

FLEXOPACK S.A.

[FLXr.AT]

Higher production capacity and value added products drive growth



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Greek Equities – January 9, 2007

FLEXOPACK SA

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Company Description:

Flexopack is a European producer of barrier and non-barrier multilayer co-extruded film for flexible packaging applications. The Company is considered to be an international player exporting to more than 30 countries worldwide.

	2005	2006 E	2007 E
(in mil. €)			
Turnover	31.86	40.05	48.95
EBITDA	5.16	6.72	8.56
Margin %	16.18%	16.79%	17.48%
Net Income	1.90	3.02	4.16
Margin %	5.96%	7.54%	8.50%

Price (09/01/2007)	€ 7.28
Shares (outstanding in mn)	11.72
MktCap (in mn €)	85.32

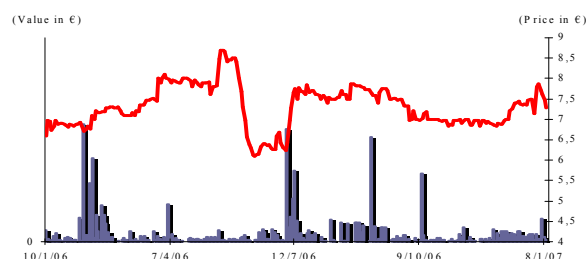
Hist. Beta	1.15		
Div. '05	€ 0.035		
Div. Yield	0.48%		
P/E	44.91x	28.26x	20.51x
P/BV	3.22x	2.95x	2.65x
Debt / Eq.	0.21	0.26	0.19
ROE (avg)	7.40%	10.90%	13.60%

Source: VRS Projections

Key Investment Points

- ◎ **Flexopack demonstrates strong revenue and profit growth capitalizing on innovative products and the constant penetration of international markets.** In 2006, exports are expected to contribute more than 50% in total consolidated revenues.
- ◎ Films generate nearly 89% of total consolidated revenues with **future growth deriving from shrink bags, skin film packaging, and vacuum film packaging.** All three product categories derive from a high technology production process and are mostly channeled in the international markets. Our model assumes that film revenues will account for 94.25% of total group turnover by the year 2010, generating 99.14% of total consolidated EBIT.
- ◎ Flexopack is under a strong 3-year (2005-2007) investment program of about € 13.6 million, aiming at higher production capacity and the creation of more advanced packaging solutions. **Based on our forecasts for the following 5 years, our DCF model derives a fair price of € 7.43 per share. The valuation incorporates assumptions regarding the Company's investment plan, geographic expansion and sustainability of profit margins.**

Share Price Graph (52 weeks)
Max.: € 8.70 - Min.: € 6.10



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

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Investment Case & Growth Drivers

Flexopack demonstrates strong revenue and profit growth capitalizing on the innovative products that it has created over the years and the strong penetration of international markets. More than half of consolidated turnover is channeled in various geographic regions, such as European Union, USA, Australia, Asia, and many other countries. In 2005, 44.66% of total consolidated revenues came from export activities, whereas in 2006, exports are expected to contribute more than 50% in total consolidated revenues.

Flexopack specializes in the manufacturing of flexible packaging material used for fresh food products. The technical standards of the Company's products are especially high and have been met thanks to constant research and development over the years. Flexopack's strategy calls for even higher innovation, meaning the creation of specialized and in some cases tailor made products that most accurately meet customer needs.

In order to boost income from value added products channeled in the domestic and international market, Flexopack concentrates in the following areas of activity:

- **Research & Development:** This area is critical if Flexopack wishes to continuously meet internationally high quality standards and customer needs.
- **Production Capacity & Utilization:** The Company is currently in the final stage of implementing an investment plan of € 13.6 million aiming at higher production capacity and gains in cost efficiency, whereas the strong demand from the market continues to boost capacity utilization rate. **We expect that the new investments in full capacity suffice to generate additional revenues of about € 20 million on annual basis.** More efficient production methods also facilitate the creation of new competitive products.
- **New Partnerships and Distribution Channels:** Over the Company's recent history, this is the most suitable time for Flexopack to boost its international presence and capture an even greater stake of the multi billion USD global flexible market for fresh food products. According to our forecasting model, revenues from exports should command more than 64% of total consolidated turnover by the year 2010.

Incorporating the Company's financial reporting policy into our model, we break down turnover between films (parent company Flexopack) and injection packaging (Innova). Films generate nearly 89% of total consolidated revenues with future growth deriving from shrink bags, skin film packaging, and vacuum film packaging. **Our model assumes that film revenues will account for 94.25% of total group turnover by the year 2010, generating 99.14% of total consolidated EBIT.**

Shrink Bags

Shrink Bags



Shrink bags comprise a high technology group of products for the packaging of meat, meat products, cheese and frozen food stuff. These very high technology and specialized products are sold successfully to high demanding markets, such as Central and Northern Europe. Developed markets demonstrate one-digit growth potential, around 4%-5%, whereas emerging markets post a growth potential between 10%-20%.

