

FOURLIS HOLDINGS S.A.

February 9, 2018

[Bloomberg Ticker: FOYRK:GA] [Reuters Ticker: FRLr.AT]
Listed on Athens Stock Exchange, Greece

Greek Equities | Holding Company
www.vrs.gr

Earnings Estimates Update
STOCK PRICE € 5.55 | MKT CAP € 286.22 MN

Business Profile & Historical Information

- The history of the group begins in 1950 with the establishment of A. Fourlis & Co. operating in the sector of commerce of electrical appliances.
- The Company proceeded with an initial public offering on Athens Stock Exchange, Greece, in 1988 and in 1999 expanded into new operating segments by signing franchise agreements with IKEA (furniture and household goods) and Intersport (sporting goods).
- The Group is currently active in two operating segments:
 - Furniture and Household Goods through the franchise of IKEA stores in Greece, Bulgaria and Cyprus;
 - Sporting Goods through the franchise of INTERSPORT stores in Greece, Cyprus, Bulgaria, Turkey and Romania and Athlete's Foot in Greece and Turkey.

Financial Highlights & Investment Considerations

- According to the FY2016 results, the Group achieved a 2% 3Y Revenue CAGR in a highly unstable macroeconomic environment in Greece and Turkey (period 2013-2016). From 2016 onwards, taking into account the projected strong economic recovery (IMF WOE: 2.1% 3Y GDP CAGR, 2016-2019 period), we expect revenues to surge from 428 million (FY2016) to 507 million (FY2019). Key driver to the projected 5.8% 3Y Revenue CAGR will be the expansion of the existing network of stores to reach 160 Intersport stores and 8 IKEA stores by 2020.
- The Net Profit margin is estimated to significantly grow from 1.4% in FY2016 to 2.45% in FY2019 reflecting the increased efficiency driven by the declining depreciation and interest expense margins. In terms of growth rate, we expect an outstanding 31.2% 3Y Net Profit CAGR.
- We expect Debt to Equity ratio to gradually decline from 0.90x in FY2016 to 0.69x in FY2019 driven by the rising undistributed profits and the reduction of debt levels. Additionally, the company plans to liquidize shares of associate companies in order to cover up the needs for cash and cash equivalents.
- Debt to EBITDA is estimated to drop from 3.79x in FY2016 to 3.12x in FY2019 reflecting an improvement in the ability of the group to pay back its debt obligations,
- Taking into account the outstanding cash flow generation and the increased liquidity, we have assumed that from 2018 onwards the group will be able to distribute a conservative 20% of its profits as dividend with potential of achieving greater payout ratios in the coming years.

Fourlis Holdings S.A. – Summary of Consolidated Financials

February 9, 2018

(in € mn)	TURNOVER	EBITDA	EBT	EATAM	EQUITY	BANK DEBT	DEBT / EQUITY (x)	P/E (x)	P/BV (x)	EV/EBITDA (x)	ROE %
2009	751,722	72,908	53,278	32,154	214,444	151,815	0.71	8.91	1.3	4.7	15%
2010	638,150	47,308	28,210	14,951	216,399	159,509	0.74	19.17	1.3	8.5	7%
2011	438,249	27,968	4,076	1,716	187,799	196,706	1.05	167.03	1.5	15.3	1%
2012	420,254	20,086	-11,701	-11,443	176,888	176,497	1.00	-25.05	1.6	21.0	-6%
2013	403,271	25,421	-5,841	-8,294	168,988	148,818	0.88	-34.56	1.7	16.0	-5%
2014	413,370	25,908	-9,137	-11,474	158,433	167,717	1.06	-24.98	1.8	16.2	-7%
2015	414,442	32,608	2,517	253	157,614	146,850	0.93	1,132.90	1.8	12.5	0%
2016	428,068	38,441	7,695	6,009	163,605	147,152	0.90	47.70	1.8	10.4	4%
2017	435,577	41,218	12,643	9,483	173,088	139,114	0.80	30.23	1.7	9.4	5%
2018	469,934	43,147	15,326	11,494	183,329	134,708	0.73	24.94	1.6	8.6	6%
2019	506,663	45,276	18,090	13,567	191,469	131,993	0.69	21.13	1.5	7.4	7%

Source: The Company, VRS Estimates

Please see important disclosure and disclaimer statements at the end of this report.

