

FOURLIS HOLDING S.A.

Sector:	Retail, non food
Issue Date	February 2, 2009
Resume of Coverage	Outperform

Rating **Outperform**

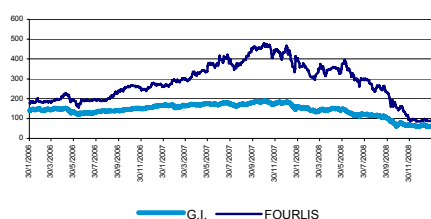
Previous Rating	-
Target Price	11.40 €
Of which Expected Dividend 08e (gross)	0.40 €
Last Price	5.34 €
Total Expected Return	113.5%

Stock Data

Bloomberg Code	FOYRK GA
Reuters Code	FRLr.AT
52 week high	23.46 €
52 week low	4.96 €
1m performance	6.80%
YTD performance	6.80%
Number of shares	50,952,920
Market Capitalization	272,088,593 €
Average Daily Volume (52w)	80,253
Free Float	65%

Performance **Fourlis** **GI**

1m performance	6.80%	-1.57%
6m performance	-68.59%	-47.61%
3m performance	-35.35%	-11.47%
12m performance	-77.24%	-60.34%
YTD performance	6.80%	-0.39%

Fourlis Relative Performance

Fourlis Performance - 52 week

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Challenging years ahead – Solid enough to withstand the global economic downturn
Fourlis at a glance

Fourlis is a holding company currently active in 3 key divisions: IKEA home furniture, Intersport athletics retailing and wholesaling of electrical appliances. The company reported in FY 2007 €670m sales, up 39% versus previous year's sales and €35.9m normalized net profit, increased by 59.2% versus last year (reported net profit stood at €46.2m, up 68.3%).

The main growth driver behind this outstanding performance is IKEA's segment, with a 37.7% contribution in sales and a 67.6% contribution in normalized EBIT for 2007. Ikea is a relatively new concept, with high and still increasing brand awareness. IKEA stores enjoy warm acceptance and high visit rates during the last years.

First signs of weakness - Lower guidance

After the release of the 9-months 2008 financial results, the management communicated a "softening" in the visiting growth rates in October and November, as consumers adopted a "wait and see" stance amid a threatening macroeconomic environment. Taking in mind the slowdown of customer visits and assuming that this trend will continue in December, the company lowered its 2008 guidance. According to the revised guidance, 2008 sales will stand at c. €780m sales (vs €815m of the previous guidance), reported EBT are now seen at €75m (vs €85m of the previous guidance) and reported net profit at €55m (compared to €64m of the initial guidance). The new guidance corresponds to growth rates of 16.4%, 15% and 19.1%, for sales, reported EBT and reported net profit respectively.

Management targets for the current financial year

Despite the fact that economists agree that 2009 will be a tough year for the world economy, the management communicated that it will follow a growth oriented plan in order to gain even bigger market shares. Investments will continue according to plan, aiming to the operation of 12 IKEA stores and 70 Intersport stores by 2013. Regarding the wholesale of Black & White goods, the management revealed that it considers it as mid-term business and that it is ready to look at other retail fields if an opportunity appears.

Resume of coverage with an "outperform" rating and a target price of 11.40 €

We resume coverage in Fourlis Holding with an "outperform" rating and a target price of 11.40 €. Despite the expected slowdown in consumer spending, we believe IKEA will continue to enjoy double-digit sales growth rates, firstly due to the network's further expansion and secondly on the back of positive, although decelerating, LFL growth. We believe that IKEA's "value for money" concept will in the long-term prove a life jacket and help the group outperform within the retail sector.

Valuation

Our target price implies a 12-month upside potential of 113.5%. The target price is derived using a 100% DCF methodology. We estimate a variable WACC of 7.80% - 9.78% (Risk Free Rate at 5.82%, Equity risk premium weighted by country at 5.92% - 6.00%, Beta at 0.82) and terminal growth of 1.50%.

Risks and catalysts

The main risks behind our valuation model sum up to the following:

- A decrease in consumers' purchasing power,
- Delays in the implementation of IKEA and Intersport store rollout program,
- Dependency on the franchise agreement with IKEA,
- The appearance of a competitive Homeware retailer.