Skin Film Packaging

Skin Packaging



Skin film packaging is an innovative way to deliver food products, such as meat, cooked pork meat, sea food, etc. to the final consumer. Food manufacturing companies utilize skin film packaging due to the ability to ensure long shelf life for their food products and its appealing presentation. In order to meet the constantly changing needs of end-users, which are mainly food manufacturing companies, Flexopack upgrades its technological infrastructure and improves know-how aiming at a broad range of skin film packaging solutions combining high quality standards with safety requirements for its customers.

Vacuum Film Packaging

Vacuum Film



Vacuum film packaging is another high-tech packaging solution for food manufacturers allowing no air penetration and therefore longer life for fresh food, such as cheese and dairy products. According to estimates based on sector surveys, the European market currently settles at € 1 billion, implying significant growth potential for Flexopack, which is an important producer in the European market of vacuum film for food manufacturers.

Injection Packaging (Inova S.A.)

The category demonstrates a limited contribution to total turnover. Revenues from injection packaging are expected to settle at 9.6% of total consolidated revenues by the end of 2006, and further decline in the following years. Injection packaging consists of packaging products used for ice cream, cheese and dairy products, and of bags-in-box used for wine, orange juice, etc. Injection packaging is not the focus area of Flexopack, and therefore in our model, we assume a low growth rate in sales up to the financial year 2010.

Export Growth Potential is Significant

Exports should remain the area of dynamic growth for Flexopack Group in view of a limited market size in Greece. The strategy of the Company is to establish long-term collaboration with credible end strong business partners (including collaboration with final customers) in order to further penetrate the international markets. By this pattern, Flexopack gains the following advantages:

- Long-term partnerships that ensure a constant inflow of orders,
- Fast deliveries,
- Better services to end users covering all their needs.

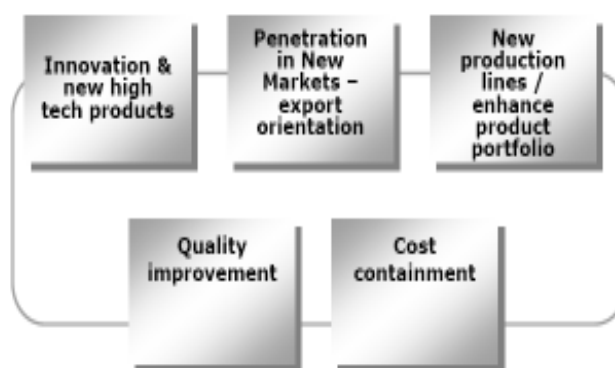
In our forecasting model, we assume that exports will become the key driving force behind revenue and earnings growth in the following 5 years.

Strategic Priorities of Flexopack

In this section, we highlight how the growth applied by the Company's management interacts with our forecasting model, when it comes to valuation:

- Geographic expansion and product portfolio enhancement strengthens market shares and maximizes revenues in the three major categories, shrink bags, skin film packaging, and vacuum film packaging.
- Cost containment affects valuation in the short-term.
- Quality improvements and innovation affects valuation in the long-term.

FLEXOPACK – Strategic Priorities



Financial Analysis

Capex on Production Capacity Increases

Flexopack is under a strong 3-year (2005-2007) investment program of about € 13.6 million. The majority of investments target new multilayer production lines which will increase the production capacity of high barrier shrink and non-shrink products (€ 7.4 million are already on stream, completed during the 2nd half of fiscal 2006 - € 6.2 million will be completed by the end of fiscal 2007).

Strong Growth Rates

- After the completion of its investment program, the Group will have the capacity to continue expanding operations internationally, introducing at the same time new high barrier shrink bag and vacuum skin high-tech products. By assuming higher sales volume (in line with production increases), stronger prices and rising global market share, we end up with **annual turnover growth of 19.46% for the period 2005-2010. We further expect that international revenues will represent about 64% of total turnover at end 2010 from about 50% today.** We have made the following key assumptions for the period 2006-2010:
 - We expect the Group to utilize total production capacity (after the completion of the new investments) at a rate of 65-70% approximately. Utilization and price increases imply total turnover growth of approximately 25% during financial year 2006. The significant increase in production capacity (after the completion of the total investment program during fiscal 2007) will be gradually utilized and reach a maximum of 90% during 2009 in line with the Group's growth strategy:
 - Expansion in new geographical areas with the Group utilizing its competitive advantages. Flexopack has already passed the tough quality tests in many countries and has launched its products successfully, gaining significant recognition. This track record leads to fastest acceptability in new countries.
 - The new production lines will expand product portfolio and strengthen the Group's competitive advantages, due to new high-tech value added products that meet demanding standards, required by international regulators for food packaging.
 - We have estimated at least 3% annual price increases. For the new high-tech packaging products, prices are expected to be higher (since they are value added products).