Important Note:

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Notes: Projections are based on IFRS consolidated accounts. Projected years concern the period 2018 – 2019.

Income Statement

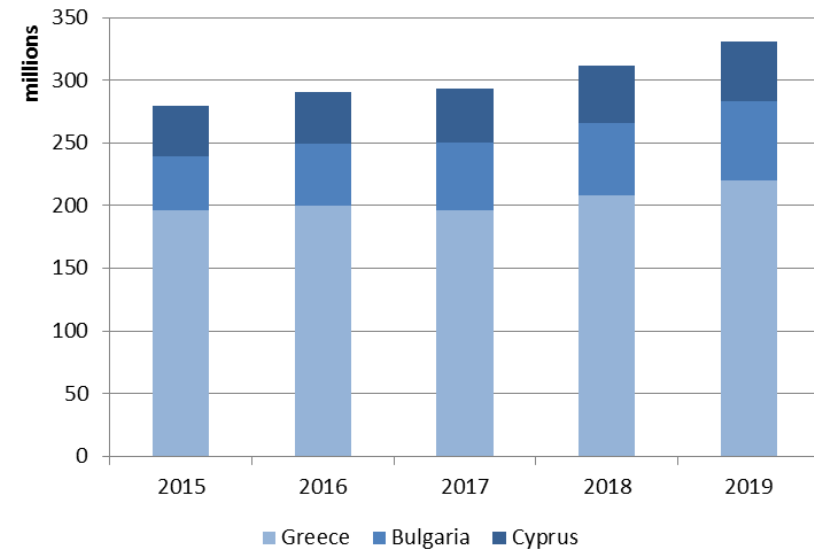
Source: Company, VRS Estimates.