Fundamentals

(million €)	FY06a	FY07a	FY08e	FY09f	FY10f	FY11f	FY12f	FY13f
Sales	482.1	670.1	782.3	802.2	875.2	981.3	1,087.6	1,196.1
EBIT *	42.4	64.9	65.6	71.8	84.1	99.1	112.7	123.6
EBIT Margin *	8.8%	9.7%	8.4%	9.0%	9.6%	10.1%	10.4%	10.3%
EBITDA *	49.5	72.7	75.2	83.3	96.8	112.8	126.6	138.8
EBITDA Margin *	10.3%	10.9%	9.6%	10.4%	11.1%	11.5%	11.6%	11.6%
Net profit **	22.5	35.9	39.0	46.5	56.9	68.7	79.4	88.5
EPS (€) **	0.44	0.70	0.77	0.91	1.12	1.35	1.56	1.74
DPS (€) (gross)	0.18	0.30	0.40	0.33	0.41	0.49	0.57	0.63

Valuation Ratios

P / E (x) **	12.1	7.6	7.0	5.8	4.8	4.0	3.4	3.1
P / BV (x)	2.4	1.8	1.4	1.2	1.0	0.9	0.7	0.6
EV / Sales (x)	0.8	0.5	0.5	0.4	0.4	0.3	0.3	0.2
EV / EBITDA (x) *	7.8	5.0	4.9	4.3	3.6	3.0	2.5	2.0

Source: Company & Prelium Research Estimates

Notes:

* Normalised for one-off items from the sale of 10% stake in Kotsivolos to Dixons

** Normalised for one-off items from the sale of 10% stake in Kotsivolos to Dixons and adjusting for deferred taxation regarding this sale