Historic & Projected Geographic Turnover Breakdown

	2004	2005	2006 E	2007 E	2008 E	2009 E	2010 E
Greece	15,993	17,627	20,007	22,507	24,983	27,232	27,913
% of total	61.41%	55.34%	49.96%	45.98%	42.21%	39.54%	35.95%
y-o-y change		10.2%	13.5%	12.5%	11.0%	9.0%	2.5%
Europe	5,383	9,592	15,059	21,083	28,462	35,578	43,405
% of total	20.67%	30.11%	37.60%	43.07%	48.09%	51.66%	55.91%
y-o-y change		78.2%	57.0%	40.0%	35.0%	25.0%	22.0%
Other Countries	4,667	4,636	4,982	5,364	5,737	6,057	6,315
% of total	17.92%	14.55%	12.44%	10.96%	9.69%	8.80%	8.13%
y-o-y change		-0.7%	7.5%	7.7%	7.0%	5.6%	4.3%
Total Exports	10,050	14,228	20,041	26,447	34,199	41,635	49,720
% of total	38.59%	44.66%	50.04%	54.02%	57.79%	60.46%	64.05%
y-o-y change		41.6%	40.9%	32.0%	29.3%	21.7%	19.4%
Total Turnover	26,043	31,855	40,048	48,954	59,183	68,867	77,633

Source: VRS Estimates

Historic & Projected Activity Turnover Breakdown

	2004	2005	2006 E	2007 E	2008 E	2009 E	2010 E
Films (Flexopack)	22,933	28,334	36,222	44,767	54,831	64,491	73,166
% of total	88.06%	88.95%	90.45%	91.45%	92.65%	93.65%	94.25%
y-o-y change		23.6%	27.8%	23.6%	22.5%	17.6%	13.5%
Injection Packaging (Innova)	3,110	3,521	3,826	4,187	4,352	4,375	4,466
% of total	11.94%	11.05%	9.55%	8.55%	7.35%	6.35%	5.75%
y-o-y change		13.2%	8.7%	9.4%	3.9%	0.5%	2.1%
Total Turnover	26,043	31,855	40,048	48,954	59,183	68,867	77,633

Source: VRS Estimates

– Profit Margin Improvement

- The increasing share of value added products to total turnover and the higher capacity utilization rate from financial year 2008 onwards will gradually improve gross profit margin to about 27.55% at the end of 2010 from 25.02% at the end of fiscal 2005 (after the slight deterioration expected during fiscal 2007).

	2005	2006 E	2007 E	2008 E	2009 E	2010 E
Gross Margin	25.02%	25.80%	25.65%	26.45%	27.15%	27.55%
EBITDA Margin	16.18%	16.79%	17.48%	18.85%	19.74%	20.30%
EBITDA Margin (ex. other res.)	14.60%	15.93%	16.46%	17.84%	19.02%	19.72%
EBIT Margin	10.47%	11.20%	11.91%	13.82%	15.16%	16.01%
Pre-tax Profit Margin	8.96%	10.34%	11.18%	13.40%	14.89%	15.85%
Net Profit Margin	5.96%	7.54%	8.50%	10.03%	11.13%	11.82%

- EBITDA margin accounted for approximately 16.18% at the end of 2005 (affected by positive other results of € 0.5 million - 14.6% margin excluding other results), a level that will increase to 20.3% at the end of 2010 (assuming positive other results of € 0.45 million - 19.72% excluding other results), growing on a CAGR₂₀₀₅₋₂₀₁₀ of 25.04%. The strong EBITDA increase is mostly attributed to the increased production efficiency, new higher margin products, higher capacity utilization rate and tight control of expenses.

Historic & Projected EBIT Breakdown

	2004	2005	2006 E	2007 E	2008 E	2009 E	2010 E
Films (Flexopack)	2,085	2,870	4,497	5,832	8,161	10,378	12,320
% of total	84.76%	86.06%	100.26%	100.07%	99.79%	99.41%	99.14%
% EBIT Margin	9.09%	10.13%	12.42%	13.03%	14.88%	16.09%	16.84%
y-o-y change		37.6%	56.7%	29.7%	39.9%	27.2%	18.7%
Injection Packaging (Inova)	375	465	-11	-4	17	61	107
% of total	15.24%	13.94%	-0.26%	-0.07%	0.21%	0.59%	0.86%
% EBIT Margin	12.06%	13.21%	-0.30%	-0.10%	0.40%	1.40%	2.40%
y-o-y change		24.0%	-102.5%	-63.5%	-515.7%	251.9%	75.0%
Total EBIT	2,460	3,335	4,486	5,828	8,178	10,439	12,427

