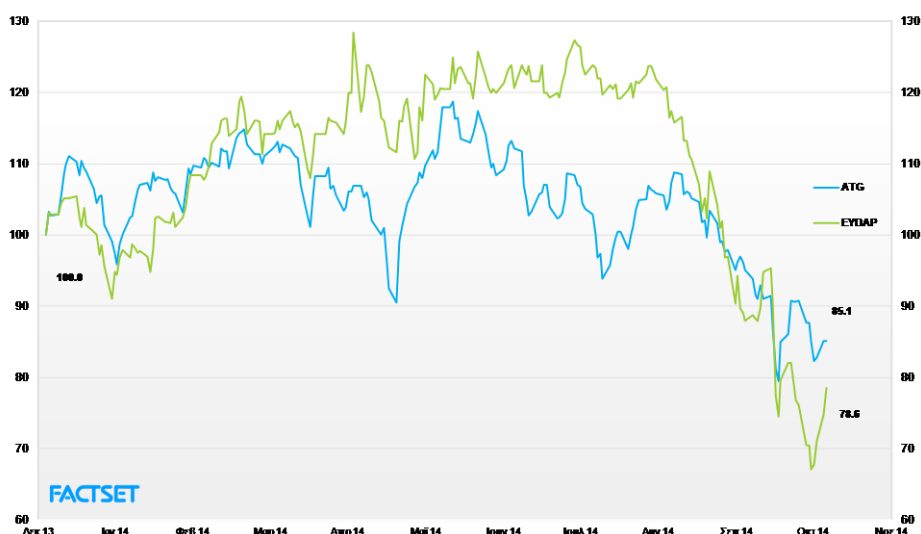
[Bloomberg Ticker: EYDAP:GA, Reuters Ticker: EYDr.AT]

Business Sector: Utilities – Water and Sewerage

Comment on Q3 2014 Financial Results

- The stock has been severely hit by the political situation in Greece, the delays that came out in relation to the privatization process and the several regulatory uncertainties of the tariff structure, the water supply agreement, plus the decisions that have to be made about the capital structure of the Company. Since the European Elections in May this year, EYDAP shares have lost 40% of their value, posting a hot fresh new 52 weeks low at 5 euros, before they bounce back 25%. YTD losses exceed 19% compared to 17% for the Athens General Index.
- All in all, for the 9M 2014, we estimate that consolidated turnover will be down by 8% to 95 million euros from 103.1 million euros in 2013. On the EBITDA side, we estimate a result of 34.7 million euros, down by 22% and on the bottom line after tax profitability, we estimate 22.1 million euros compared to 41 million euros in the corresponding period of 2013, lower by 46%. Overall, we believe EYDAP is a solid fundamental story but the lack of political will cannot unlock the potential value.

Relative Price Change of EYDAP Stock compared to the Athens General Index (YTD)



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PREVIEW OF 9M 2014 RESULTS AND ESTIMATES

PROFIT & LOSS ACCOUNT (€ MN)	1Q13	2Q13	3Q13	4Q13	FY 2013	1Q14	2Q14	3Q 14*	4Q14*	FY 2014*	FY 2015*
TURNOVER	73	88	103	72	336	71	81	95	74	321	325
y-o-y %	-4%	2%	-3%	-15%	-5%	-3%	-8%	-8%	3%	-4%	1%
COST OF GOODS SOLD	42	55	34	59	191	46	45	45	48	184	185
y-o-y %	-7%	5%	-17%	-13%	-8%	9%	-18%	32%	-19%	-4%	1%
GROSS PROFIT	31	33	69	13	145	24	36	50	26	137	140
y-o-y %	1%	-2%	5%	-21%	0%	-23%	-21%	-28%	100%	-6%	2%
GROSS PROFIT MARGIN (%)	42%	38%	67%	18%	43%	34%	44%	53%	35%	43%	43%
SELLING EXPENSES	6	7	12	8	33	7	9	8	8	31.5	34
ADMINISTRATIVE EXPENSES	14	12	20	11	56	14	16	14	14	57	58
OTHER OPERATING INCOME	1	1	0	1	2	0	1	1	1	3	2
OTHER OPERATING EXPENSES	1	2	0	1	4	0	1	1	1	3	4
D&A	7	9	7	6	30	6	13	8	6	33	35
EBITDA	16	20	44	1	84	9	22	35	9	76	77
y-o-y %	-5%	2%	-14%	-96%	-22%	-52%	9%	-22%	800%	-10%	756%
EBITDA MARGIN (%)	22%	23%	43%	1%	25%	13%	27%	36%	12%	24%	24%
EBIT	9	11	37	-5	54	3	9	27	3	43	42
y-o-y %	0	%	-16%	-16%	-210%	-27%	-74%	-28%	-160%	-21%	1300%
EBIT MARGIN (%)	12%	13%	36%	-7%	16%	4%	11%	28%	4%	13%	13%
INTEREST EXPENSES	3	3	2	0	9	0	0	0	0	0	0
INTEREST INCOME	2	3	8	3	16	7	3	3	2	15	12
PRE TAX PROFIT-EBT	9	13	42	-3	62	9	14	29.5	5	57.5	54
y-o-y %	18%	7%	5%	-259%	0%	6%	1%	-30%	-267%	-7%	500%
PRE TAX PROFIT MARGIN	12%	15%	41%	-4%	18%	13%	17%	31%	7%	18%	17%
INCOME TAX	-17	5	1	-6	-16	4	3	7	1	14	14
EFFECTIVE TAX RATE	-198%	39%	3%	203%	-27%	40%	25%	25%	25%	25%	25%
MINORITIES	0	0	0	0	0	0	0	0	0	0	0
NET PROFIT-EAT	26	8	41	3	78	5	10	22.13	4	41	41
y-o-y %	405%	-1%	29%	117%	67%	-79%	22%	-46%	25%	-48%	710%
NET PROFIT MARGIN	36%	9%	40%	4%	23%	7%	12%	23%	5%	13%	12%

Source: Factset, Estimates by Valuation & Research Specialists (VRS).

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EYDAP S.A.	EYDAP:GA	EYDr.AT	€ 6.09	November 4, 2014	--

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