FINANCIAL DATA SUMMARY

(million €)	FY06a	FY07a	FY08e	FY09f	FY10f	FY11f	FY12f	FY13f
P&L								
Turnover	482.1	670.1	782.3	802.2	875.2	981.3	1,087.6	1,196.1
Gross Profit	142.1	198.9	235.3	250.3	284.7	326.5	368.0	408.2
EBITDA (reported)	60.1	83.4	98.6	83.3	96.8	112.8	126.6	138.8
EBIT (reported)	53.0	75.6	89.0	71.8	84.1	99.1	112.7	123.6
EBT (reported)	47.9	65.2	77.5	61.7	74.2	89.6	103.8	115.4
EAT&M (reported)	27.4	46.2	56.6	46.5	56.9	68.7	79.4	88.5
EBITDA (normalised)*	49.5	72.7	75.2	83.3	96.8	112.8	126.6	138.8
EBIT (normalised) *	42.4	64.9	65.6	71.8	84.1	99.1	112.7	123.6
EBT (normalised)*	37.3	54.5	54.2	61.7	74.2	89.6	103.8	115.4
EAT&M (normalised)**	22.5	35.9	39.0	46.5	56.9	68.7	79.4	88.5
Balance Sheet								
Net Fixed Assets	115.1	185.2	231.7	248.1	255.8	272.1	293.2	302.9
Non-current assets - available for sale	49.6	4.7	4.7	4.7	4.7	4.7	4.7	4.7
Cash & Cash Equivalents	25.5	70.5	71.4	79.3	90.9	105.4	123.3	157.6
Other Current Assets	196.3	276.1	347.7	354.3	383.7	428.4	473.3	519.7
Total Assets	386.5	536.5	655.6	686.5	735.2	810.7	894.6	985.0
ST Bank Debt	37.7	41.0	44.8	44.8	44.8	44.8	44.8	44.8
LT Bank Debt	103.4	146.2	189.8	189.8	189.8	189.8	189.8	189.8
ST Liabilities	124.7	194.2	222.8	226.6	234.5	260.7	288.5	317.4
LT Liabilities	6.6	4.1	5.2	5.7	6.0	6.6	7.5	8.3
Minorities	0.1	0.5	1.1	1.5	2.1	2.8	3.6	4.5
Equity	114.1	150.6	192.0	218.0	258.0	306.0	360.4	420.2
Total Liabilities	386.5	536.5	655.6	686.5	735.2	810.7	894.6	985.0
Net Debt	115.5	116.7	118.3	110.5	98.8	84.3	66.5	32.2
Cash Flow Statement								
EBIT	53.0	75.6	89.0	71.8	84.1	99.1	112.7	123.6
Adjustments	(23.1)	(24.5)	(47.5)	(14.6)	(24.1)	(17.5)	(19.0)	(20.1)
Δ Working Capital	(11.2)	(23.5)	(43.5)	(4.8)	(15.1)	(20.9)	(20.9)	(21.1)
Cash Flow from Operations	18.7	27.6	(2.0)	52.4	44.9	60.7	72.9	82.4
CAPEX	(12.2)	(55.1)	(55.6)	(27.8)	(20.4)	(30.0)	(35.0)	(25.0)
Proceed from the sale of investments	0.0	37.3	23.4	0.0	0.0	0.0	0.0	0.0
Cash Flow from Investing	(12.1)	(20.2)	(28.6)	(24.0)	(16.3)	(25.6)	(30.1)	(19.3)
Dividends paid	(7.7)	(9.2)	(15.3)	(20.5)	(16.9)	(20.6)	(24.9)	(28.8)
Δ Bank Debt	21.2	49.7	47.4	0.0	0.0	0.0	0.0	0.0
Cash Flow from Financing	10.5	37.6	31.5	(20.5)	(16.9)	(20.6)	(24.9)	(28.8)
Net change in cash	17.1	44.9	1.0	7.9	11.6	14.5	17.9	34.3
Per Share Data								
EPS (Reported)	0.54	0.91	1.11	0.91	1.12	1.35	1.56	1.74
EPS (Normalised)**	0.44	0.70	0.77	0.91	1.12	1.35	1.56	1.74
EPS (Diluted)	-	-	-	-	-	-	-	-
DPS (gross)	0.18	0.30	0.40	0.33	0.41	0.49	0.57	0.63
BV per share	2.24	2.95	3.77	4.28	5.06	6.01	7.07	8.25
Year end number of shares (mil. €)	51.0	51.0	51.0	51.0	51.0	51.0	51.0	51.0
Weighted number of shares (mil. €)	51.0	51.0	51.0	51.0	51.0	51.0	51.0	51.0
Valuation Data								
P/E (x) (reported)	9.9	5.9	4.8	5.8	4.8	4.0	3.4	3.1
P/E (x) (normalised) **	12.1	7.6	7.0	5.8	4.8	4.0	3.4	3.1
P/BV (x)	2.4	1.8	1.4	1.2	1.1	0.9	0.8	0.6
Dividend Yield (gross) (%)	3.37	5.62	7.55	6.21	7.59	9.16	10.59	11.81
EV / Sales (x)	0.80	0.55	0.47	0.45	0.40	0.34	0.29	0.24
EV / EBITDA (x)	6.45	4.39	3.73	4.33	3.61	2.97	2.51	2.05
EV / EBITDA (x) (normalised)*	7.84	5.03	4.89	4.33	3.61	2.97	2.51	2.05
FCF Yield (%)	7.86	-4.91	-7.63	12.88	15.84	14.86	16.98	24.31
Growth Rates (%)								
Turnover	-	39.0	16.7	2.5	9.1	12.1	10.8	10.0
EBITDA (reported)	-	38.8	18.2	-15.6	16.2	16.6	12.3	9.6
EBITDA (normalised)*	-	47.0	3.5	10.7	16.2	16.6	12.3	9.6
EBIT (reported)	-	42.5	17.7	-19.3	17.1	17.9	13.8	9.6
EBIT (normalised)*	-	53.0	1.1	9.4	17.1	17.9	13.8	9.6
EBT (reported)	-	36.2	18.9	-20.5	20.4	20.8	15.8	11.2
EBT (normalised)*	-	46.3	-0.7	13.9	20.4	20.8	15.8	11.2
EAT&M (reported)	-	68.3	22.5	-17.7	22.2	20.7	15.6	11.6
EAT&M (normalised)**	-	59.2	8.7	19.3	22.2	20.7	15.6	11.6
Profitability Ratios								
Gross Profit Margin (%)	29.5	29.7	30.1	31.2	32.5	33.3	33.8	34.1
EBITDA Margin (%) (reported)	12.5	12.4	12.6	10.4	11.1	11.5	11.6	11.6
Net Profit Margin (%) (reported)	5.7	6.9	7.2	5.8	6.5	7.0	7.3	7.4
ROE (%)	24.1	30.7	29.5	21.4	22.0	22.4	22.0	21.1
ROA (%)	7.1	8.6	8.6	6.8	7.7	8.5	8.9	9.0
EBITDA Margin (%) (normalised) *	10.3	10.9	9.6	10.4	11.1	11.5	11.6	11.6
Net Profit Margin (%) (normalised) **	4.7	5.4	5.0	5.8	6.5	7.0	7.3	7.4
ROE (%) (normalised)**	19.8	23.8	20.3	21.4	22.0	22.4	22.0	21.1
ROA (%) (normalised)**	5.8	6.7	6.0	6.8	7.7	8.5	8.9	9.0
Debt Ratios								
Liabilities / Assets (%)	70.5	71.8	70.6	68.0	64.6	61.9	59.3	56.9
Bank Debt / Assets (%)	36.5	34.9	35.8	34.2	31.9	28.9	26.2	23.8
Interest Coverage (x)	11.0	8.0	8.6	8.2	9.8	11.9	14.1	17.0
Liquidity Ratios								
Inventory Days	78	70	90	90	90	90	90	90
Trade Receivable Days	86	85	83	83	83	83	83	83
Trade Payable Days	122	135	135	135	135	135	135	135
Current Ratio (x)	1.4	1.5	1.6	1.6	1.7	1.7	1.8	1.9
Quick Ratio (x)	0.9	1.1	1.1	1.1	1.2	1.2	1.3	1.3