Source: VRS Estimates

Key Elements of the Balance Sheet

With regard to **current assets** for the Group, inventory turnover ratio is expected to range between 83 (the average level during fiscal 2005) and 88 days. **Debtor's turnover ratio** is estimated to range between 101 (the average level during fiscal 2005) and 105 days, while according to our model, **creditor's turnover ratio** will gradually decrease at approximately 125 days from 152 days during fiscal 2005. Annual working capital needs is expected to increase at approximately € 2.36 million at the end of fiscal 2010 from € 1.35 million, the estimated level for fiscal 2006.

In our projections, we have included Group's 2.55 million corporate bond, with total bank debt amounting to approximately 7.6 million at the end of fiscal 2006. Bank debt will finance capital needs for investments. However, strong cash inflows should reduce bank debt to a total of 2 million by the end of fiscal 2010 (assuming that no other investment will realize). In addition, we have assumed government grants of € 1.93 million for the fiscal 2006 and € 2.83 million for the fiscal 2007, following the completion of current investment program.

	2005	2006 E	2007 E	2008 E	2009 E	2010 E
Stock Days	83	85	86	87	88	88
Debtors Days	101	102	103	104	105	105
Creditors Days	152	150	149	140	130	125
Total Debt/ Total Equity	0.72	0.89	0.90	0.76	0.65	0.57
Bank Loans/ Total Equity	0.21	0.26	0.19	0.09	0.07	0.05
Net fixed Assets on Total Assets	64.75%	63.18%	60.28%	53.55%	47.30%	40.81%
Interest Coverage	13.78	21.95	23.39	43.50	68.58	116.66

Source: VRS Estimates

Financial Results for the 9 Months 2006

During the 9month period of fiscal 2006, the Group posted strong growth, with turnover increasing by 25.57% to € 29.9 million, of which 50% accounted for exports. EBITDA margin increased to 18% from 17.51% due to the lower increase of operating expenses compared to turnover.

(in € ,000)	9M 2006	%	9M 2005
Turnover	29,897	25.57%	23,809
Gross Profit (incl. depreciation)	6,414	32.66%	4,835
Gross Profit Margin	21.45%		20.31%
EBITDA	5,381	29.07%	4,169
EBITDA Margin	18.00%		17.51%
EBIT	3,729	30.11%	2,866
EBIT Margin	12.47%		12.04%
EBT	3,469	38.43%	2,506
EBT Margin	11.60%		10.53%
Income Tax	973	17.51%	828
Profit After Tax	2,496	48.75%	1,678
Profit After Tax Margin	8.35%		7.05%
Minority Interests	-60		158
EATAM	2,556	68.16%	1,520
EATAM Margin	8.55%		6.38%

Source: Company accounts based on IFRS.

Valuation

DCF Methodology

The fair value for Flexopack stock settles at EUR 7.43 per share based on the DCF model. The major assumptions in the model are presented below:

- Cost of capital at 9%.
- L-term sales growth of 2.4%
- L-term EBIT margin of 16.5%

	2006 E	2007 E	2008 E	2009 E	2010 E	L-Term Assumptions
ASSUMPTIONS						
Growth Rate (Sales)	25.7%	22.2%	20.9%	16.4%	12.7%	2.4%
EBIT Margin	11.2%	11.9%	13.8%	15.2%	16.0%	16.5%
Tax Rate	29.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Working Capital (% of sales)	3.3%	3.1%	4.4%	5.0%	3.0%	2.0%
Capex (% of sales)	17.8%	10.5%	1.2%	2.8%	2.5%	2.5%
Cost of Capital	8.3%	8.7%	9.0%	9.2%	9.3%	9.0%
Depreciation (% of sales)	5.2%	5.6%	5.6%	5.0%	4.6%	2.5%
CASH FLOW STATEMENT						
Turnover	40.0	49.0	59.2	68.9	77.6	79.5
EBIT	4.5	5.8	8.2	10.4	12.4	13.1
Less: Adjusted Tax	1.2	1.4	2.0	2.6	3.1	3.2
Adjusted Operating Profit	3.3	4.5	6.2	7.9	9.4	9.9
Plus: Depreciation	2.2	2.7	3.0	3.2	3.3	2.0
Operating Cash Flow	5.5	7.2	9.2	11.0	12.7	11.9
Less: Change in Working Capital	1.3	1.5	2.6	3.5	2.4	1.6
Less: Capex	7.1	5.2	0.7	2.0	2.0	2.0
Cash Flow to the Firm (FCFF)	-2.9	0.5	5.8	5.6	8.4	8.3
Discount Factor	0.92	0.85	0.77	0.70	0.64	0.65
Present Value of Cash Flows	-2.70	0.45	4.49	3.95	5.37	
Accumulated Present Value	-2.70	-2.25	2.24	6.19	11.56	
Residual Value						125.7
Present Value of Residual Value						81.7