		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Turnover		751,722	638,150	438,249	420,254	403,271	413,370	414,442	428,068	435,577	469,934	506,663
	y-o-y Change %	-4.2%	-15.1%	-31.3%	-4.1%	-4.0%	2.5%	0.3%	3.3%	1.8%	7.9%	7.8%
Cost of Sales		521,402	437,593	266,062	260,541	247,827	248,914	243,348	246,083	249,586	269,272	290,318
	% of Turnover	69.4%	68.6%	60.7%	62.0%	61.5%	60.2%	58.7%	57.5%	57.3%	57.3%	57.3%
	y-o-y Change %	-4.6%	-16.1%	-39.2%	-2.1%	-4.9%	0.4%	-2.2%	1.1%	1.4%	7.9%	7.8%
Total Gross Operating Results		230,320	200,557	172,187	159,713	155,444	164,456	171,094	181,985	185,991	200,662	216,345
Gross Operating Margin		30.6%	31.4%	39.3%	38.0%	38.5%	39.8%	41.3%	42.5%	42.7%	42.7%	42.7%
	y-o-y Change %	-3.3%	-12.9%	-14.1%	-7.2%	-2.7%	5.8%	4.0%	6.4%	2.2%	7.9%	7.8%
Operating Expenses		167,623	164,493	157,211	156,927	144,864	158,788	151,826	157,574	158,768	171,291	184,679
	% of Turnover	22.3%	25.8%	35.9%	37.3%	35.9%	38.4%	36.6%	36.8%	36.5%	36.5%	36.5%
	y-o-y Change %	14.3%	-1.9%	-4.4%	-0.2%	-7.7%	9.6%	-4.4%	3.8%	0.8%	7.9%	7.8%
EBITDA		72,908	47,308	27,968	20,086	25,421	25,908	32,608	38,441	41,218	43,147	45,276
EBITDA Margin		9.7%	7.4%	6.4%	4.8%	6.3%	6.3%	7.9%	9.0%	9.5%	9.2%	8.9%
	y-o-y Change %	-28.3%	-35.1%	-40.9%	-28.2%	26.6%	1.9%	25.9%	17.9%	7.2%	4.7%	4.9%
Depreciation		10,211	11,244	12,992	17,300	14,841	20,240	13,340	14,030	13,994	13,777	13,610
	% of Turnover	1.4%	1.8%	3.0%	4.1%	3.7%	4.9%	3.2%	3.3%	3.2%	2.9%	2.7%
EBIT		62,697	36,064	14,976	2,786	10,580	5,668	19,268	24,411	27,224	29,371	31,666
	% of Turnover	8.3%	5.7%	3.4%	0.7%	2.6%	1.4%	4.6%	5.7%	6.3%	6.3%	6.3%
	y-o-y Change %	-31.5%	-42.5%	-58.5%	-81.4%	279.8%	-46.4%	239.9%	26.7%	11.5%	7.9%	7.8%
Net Financial Results		-9,419	-7,854	-10,900	-14,487	-16,421	-14,805	-16,751	-16,716	-14,580	-14,045	-13,577
Net Results Before Taxes		53,278	28,210	4,076	-11,701	-5,841	-9,137	2,517	7,695	12,643	15,326	18,090
EBT Margin		7.1%	4.4%	0.9%	-2.8%	-1.4%	-2.2%	0.6%	1.8%	2.9%	3.3%	3.6%
	y-o-y Change %	-30.1%	-47.1%	-85.6%	-387.1%	-50.1%	56.4%	-127.5%	205.7%	64.3%	21.2%	18.0%
Income Tax		15,232	7,816	2,360	-258	1,202	2,962	2,264	1,686	3,161	3,831	4,522
	Effective Tax Rate	28.6%	27.7%	57.9%	2.2%	-20.6%	-32.4%	89.9%	21.9%	25.0%	25.0%	25.0%
Net Results After Taxes		32,154	14,951	1,716	-11,443	-8,294	-11,474	253	6,009	9,483	11,494	13,567
EAT Margin		4.3%	2.3%	0.4%	-2.7%	-2.1%	-2.8%	0.1%	1.4%	2.2%	2.4%	2.7%
	y-o-y Change %	-42.2%	-53.5%	-88.5%	-766.8%	-27.5%	38.3%	-102.2%	2275.1%	57.8%	21.2%	18.0%
Net Results (a.t.&m.i.)		31,621	15,090	2,297	-11,254	-8,294	-11,474	253	6,009	9,483	11,494	13,567
Net Margin		4.2%	2.4%	0.5%	-2.7%	-2.1%	-2.8%	0.1%	1.4%	2.2%	2.4%	2.7%
	y-o-y Change %	-42.6%	-52.3%	-84.8%	-589.9%	-26.3%	38.3%	-102.2%	2275.1%	57.8%	21.2%	18.0%