Source: Company & Prelium Research Estimates

Notes:

* Normalised for one-off items from the sale of 10% stake in Kotsivolos to Dixons

** Normalised for one-off items from the sale of 10% stake in Kotsivolos to Dixons and adjusting for deferred taxation regarding this sale

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INVESTMENT HIGHLIGHTS

Started as a domestic wholesaler of Black & White goods and is now popular as a multinational retailer of home furnishing and athletic goods

Fourlis is currently one of the leading commercial groups in Greece. Since its initial foundation in 1950 it enriched its activities and transformed from a domestic wholesaler of B&W goods to a Homeware and Athleticware retailer with geographic presence in Greece, Cyprus, Bulgaria and Romania.

Fourlis most lucrative productive segment is the exclusive franchise agreement with IKEA for the Greek, Cypriot and Bulgarian markets. Ikea is a relatively new and innovative concept in “value-for-money” Home Furnishing whose popularity has been growing at a fast pace during the last years. Fourlis is currently operating 3 IKEA stores, one in Thessaloniki and two in Athens and has guided for a total of 12 stores by 2013, three of them located in Bulgaria. Note that not only does Fourlis lack any significant IKEA competitor in all the markets it operates, but is also the sole listed IKEA franchisee globally.

Except from the IKEA franchise, Fourlis holds an Intersport franchise as well for Greece, Cyprus, Bulgaria and Romania. Intersport figures have been growing at a fast pace as well, its contribution however to top and bottom line figures is more limited.

Finally, Fourlis is still active in the wholesale of B&W electrical appliances, but has recently expressed its interest in abandoning this business segment. Electrical appliances sector is currently the biggest contributor in terms of sales but low profitability margins result in slim EBIT and bottom line contribution.

Fourlis follows an ambitious rollout plan...

Fourlis operates currently 4 IKEA stores (3 in Greece and 1 in Cyprus) and 42 Intersport stores (in Greece, Cyprus, Bulgaria and Romania). The management’s business plan calls for a total of 12 IKEA stores and 70 Intersport stores operative by 2013.

... and has enjoyed upbeat historical growth rates,

Fourlis financial figures have been growing at a very fast pace since 2004, when the opening of the first IKEA store in Athens took place. The first’s store success, in Thessaloniki, was repeated in Athens as well, as IKEA’s brand popularity rose sharply, while a third store opened in 2007 in Cyprus, maintaining the strong momentum. Increasing visit rates and a high average basket drove Group sales compounded annual growth for this 4-year period to 23.5%, while reported EBIT and EBITDA CAGR stood at 34.5% and 30.7% respectively. If we normalise profit for the one-off gains occurred in 2004, 2006 and 2007 by the sale of stakes in Kotsovolos, normalised EBIT and EBITDA CAGR stood at 63.6% and 51% respectively.

... but faces nowadays a challenging economic environment

Current conditions in the world economies have seriously deteriorated while the outlook for the global economy remains gloomy. Weaker consumer spending in both the developed and emerging markets is likely to seriously impact household and electrical goods, as durable goods are the ones more hurt during a recession.