VALUATION

Enterprise Value	93.31
% Residual Value of Total	87.6%
Less: Net Debt	6.27

Value of firm	87.04
Outstanding # of shares (000)	11,720
Value of share	7.43

Source: VRS Estimates

The model's assumptions presume that Flexopack Group should:

- Complete its investment program by 2nd half 2007 (the 2nd part).
- Sustain growth in existing geographic markets.
- Maintain strong profitability.

The table below presents the sensitivity analysis of our DCF model, demonstrating the valuation of Flexopack Group based on different growth rates and different levels of weighted average cost of capital (WACC):

		WACC				
		7,0%	8,0%	9,0%	10,0%	11,0%
GROWTH	0,90%	7.89	7.14	6.05	5.21	4.55
	1,90%	10.31	8.32	6.90	5.85	5.05
	2,40%	11.44	9.06	7.43	6.24	5.34
	2,90%	12.84	9.95	8.04	6.68	5.66
	3,40%	14.64	11.04	8.75	7.18	6.03

L-Term WACC Calculation

Risk Free Rate	4.5%
Expected Beta Factor	1.0
Market Risk Premium	5.0%
Cost of Equity	9.5%
Debt / Debt + Equity	10.0%
Cost of Debt	5.8%
Tax Rate	25.0%

Weighted Average Cost of Capital	9.0%
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Source: VRS Estimates

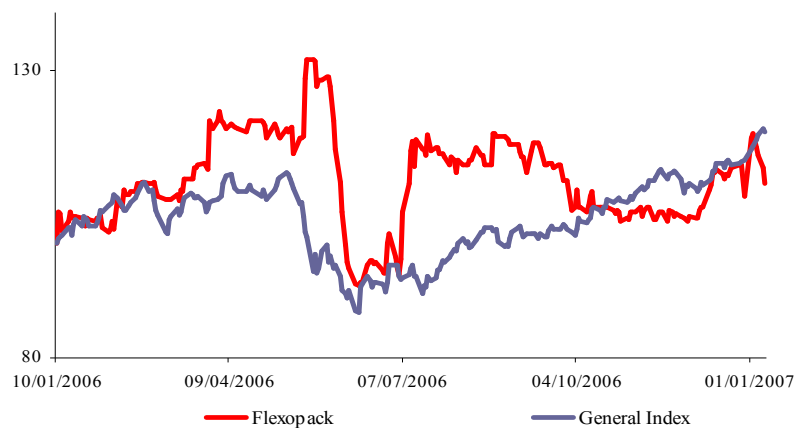
Comparative Valuation

We compare Flexopack with a peer group of international flexible packaging product companies (it can be partially compared to its peers, as there are considerable differences in size and scope). Even though Flexopack earnings multiples trade higher compared to its peers, the Company is expected to post significantly higher growth rates in the coming 5-year period justifying a potential premium in the stock.

Company	Country	Mkt Cap (mn)	P/E '06	P/BV '06	EV / EBITDA '06
Sealed Air	US	5,162	22.80x	3.33x	11.79x
Bemis	US	3,576	20.30x	2.39x	10.80x
Flexopack	GR	85.32	28.26x	2.95x	13.63x

Source: Bloomberg Estimates

Share Price Performance vs. General Index (base=100)



Shareholders' Structure

The shareholders' structure of Flexopack SA, the parent company listed on the Athens Exchange, is presented below:

Shareholder	Participation Stake (As of September 2006)
Stamatios Ginosatis	31.74%
Georgios Ginosatis	19.31%
Nikolaos Ginosatis	16.29%
Competrol Establishment SA	5.12%
Free Float	27.54%
Total	100.00%

Source: The Company

Flexopack Group of Companies

Company Profile

Flexopack is a European producer of barrier and non-barrier multilayer co-extruded film for flexible packaging applications. The Company is considered to be an international player exporting to more than 30 countries worldwide. In the market place, Flexopack is known for innovative products and high quality standards. The Company is constantly developing the product range searching for high margin products with competitive advantages in international level.

The Company operates 2 plants in Koropi, County of Attica, Greece with a total space of 15,000 m², which hosts facilities such as research and development center, extrusion and bag-making.