Furniture and Household Goods

Source: Company, VRS Estimates

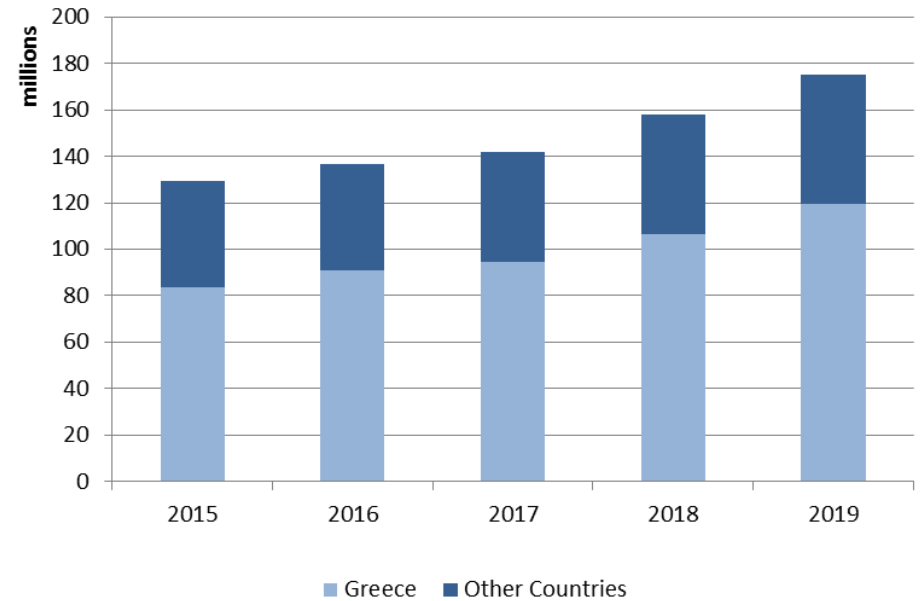
	2015	2016	2017	2018	2019
Greece	196,372	200,312	196,105	207,865	220,249
y-o-y Change %		2.01%	-2.10%	6.00%	5.96%
% of Turnover	70.25%	68.87%	66.79%	66.65%	66.50%
Bulgaria	42,766	49,009	53,910	58,223	62,881
y-o-y Change %		14.60%	10.00%	8.00%	8.00%
Cyprus	40,376	41,536	43,613	45,793	48,083
y-o-y Change %		2.87%	5.00%	5.00%	5.00%
Total	279,514	290,857	293,628	311,881	331,213
y-o-y Change %		4.06%	0.95%	6.22%	6.20%



Sporting Goods

Source: Company, VRS Estimates

	2015	2016	2017	2018	2019
Greece	83,800	90,828	94,461	106,529	119,547
y-o-y Change %		8.39%	4.00%	12.78%	12.22%
GDP Effect %				9.28%	8.72%
New stores Effect %				3.50%	3.50%
<i>% of Turnover</i>	64.86%	66.55%	66.55%	67.40%	68.14%
Other Countries	45,400	45,661	47,487	51,524	55,903
y-o-y Change %		0.57%	4.00%	8.50%	8.50%
GDP Effect %				5.00%	5.00%
New stores Effect %				3.50%	3.50%
<i>% of Turnover</i>	35.14%	33.45%	33.45%	32.60%	31.86%
Total	129,200	136,489	141,949	158,053	175,451
y-o-y Change %		5.64%	4.00%	11.35%	11.01%



Balance Sheet – Asset Side

Source: Company, VRS Estimates.

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Assets											
Intangible Assets	17,118	18,224	22,823	24,209	23,412	22,365	22,233	22,206	23,260	24,244	25,269
Accumulated Depreciation	4,540	5,519	6,688	8,852	9,471	11,088	12,086	12,779	13,916	15,103	16,341
Net Intangible Assets	12,578	12,705	16,135	15,357	13,941	11,277	10,147	9,427	9,344	9,140	8,928
Tangible Assets	254,389	282,748	308,743	316,929	325,722	322,811	330,858	336,805	343,605	350,405	355,205
Accumulated Depreciation	61,137	70,929	64,087	77,459	89,548	98,045	105,997	115,761	126,209	136,408	146,431
Net Tangible Assets	193,252	211,819	244,656	239,470	236,174	224,766	224,861	221,044	217,396	213,997	208,774
Other L-term assets - Deferred Tax	26,695	26,763	27,564	36,001	42,134	38,916	37,433	36,240	36,500	35,500	13,000
Total Non-Current Assets	252,912	260,069	297,137	298,428	300,047	292,122	289,604	284,106	280,635	276,032	248,096
% Total Assets	42.29%	50.26%	60.51%	64.60%	69.04%	65.28%	69.21%	67.80%	66.54%	63.63%	55.72%
Inventories	105,619	87,571	88,573	76,767	75,251	85,970	78,346	77,685	78,791	85,006	91,649
Trade Receivables	108,519	83,740	18,569	16,838	14,885	13,666	3,803	2,302	2,387	2,575	2,776
Other Items	36,841	42,971	30,503	28,115	16,550	20,838	18,461	20,010	20,000	20,000	20,000
Cash in Bank and at Hand	94,140	43,129	56,294	41,825	27,869	34,888	24,860	33,616	39,926	50,164	82,761
Total Current Assets	345,119	257,411	193,939	163,545	134,555	155,362	128,846	134,907	141,103	157,744	197,186
% Total Assets	57.71%	49.74%	39.49%	35.40%	30.96%	34.72%	30.79%	32.20%	33.46%	36.37%	44.28%
TOTAL ASSETS	598,031	517,480	491,076	461,973	434,602	447,484	418,450	419,013	421,738	433,776	445,282