For this reason and despite Fourlis upbeat history we incorporate in our valuation more conservative top-line growth forecasts, as we expect volumes to decline and prices to subside. Furthermore, we assume that high pre-opening expenses due to the aggressive expansion plan will curb profitability margins, although the more benign commodity cost environment and efficiencies created by the new logistics centre will partly ease that pressure.

Given the dismal macroeconomic environment, we do not expect Fourlis business to remain unaffected by the credit crisis and the decelerating GDP rates, which will negatively affect the majority of non-food retailers. We expect however Fourlis to outperform within the sector, given its more “defensive” characteristics. We think that IKEA will be the key catalyst to group performance as its “value for money” concept makes it one of the most resilient consumer categories. Further IKEA expansion in Greece and Bulgaria as well as growing brand awareness will be the main driver of earnings’ growth. Ikea’s contribution in total sales for 2007 amounts to 37.7%, but we expect its share to climb to 59.6% by 2013, with beneficiary effects to the group’s net profitability as well, as IKEA enjoys the highest bottom line margins of the three business segments.

Valuation

Our target price implies a 12-month upside potential of 113.5%. The target price is derived using a 100% DCF model with a variable WACC rate from 7.80% to 9.78% (Risk Free Rate at 5.82%, Equity risk premium weighted by country at 5.92% - 6.00%, Beta at 0.82) and a terminal growth of 1.50%. Our valuation model leads to an equity value of 560,282,116€ or 11.00 € per share which along with the 0.40 € (gross) dividend expected for 2008 implies a target price of 11.40 € and an upside potential of 113.5%. Our valuation scenario incorporates the following assumptions:

- IKEA rollout - growth: we follow the management’s guidance for 12 IKEA stores operative by 2013 and assume an average 4.3% LFL growth in IKEA sales (2009-2013) which along with the expansion plan derives a 2007-2013 compounded annual growth in sales of 18.9%.
- Intersport rollout – growth: we incorporate the management’s plan for 70 Intersport stores by 2013 but estimate LFL growth to an average of 4.4% (2009-2013). Compounded annual growth in sales for the 2007 – 2013 period stands at 12.2%.
- Wholesale: we remain conservative regarding the B&W sector and assume marginally positive 2007-2013 sales CAGR, at 0.3%.

Risks

The primary downside risks for Fourlis are delays in the implementation of IKEA and Intersport store rollout program and a decrease in consumers’ purchasing power due to deceleration of GDP growth. Other risks include Fourlis’ dependence on the franchise agreement with IKEA and the possible appearance of a competitive Homeware retailer. Port strikes and rising transportation costs are some other minor adversities that may reduce margins in the short-term. Currency risks are mostly under control after the management converted recently the majority of the Romanian debt to local currency (natural hedging).

VALUATION

Group Valuation

We value Fourlis Group using a 100% 3-stage DCF model, which we believe best reflects the company's long-term growth potential.

In the first high growth expansion stage we use explicit forecasts to 2013, based upon the management's expansion plan regarding IKEA and Intersport divisions. This time period (2008-2013) enjoys a strong growth in sales derived from sound LFL sales along with strong new stores sales.

The second stage lasts from 2014 to 2020, a time period by which all IKEA and Intersport stores opened in the first stage will have matured and the group will enjoy lower growth, derived only from same stores sales.

In the third stage (perpetuity stage) we use a terminal growth of 1.50%, reflecting the company's solid growth potentials.

We discount the cashflows using a variable WACC on the following assumptions:

a) risk free rate at 5.82%,

b) equity risk premium ranges from 5.92% to 6.00%, taking in mind Greece's, Cyprus', Bulgaria's and Romania's separate country premiums (Greece's and Cyprus' at 5.8%, Bulgaria's and Romania's at 6.8%). We use an equity risk premium weighted average based on each country's EBIT contribution to total EBIT.

c) beta at 0.82.

We derive a WACC from 7.80% to 9.78% while we assume a terminal growth at 1.50%, getting thus an enterprise value of 649,683,043€ (or 12.75 € per share). Equity value settles at 560,282,116€ (or 11.00 € per share). We finally sum the expected dividend for the FY08 and derive a target price of 11.40 € and a total expected return of 113.5%.