Product Portfolio

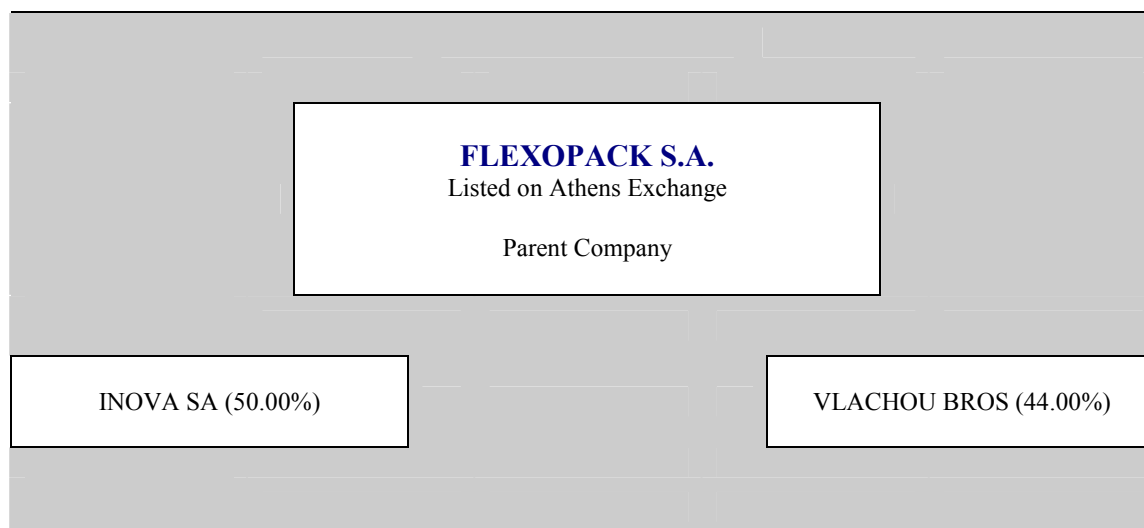
Over the years and following constant investments as well as research and development, Flexopack has created a broad range of products, such as vacuum films, high barrier shrink bags and vacuum skin, for consumer and industrial packaging. Industrial users utilize such products as value added solutions for fresh food, including meat, cheese, fish, seafood, poultry, bakery and processed food.

Customer Base

The customer base of Flexopack consists mainly of fresh and processed food industries. Other markets include the printing/conversion industry, personal care products and other specialty packaging. The Company has built long-term relationships with its customers utilizing the economic benefits of a stable co-operation. It is noted that sales are made directly or through specialized distributors, ensuring efficient and timely delivery of products to end-users.

Geographically, the customer base of the Group is especially extended. As mentioned earlier, exports in 9M 2006 accounted for 50% of total group turnover, with major destinations being United Kingdom, United States, Australia, France, Germany, Switzerland, Belgium, Poland, Turkey, Russia, and Israel. During this year, Flexopack inaugurated activities in 3 additional countries: Canada, Korea and Denmark.

Flexopack Group Structure



Flexopack - Investment Risks / Mitigating Factors

	Investment Risks / Concerns	Mitigating Factors / Important Notes
1	Flexopack is active in the international markets, carrying out transactions in € and various other currencies, but also to US dollar.	Flexopack utilizes futures as well as financing schemes in US dollar and other currencies, in order to hedge foreign currency risk.
2	Profit margin is significantly affected by changes in raw material prices, which are determined in the international markets.	Flexopack has so far a successful track record in adjusting commercial policy and inventory levels in order to most efficiently handle the effect from unfavorable price movements.
3	Any significant exposure to bank debt may affect the Group's operations in the short as well as in the long-term.	Flexopack retains a low debt to equity ratio. The Company generates strong cash flows, with cash cycle being relatively short.

Source: VRS

Flexible Packaging Sector

The flexible packaging sector is a very dynamic one, as new products and applications are constantly coming on the global market. This is a very competitive industry, and a new innovation, such as a thinner however stronger packaging structure or a better barrier, can change packaging as well as consumer choices.

Major changes have taken place in the past few years and continue to take place today and probably for the foreseeable future, as both newer and older materials compete for places in the flexible packaging market. The major competitive factors in the market are those between materials and different packaging methods and technologies. Inter-material competition is a way of life in a technologically advancing society, and plastic packaging is no exception. Lately, an increasing percentage of packaging, especially food packaging, is made with sophisticated multilayer structures (MLS).

In terms of definition, the extent of “flexibility” in packaging depends on materials used and production process carried out. Plastic resins can be extruded and blown into flexible web rollstock structures of many different thicknesses. Thinner rollstock is called “film” while thicker is called “sheet.” The dividing line between what is called film and what is sheet is arbitrary, and varies with the material and the supplier.