Balance Sheet – Liability Side

Source: Company, VRS Estimates.

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Equity & Liabilities											
Share Capital	50,953	50,953	50,992	50,992	50,992	54,562	54,562	54,924	54,924	55,228	55,228
Share Premium Account	11,864	11,985	11,837	11,834	11,665	11,385	11,375	12,423	12,423	13,165	13,165
Reserves & Profit Carried Forward	151,627	153,461	124,970	114,062	106,331	92,486	91,677	96,258	105,741	114,936	123,076
Minority Rights	1,019	455	-119	1	0	0	0	0	0	0	0
Total Equity	215,463	216,854	187,680	176,889	168,988	158,433	157,614	163,605	173,088	183,329	191,469
% Total Equity & Liabilities	36.03%	41.91%	38.22%	38.29%	38.88%	35.41%	37.67%	39.05%	41.04%	42.26%	43.00%
L-Term Bank Loans	92,334	38,813	89,228	123,827	110,593	104,909	93,754	104,814	100,408	97,143	94,978
Provisions	2,505	1,319	2,181	2,373	2,355	3,104	3,086	3,921	3,000	3,000	3,000
Deferred Tax Liabilities	5,699	5,729	1,633	1,420	1,862	1,497	1,693	91	100	100	100
Total L-Term Liabilities	111,787	56,796	99,691	133,885	121,901	115,001	103,780	114,047	108,708	105,443	103,278
Suppliers	162,305	90,233	67,441	76,358	79,071	88,176	79,963	74,931	78,637	84,839	91,470
Banks	49,726	67,011	52,805	41,491	21,575	35,461	35,811	19,902	20,000	20,000	20,000
Taxes-Duties	20,658	4,024	2,031	2,054	3,176	2,636	1,998	1,848	1,900	1,900	1,900
Other Payables & Prepayments	28,337	28,877	23,737	16,886	15,330	18,215	19,198	21,248	20,000	20,000	20,000
Total Current Liabilities	270,781	243,830	203,705	151,199	143,713	174,050	157,056	141,361	139,943	145,004	150,535
Total Liabilities	382,568	300,626	303,396	285,084	265,614	289,051	260,836	255,408	248,651	250,447	253,813
% Total Equity & Liabilities	63.97%	58.09%	61.78%	61.71%	61.12%	64.59%	62.33%	60.95%	58.96%	57.74%	57.00%
TOTAL EQUITY & LIABILITIES	598,031	517,480	491,076	461,973	434,602	447,484	418,450	419,013	421,738	433,776	445,282

Cash Flow Statement

Source: Company, VRS Estimates.

