

Company Report

FLASH NOTE
May 2012

Valuation & Research Specialists (VRS)

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| Share Price (02/05/2012) € 0.44 | |
|-----------------------------------|---------|
| Number of Shares (,000) | 52,800 |
| Market Cap (in € mn) | 23.23 |
| A.D. Volume (shares) | 29,603 |
| Beta (vs. ASE G.I. – 1y) | N/Apl. |
| Statistical Data | |
| Max 52 week | 0.61 € |
| Min 52 week | 0.37 € |
| 1-M Rtn | 5.26% |
| 6-M Rtn | 0.00% |
| 12-M Rtn | -18.52% |
| Main Shareholders | |
| Georgios Feidakis | 57.95% |
| Restis Family | 10.99% |
| Fujitsu General GmbH | 4.41% |
| Greek Institutional Inv. | 0.61% |
| Foreign Institutional Inv. | 10.89% |
| Free Float | 15.15% |

Source: The Company.

FG Europe Group [Bloomberg Ticker: ESC GA, Reuters Ticker: ESKr.AT]

Sector: Air Conditioning Systems & Home Appliances, Energy (RES)

Business Profile

- FG Europe Group (the Group or the Company) is a wholesale distributor of air-conditioning systems and home appliances offering logistics and after-sale services. The Group is also active in the renewable energy sources (RES) sector as owner and operator of wind parks and hydroelectric units. The Group is based in Athens, Greece.
- In the air-conditioning sector, it holds an exclusive agreement with the Japanese manufacturer Fujitsu, whereas in the home appliance and consumer electronics market, it holds an agreement with Sharp and at the same time it distributes its own branded home appliances Eskimo.
- In 2011, consolidated revenues accounted for EUR 99.72 million with the revenue breakdown settling as follows: Air-conditioning systems 88.14%, white (home) appliances 2.87%, consumer electronics 3.08%, mobile services 0.19%, logistics and after sale services 0.22% and energy 5.51%.
- In air-conditioning systems, FG Europe possesses a distribution network that spans 10 countries. The Group's major business activities are carried out in Greece and Italy, which are considered as mature markets, as well as in Balkans and Turkey, which are viewed as developing markets.
- In the energy sector, the Group generated revenues of EUR 5.5 million in 2011 vis-à-vis EUR 4.8 million in 2010. FG Europe Group recently implemented investments in 3 new wind parks valued at EUR 47 million with an aggregate capacity of 35.4 MW.
- RF Energy SA is FG Europe's energy arm active in the Greek market. RF Energy is a holding company with FG Europe (37.5%), Makmoral Trading Ltd (12.5%) (Makmoral is owned by FG Europe's major shareholder Georgios Feidakis) and First Energy Holding Ltd of Restis family (50%) as its shareholders. With shareholders' funds at EUR 41.3 million, RF Energy participates in the following companies: (1) "Kallisti Energeiaki SA" operating a 15 MW wind park in Southern Greece (since April 2008). Kallisti has applied to the Greek State for an expansion of the plant by 13 MW. (2) "Aioliki Kyliandrias SA" operating a 10 MW wind park in Northern Greece (since May 2009). (3) Aioliki Aderes SA" operating 3 wind parks with a total capacity of 35.4 MW in Southern Greece (since December 2011). (4) Hydroelectrici Achaïas SA" operating 2 energy production stations at Kerynitis river (Southern Greece) with respective capacities of 2.6 MW (operating since 2005) and 1 MW (since February 2009).

Current Update - Strategy

- In 2011, 65% of consolidated revenues were realized in the international markets from the distribution of air-conditioning systems versus 57% in 2010.
- In April 2012, FG Europe announced an exclusive distribution agreement with MIDEA Group, a leading manufacturer in air-conditioning systems and home appliances based in China. With a presence in more than 200 countries, MIDEA generates an annual turnover of USD 22.2 billion employing a workforce of 150,000 people. MIDEA products are medium end systems / appliances and are complementary to FG Europe's existing product spectrum of Fujitsu, Sharp and Eskimo brands.
- In the medium and long-term horizon, FG Europe has announced an aggressive expansion plan in the Greek RES sector targeting the following projects: (1) Investment in wind parks of aggregate 294 MW in Central Greece in a 1,350 hectare land plot leased by the Company. (2) Investment in an offshore wind farm with an aggregate 498.15 MW capacity in Lemnos Island (Northern Aegean Sea) and in a mountain wind farm with a 25.5 MW capacity in Southern Greece (both investments are planned to be made via subsidiary City Electric SA). (3) Investment in biogas stations with total 9.32 MW capacity (via subsidiary Aioliki Kyliandrias).

Financial Data

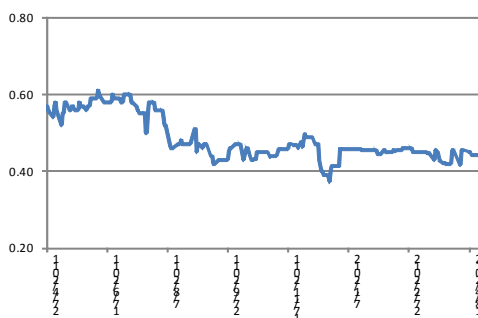
- The Group's capital structure is characterized by a significant leverage as result of its aggressive expansion plan in the energy sector. Consolidated bank debt accounted for EUR 97.76 million and its ratio over shareholders funds settled at 3.14x in 2011. The consolidated cash position and operating cash flows stood at EUR 34.46 million and EUR 8.91 million respectively in the same year.

Air Conditioning Systems' Revenue Breakdown

| In mn € | 2011 | % | 2010 |
|-----------------------|--------------|---------|--------------|
| Greece | 22.90 | -17.18% | 27.65 |
| International Markets | 64.99 | 18.06% | 55.05 |
| Balkans | 13.22 | -17.99% | 16.12 |
| Italy | 16.67 | -1.59% | 16.94 |
| Turkey | 21.39 | 45.71% | 14.68 |
| Other Countries | 13.71 | 87.55% | 7.31 |
| Total Revenues | 87.89 | 6.28% | 82.70 |

Source: The Company.

Share Price Performance (1 year, in €)



BASIC FINANCIAL INDICATORS

| (in € mn) | Revenues | EBITDA | EBT | EATAM | P/E (x) | P/BV (x) | EV/EBITDA (x) | DEBT / EQUITY | ROE % |
|-------------|----------|--------|-------|-------|---------|----------|---------------|---------------|-------|
| 2009 | 121.84 | 17.35 | 12.76 | 8.37 | 2.78 | 0.70 | 3.43 | 2.48 | 25% |
| 2010 | 96.37 | 10.62 | 6.80 | 3.53 | 6.58 | 0.81 | 4.90 | 2.26 | 12% |
| 2011 | 99.72 | 10.40 | 5.60 | 4.17 | 5.57 | 0.75 | 8.32 | 3.14 | 13% |

Source: Official Consolidated Financial Statements (based on IFRS), VRS Calculations.

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| Covered Company | Reuters | Share Price Close | Date | Disclosure |
|-----------------|---------|-------------------|----------------|------------|
| FG EUROPE S.A. | ESKr.AT | €0.44 | 02 / 05 / 2012 | 2, 3 |

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