Flexible packaging is considered to be a very large multibillion-dollar business, with products ranging from the simplest grocery sacks to the most sophisticated barrier structures for food and beverage. Consumer demand for convenience and functionality should continue driving growth for flexible packaging solutions. As the industry evolves, players are positioning themselves for maximum growth, developing at the same time more advanced solutions based on high technology infrastructure.

SWOT Analysis

Strengths	<p>Portfolio enrichment</p> <p>Focus on research and development</p> <p>High technological infrastructure</p> <p>Strong export orientation</p> <p>Efficient distribution channel and delivery of products</p>
Weaknesses	<p>Exposure in various currencies</p> <p>Dependence on price of raw materials</p>
Opportunities	<p>Higher production capacity following new investments allows for higher utilization rate in the event of stronger demand</p> <p>Development of new value added products facilitates stronger penetration of international markets</p>
Threats	<p>Sharp increase in raw material prices</p> <p>Crisis in the food sector due to biogenetic distortions</p>

Group Historic & Projected Profit & Loss Account

	2004	2005	2006 E	2007 E	2008 E	2009 E	2010 E
Turnover	26,043	31,855	40,048	48,954	59,183	68,867	77,633
y-o-y Change. %		22.32%	25.72%	22.24%	20.89%	16.36%	12.73%
Cost of Sales	19,025	23,884	29,715	36,398	43,529	50,169	56,245
% of Turnover	73.05%	74.98%	74.20%	74.35%	73.55%	72.85%	72.45%
y-o-y Change. %		25.54%	24.42%	22.49%	19.59%	15.26%	12.11%
Total Gross Operating Results	7,018	7,971	10,332	12,557	15,654	18,697	21,388
Gross Operating Margin	26.95%	25.02%	25.80%	25.65%	26.45%	27.15%	27.55%
y-o-y Change. %		13.58%	29.62%	21.53%	24.66%	19.44%	14.39%
Other operating income / expense	178	504	344	502	602	497	447
Operating Expenses	2,927	3,320	3,954	4,499	5,097	5,602	6,075
% of Turnover	11.24%	10.42%	9.87%	9.19%	8.61%	8.13%	7.83%
y-o-y Change. %		13.43%	19.10%	13.79%	13.28%	9.90%	8.46%
EBITDA	4,269	5,155	6,722	8,560	11,159	13,592	15,759
EBITDA Margin	16.39%	16.18%	16.79%	17.48%	18.85%	19.74%	20.30%
y-o-y Change. %		20.75%	30.40%	27.34%	30.36%	21.81%	15.94%
Depreciation	1,809	1,820	2,237	2,732	2,980	3,153	3,332
% of Turnover	6.95%	5.71%	5.58%	5.58%	5.04%	4.58%	4.29%
EBIT	2,460	3,335	4,486	5,828	8,178	10,439	12,427
% of Turnover	9.45%	10.47%	11.20%	11.91%	13.82%	15.16%	16.01%
y-o-y Change. %		35.57%	34.50%	29.93%	40.33%	27.64%	19.04%
Net Financial Results	-322	-481	-346	-356	-247	-188	-125
Net Results Before Taxes	2,138	2,854	4,139	5,472	7,932	10,251	12,302
EBT Margin	8.21%	8.96%	10.34%	11.18%	13.40%	14.89%	15.85%
y-o-y Change. %		33.5%	45.01%	32.20%	44.95%	29.24%	20.01%
Tax Income & Other Taxes	605	839	1,200	1,368	1,983	2,563	3,075
Effective Tax Rate	28.30%	29.38%	29.00%	25.00%	25.00%	25.00%	25.00%
Net Results After Taxes	1,533	2,016	2,939	4,104	5,949	7,688	9,226
EAT Margin	5.89%	6.33%	7.34%	8.38%	10.05%	11.16%	11.88%
y-o-y Change. %		31.49%	45.79%	39.65%	44.95%	29.24%	20.01%
Proportion of Minority rights	130	116	-80	-55	10	25	50
Net Results (a.t.&m.i.)	1,403	1,900	3,019	4,159	5,939	7,663	9,176
Net Margin	5.39%	5.96%	7.54%	8.50%	10.03%	11.13%	11.82%
y-o-y Change. %		35.4%	58.91%	37.77%	42.79%	29.03%	19.75%