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Profit after Tax	32,154	14,951	1,716	-11,443	-8,294	-11,474	253	6,009	9,483	11,494	13,567
Plus: Change of Depreciation	8,002	10,771	-5,673	15,536	12,708	10,114	8,950	10,457	11,585	11,387	11,261
Plus: Depreciation Differences from sales/acquisitor	0	0	0	0	0	0	0	0	0	0	0
Gross Cash Flow	40,156	25,722	-3,957	4,093	4,414	-1,360	9,203	16,466	21,067	22,881	24,828
Change in:											
(-) Trade Debtors	-31,063	-24,779	-65,171	-1,731	-1,953	-1,219	-9,863	-1,501	85	188	201
(-) Other Receivables	-430	6,130	-12,468	-2,388	-11,565	4,288	-2,377	1,549	-10	0	0
(+) Trade Creditors	29,505	-72,072	-22,792	8,917	2,713	9,105	-8,213	-5,032	3,706	6,203	6,631
(+) Liabilities for Taxes	108	-16,634	-1,993	23	1,122	-540	-638	-150	52	0	0
(+) Other Short - Term Liabilities	-2,271	540	-5,140	-6,851	-1,556	2,885	983	2,050	-1,248	0	0
Change in Working Capital	63,871	-51,469	46,712	18,014	17,313	-2,338	11,996	-2,519	1,329	-200	-214
Operating Cash Flow	104,027	-25,747	42,755	22,107	21,727	-3,698	21,199	13,947	22,397	22,681	24,614
Change in:											
(-) Intangible Assets	6,694	1,106	4,599	1,386	-797	-1,047	-132	-27	1,054	984	1,025
(-) Tangible Assets	-13,929	16,754	25,995	7,004	8,991	6,454	8,047	6,179	6,800	6,800	4,800
(-) Other Long - Term Receivables	20,291	68	801	8,437	6,133	-3,218	-1,483	-1,193	260	-1,000	-22,500
(+) Other Long - Term Liabilities	12,229	-1,470	-7,520	-405	1,250	-1,216	-66	-793	-933	0	0
(+) Cons. Diff. / Minority Interests	74	-564	-574	120	-1	0	0	0	0	0	0
Cash Flow from Investment	-753	-19,962	-39,489	-17,112	-13,078	-3,405	-6,498	-5,752	-9,047	-6,784	16,675
Net Cash Flow before Financing Activities	103,274	-45,709	3,266	4,995	8,649	-7,103	14,701	8,195	13,350	15,897	41,289
Net Change in Reserves	-587	-518	-30,788	346	563	-2,371	-1,062	-1,428	0	0	0
Change in Long - Term Debt	5,280	-53,521	50,415	34,599	-13,234	-5,684	-11,155	11,060	-4,406	-3,265	-2,165
Change in Short - Term Debt	-99,218	61,215	-13,218	-54,808	-14,445	24,583	-9,712	-10,758	-3,632	-1,141	-550
Other Items and Dividends	18,343	12,738	-3,018	-213	-4,680	5,696	-586	1,805	296	2,299	5,977
Minority Interests on Profit	533	-139	-581	-189	0	0	0	0	0	0	0
Net Cash Flow from Financing	-113,401	-5,302	9,899	-19,464	-22,605	14,122	-21,353	-1,521	-8,334	-5,659	-8,692
Cash at Beginning	104,267	94,140	43,129	56,294	41,825	27,869	34,888	28,236	34,910	39,926	50,164
Change in Cash and Marketable Securities	-10,127	-51,011	13,165	-14,469	-13,956	7,019	-6,652	6,674	5,016	10,238	32,597
Cash at End	94,140	43,129	56,294	41,825	27,869	34,888	28,236	34,910	39,926	50,164	82,761

Financial Ratios

Source: Company, VRS Estimates.