Table 1a: DCF Valuation (2009 - 2013)	FY09f	FY10f	FY11f	FY12f	FY13f
EBIT	71,815,054	84,084,098	99,106,263	112,746,318	123,586,540
Notional Taxation on EBIT	(15,634,405)	(18,172,587)	(21,432,210)	(24,520,713)	(26,572,034)
NOPAT	56,180,649	65,911,511	77,674,053	88,225,605	97,014,506
Depr. & Amortization	11,466,965	12,683,665	13,702,681	13,892,020	15,245,684
Capital Expenditure	(27,800,000)	(20,400,000)	(30,000,000)	(35,000,000)	(25,000,000)
Change in Working Capital	(4,813,121)	(15,103,187)	(20,935,796)	(20,921,166)	(21,105,277)
Free Cash Flow	35,034,493	43,091,989	40,440,938	46,196,458	66,154,914
WACC	7.80%	8.07%	8.30%	8.52%	8.74%
Discounted Cash Flows	32,499,338	36,894,174	31,833,478	33,307,373	43,506,069

Source: Company & Prelium Research Estimates

Table 1b: DCF Valuation (2014 - 2020)	FY14f	FY15f	FY16f	FY17f	FY18f	FY19f	FY20f
EBIT	88,082,363	104,619,394	93,483,377	96,190,263	98,856,987	101,548,302	104,307,000
Notional Taxation on EBIT	(18,200,562)	(22,080,551)	(19,151,238)	(19,689,150)	(20,211,563)	(20,739,307)	(21,283,186)
NOPAT	69,881,801	82,538,843	74,332,139	76,501,113	78,645,424	80,808,995	83,023,814
Depr. & Amortization	16,494,687	17,083,488	17,681,471	18,287,205	18,900,381	19,520,476	20,147,399
Capital Expenditure	(24,933,581)	(25,598,087)	(26,242,905)	(26,888,319)	(27,529,937)	(28,175,581)	(28,833,624)
Change in Working Capital	(5,888,806)	(6,521,078)	(6,331,373)	(6,344,604)	(6,306,679)	(6,348,976)	(6,473,890)
Free Cash Flow	55,554,102	67,503,165	59,439,332	61,555,395	63,709,189	65,804,914	67,863,699
WACC	8.87%	8.99%	9.11%	9.20%	9.19%	9.73%	9.78%
Discounted Cash Flows	33,365,499	36,960,150	29,600,296	27,880,350	26,444,930	23,706,389	22,149,997

Source: Company & Prelium Research Estimates

Table 2 : Fourlis Group Valuation Results	DCF	Per Share
PV of Cash Flows	378,148,044	7.42 €
PV of Terminal Value	271,534,999	5.33 €
Enterprise Value (EV)	649,683,043	12.75 €
Plus: Investments & Associates (FY09e)	23,913,000	0.47 €
Minus: Net debt (FY09e)	(110,482,082)	(2.17)
Minus: Minority interests (FY09e)	(470,123)	(0.01)
Minus: Pension provisions (FY09e)	(2,361,722)	(0.05)
Equity value	560,282,116	11.00 €
Equity value per share	11.00 €	
Expected Dividend per share (FY08e) (gross)	0.40 €	
Target Price	11.40 €	
Current Price	5.34 €	
Total Expected Return	113.5%	
Key DCF Assumptions		
Risk Free rate	5.82%	
Equity Risk Premium (weighted)	Range: 5.92% - 6.00%	
Beta	0.82	
Cost of Equity	Range: 10.67% - 10.74%	
Growth to Perpetuity	1.5%	

Source: Company & Prelium Research Estimates

Our main model assumptions are the following:

- Rollout plan: We fully incorporate in our valuation model the management's guidance for 12 IKEA stores and 70 Intersport stores by 2013.
- Growth forecasts: We forecast IKEA sales to grow by a 18.9% 2007-2013 CAGR (vs 26.1% from 2004 to 2007), Intersport CAGR in sales will stand at 12.2% (vs 27.1% in 2004-07) while we assume wholesale's CAGR slightly positive, at 0.3% (versus 21.4% CAGR in sales for the 2004-07 time period). The above result in group sales CAGR for the 2007 – 2013 time period of 10.1%, versus 23.5% compounded annual growth for the previous 4-year period.
- Capex: We estimate capex to settle at lower levels the following years, assuming that the group will mostly lease the new IKEA stores instead of building them, which translates in lower capex and depreciation but lower operating margins as well.