Source: VRS Estimates

Group Historic & Projected Balance Sheet

	2004	2005	2006 E	2007 E	2008 E	2009 E	2010 E
Assets							
Net Intangible Assets	337	275	273	273	275	273	267
Net Tangible Assets	25,278	29,603	34,493	36,916	34,664	33,463	32,106
Investm. in Associates & Available for Sale	658	587	585	585	585	585	585
Other L-term assets	46	47	50	51	52	53	54
Total Non-Current Assets	26,319	30,512	35,400	37,825	35,576	34,373	33,012
% Total Assets	61.25%	64.75%	63.18%	60.28%	53.55%	47.30%	40.81%
Inventories	4,850	5,437	6,920	8,576	10,375	12,096	13,560
Trade Receivables	8,712	8,794	11,165	13,783	16,825	19,766	22,333
Other Receivables	1,465	1,182	1,194	1,206	1,218	1,242	1,267
Cash in bank and at hand	1,623	1,196	1,348	1,363	2,440	5,201	10,714
Total Current Assets	16,649	16,609	20,628	24,928	30,858	38,305	47,874
% Total Assets	38.75%	35.25%	36.82%	39.72%	46.45%	52.70%	59.19%
TOTAL ASSETS	42,968	47,121	56,028	62,753	66,433	72,679	80,886
Equity & Liabilities							
Shareholder's Equity	24,833	26,498	28,913	32,240	36,992	43,122	50,463
Minority Rights	1,405	1,521	1,465	1,427	1,434	1,451	1,486
Total Equity	26,238	28,019	30,378	33,667	38,425	44,573	51,949
% Total Equity & Liabilities	61.06%	59.46%	54.22%	53.65%	57.84%	61.33%	64.23%
L-Term Bank Loans	862	535	2,554	1,989	1,425	1,061	696
Provisions for Staff Retirement	306	339	358	359	361	363	365
Defferred Tax Liabilities	1,052	1,238	1,299	780	390	382	374
Government Grants	1,348	1,241	3,129	5,870	5,518	4,966	4,469
Other long term debts	4	78	74	70	67	64	60
Total L-Term Liabilities	3,572	3,430	7,414	9,069	7,761	6,835	5,965
Suppliers	7,203	9,916	12,212	14,858	16,696	17,869	19,262
Banks	5,409	5,044	5,064	4,064	2,064	1,864	1,864
Taxes-duties	547	712	960	1,094	1,487	1,538	1,845
Total Current Liabilities	13,159	15,672	18,236	20,017	20,247	21,270	22,972
Total Liabilities	16,731	19,102	25,650	29,086	28,008	28,106	28,937
% Total Equity & Liabilities	38.94%	40.54%	45.78%	46.35%	42.16%	38.67%	35.77%
TOTAL EQUITY & LIABILITIES	42,968	47,121	56,028	62,753	66,433	72,679	80,886

Source: VRS Estimates

Group Projected Cash Flow Statement

(in € ,000)	2006 E	2007 E	2008 E	2009 E	2010 E
Profit after tax	2,939	4,104	5,949	7,688	9,226
Plus: Change of Depreciation	2,237	2,732	2,980	3,153	3,332
Gross Cash Flow	5,175	6,836	8,929	10,841	12,559
<i>Change in:</i>					
(-) Trade Debtors	2,371	2,617	3,042	2,942	2,566
(-) Inventory	1,483	1,656	1,799	1,720	1,465
(-) Other Receivables	12	12	12	24	25
(+) Trade Creditors	2,296	2,646	1,838	1,173	1,393
(+) Liabilities for taxes	248	134	393	50	308
(+) Other Short - term liabilities	0	0	0	0	0
Change in Working Capital	-1,322	-1,505	-2,623	-3,463	-2,355
Operating Cash Flow	3,853	5,331	6,306	7,378	10,204
<i>Change in:</i>					
(-) Intangible Assets	40	45	50	50	50
(-) Tangible Assets	7,084	5,110	680	1,900	1,920
(-) Other long - term receivables	1	1	1	1	1
(+) Other Long - term liabilities	1,965	2,219	-744	-561	-506
(+) Cons. diff./ Minority Interests	-56	-39	7	18	35
Cash Flow from Investment	-5,216	-2,975	-1,468	-2,495	-2,442
Net Cash Flow Before Financing Activities	-1,363	2,356	4,839	4,883	7,762
Increase in Share Capital	0	0	0	0	0
Increase in Share Premium Account	0	0	0	0	0
Net Change in Reserves	0	0	0	0	0
Change in Long - Term Debt	2,019	-564	-564	-364	-364
Change in Short - Term Debt	20	-1,000	-2,000	-200	0
Dividends	604	832	1,188	1,533	1,835
Minority Interests on Profit	-80	-55	10	25	50
Net Cash Flow from Financing	1,515	-2,341	-3,762	-2,122	-2,250
Cash at Beginning	1,196	1,348	1,363	2,440	5,201
Change in Cash and Marketable Securities	152	15	1,077	2,761	5,513
Cash at End	1,348	1,363	2,440	5,201	10,714

Source: VRS Estimates

Notes

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Value Invest - www.valueinvest.gr Investment Research & Analysis Journal - www.iraj.gr

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Flexopack	FLXr.AT	€ 7.28	9 January 2007	6

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