PROFIT MARGINS	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Gross Margin	30.64%	31.43%	39.29%	38.00%	38.55%	39.78%	41.28%	42.51%	42.70%	42.70%	42.70%
EBITDA Margin	9.70%	7.41%	6.38%	4.78%	6.30%	6.27%	7.87%	8.98%	9.46%	9.18%	8.94%
EBIT Margin	8.34%	5.65%	3.42%	0.66%	2.62%	1.37%	4.65%	5.70%	6.25%	6.25%	6.25%
Pre-Tax Profit Margin	7.09%	4.42%	0.93%	-2.78%	-1.45%	-2.21%	0.61%	1.80%	2.90%	3.26%	3.57%
Net Profit Margin	4.21%	2.36%	0.52%	-2.68%	-2.06%	-2.78%	0.06%	1.40%	2.18%	2.45%	2.68%
BALANCE SHEET RATIOS	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Stock Days	74	73	122	108	111	126	118	115	115	115	115
Debtors Days	53	48	15	15	13	12	3	2	2	2	2
Creditors Days	114	75	93	107	116	129	120	111	115	115	115
Total Liab. / Total Equity	1.78	1.39	1.62	1.61	1.57	1.82	1.65	1.56	1.44	1.37	1.33
Bank Loans / Total Equity (D/E Ratio)	0.71	0.74	1.05	1.00	0.88	1.06	0.93	0.90	0.80	0.73	0.69
Current Ratio	1.27	1.06	0.95	1.08	0.94	0.89	0.82	0.95	1.01	1.09	0.78
Quick Ratio - Acid Ratio	0.88	0.70	0.52	0.57	0.41	0.40	0.32	0.40	0.45	0.50	0.42

Stock Price

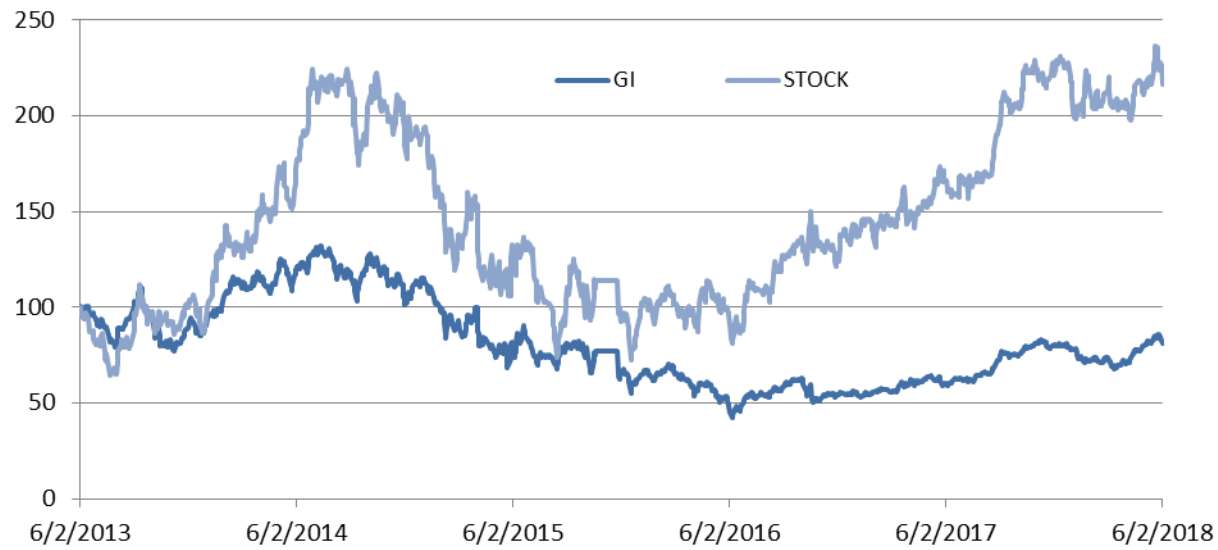
Period February 2015 – February 2018 | € (Euro)



Source: Athens Stock Exchange.

Stock versus Athens Exchange General Index

Period February 2013 – February 2018 | Basis = 100



Source: Athens Stock Exchange.

NOTES

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Covered Company	Bloomberg	Reuters	Stock Price	Date	Disclosure
FOURLIS HOLDINGS S.A.	FOURK:GA	FRLr.AT	€ 5.55	February 9, 2018	2, 3, 6

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