▪ Sensitivity Analysis

Table 4: Sensitivity Analysis										
WACC	8.50%			9.00%			9.50%			
	1.00%	1.50%	2.00%	1.00%	1.50%	2.00%	1.00%	1.50%	2.00%	
Terminal Growth										
PV of cash flow (FY 2009f - 2020f)	281,020,485	281,020,485	281,020,485	275,244,351	275,244,351	275,244,351	269,640,954	269,640,954	269,640,954	
plus: PV of terminal value	416,769,685	448,749,537	485,649,367	376,611,277	403,707,402	434,674,402	341,714,503	364,869,044	391,110,857	
Enterprise value	697,790,170	729,770,022	766,669,851	651,855,628	678,951,753	709,918,753	611,355,458	634,509,998	660,751,811	
Plus: Investments & Associates (FY09e)	23,913,000	23,913,000	23,913,000	23,913,000	23,913,000	23,913,000	23,913,000	23,913,000	23,913,000	
Minus: Minority interests (FY09e)	(470,123)	(470,123)	(470,123)	(470,123)	(470,123)	(470,123)	(470,123)	(470,123)	(470,123)	
Minus: Pension provisions (FY09e)	(2,361,722)	(2,361,722)	(2,361,722)	(2,361,722)	(2,361,722)	(2,361,722)	(2,361,722)	(2,361,722)	(2,361,722)	
Minus: Net debt (FY09e)	(110,482,082)	(110,482,082)	(110,482,082)	(110,482,082)	(110,482,082)	(110,482,082)	(110,482,082)	(110,482,082)	(110,482,082)	
Equity value	608,389,243	640,369,095	677,268,925	562,454,702	589,550,827	620,517,827	521,954,531	545,109,072	571,350,885	
Equity value per share	11.94	12.57	13.29	11.04	11.57	12.18	10.24	10.70	11.21	
DPS (FY08e)	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	
Target Price	12.34	12.97	13.69	11.44	11.97	12.58	10.65	11.10	11.62	

Source: Prelium Research Estimates

▪ Valuation Multiples at Target Price

Table 5: Fourlis Multiples at Target Price		
	2008e	2009f
P / E (x)	9.9	12.0
P / BV (x)	2.9	2.6
EV / Sales (x)	0.8	0.8
EV / EBIT * (x)	9.9	9.0
EV / EBITDA * (x)	8.6	7.8
Dividend Yield (%)	3.66	3.02

Source: Prelium Research Estimates

Notes:

* Normalised for one-off items from the sale of 10% stake in Kotsivolos to Dixons

INVESTMENT RISKS

The main risks evolved are the following:

- **A decrease in consumers' purchasing power**
The recent deterioration of the international economic outlook may have a negative impact on Furlis revenues, due to the deceleration of disposable income and personal consumption.
- **Delays in the implementation of IKEA and Intersport store rollout program**, due to political reasons or regulatory issues.
- **Currency and Translation Risks**
The company is subject to currency risks due to its transactions in foreign currencies (USD, SEK). In order to minimize that risk, the company in certain cases pre-purchases foreign currencies. Furthermore, due to its operations in Romania, the company is also subject to translation risk. Note however that the management announced recently that it converted almost all Romanian debt to local currency, so translation risk is for the time being under control.
- **Heavily dependent on the franchise agreement with IKEA**
There is always the risk that the franchise agreement with mother IKEA will be terminated, as there is a minimum exclusivity agreement for each store for 15 years after opening. We believe however that this prospect is rather unlikely to occur if we take into account Furlis long presence and good know-how as well as the recent agreement between Furlis and IKEA in Bulgaria, which we translate into a vote of confidence to Furlis. There is also the risk of a renegotiation of the agreement that could result in less favorable terms for Furlis (increased royalties on sales).
- **The appearance of a competitive Homeware retailer**
Furlis lacks currently a competitive to IKEA Homeware retailer in all the markets it operates. The appearance of competition in value-for-money furnishing might curb revenue and profitability margins.
- **Political, economical and social uncertainties associated with Southeastern Europe**
- **Port strikes and rising transportation costs**
Other minor adversities such as port strikes, the increase in transportation costs may reduce margins in the short-term and keep the stock from reaching its target price.

COMPANY DESCRIPTION

▪ **General:** The company was founded in 1950 as A. Fourlis and Co.. From 1966 it operated as Fourlis Bros AEBE and was renamed to Fourlis Holdings S.A. by the 10/3/2000 Annual General Meeting of the shareholders, which also approved the change in its scope and its transition into a holding company.

Fourlis is now active in 3 key divisions:

a) Retail Home Furnishings, through the franchise of IKEA stores in Greece, Cyprus and, as of June 2006, Bulgaria.

IKEA was founded in Sweden in 1943 and is the world leader in home furnishings and accessories. IKEA's concept is based on combining a low price with good design and functionality in home furnishings. It currently numbers more than 260 stores in more than 34 countries, with 583.1 million visitors all over the world in FY 2007. Opening an IKEA operation requires considerable investment, which are entirely incurred by the IKEA franchisee. Note that Fourlis is the only listed IKEA franchisee worldwide.

b) Retail Sporting Goods through the franchise of INTERSPORT stores in Greece, Cyprus, Romania and Bulgaria. The franchise agreement is based on management fee on net sales and the distribution of own label products of Intersport International.

c) Wholesale of Electric and Electronic appliances, representing brand names like Samsung, General Electric, Liebherr and Kortinga.

Fourlis owned till recently a 10% minority participation in the share capital of DSGI South-East Europe A.E.B.E. (former P.KOTSOVOLOS S.A.). Kotsovolos is the leader in Greece in home electrical appliances with a 25% market share. Initially, Fourlis acquired a 41.5% stake in Kotsovolos and took over control (1993). In September 2004 it sold 21.5% of its stake to Dixons Group for €29.9m, realizing capital gains of €16.4m. In May 2007 Fourlis sold another 10% of its stake to Dixons for €22.3m, realizing capital gains of €17.6m. Fourlis had a put option to Dixons Group for the remaining 10% stake for 2008 - 2009 and sold it end December 2008 for a cash consideration of €28.08m. The capital gain from this sale amounts to €23.39m (book value of the 10% stake at €4.7m). Out of this amount, €12.20m have already been recorded as provision in Q3 2008 financial statements while the remaining €11.19m will be recorded in Q4 2008 results.

▪ **Network:** The group is active in 4 countries, namely in Greece, Cyprus, Romania and Bulgaria.

IKEA Network:

The Retail Home Furnishings sector operates currently 3 IKEA stores in Greece: the first IKEA store was that of Pilea Thessaloniki (opened in October 2001), a second one is situated in the commercial zone of the airport Eleftherios Venizelos (as of April 2004) and the third IKEA store in Greece opened recently in Aigaleo, Attica (operative as of March 26, 2008).

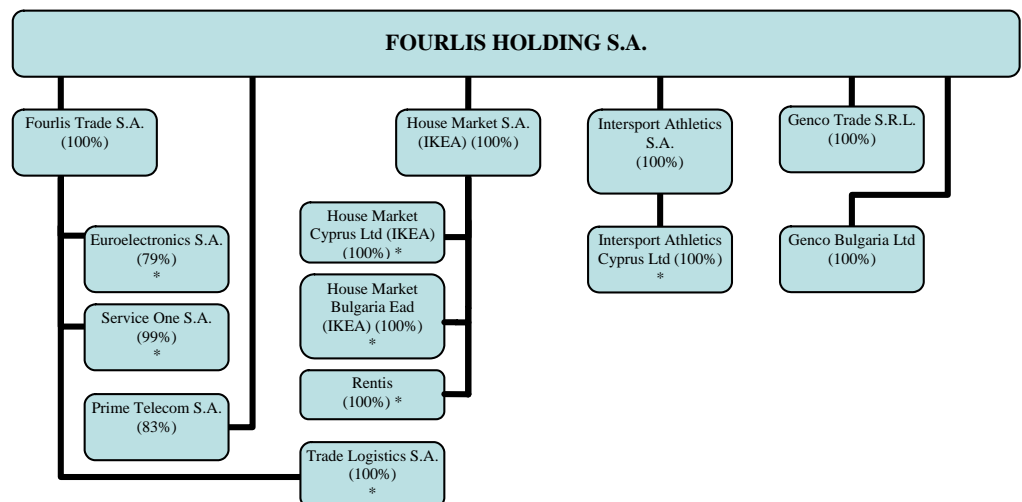
The Group operates one more IKEA store in Cyprus, which started its operation on 6/9/2007.

Finally, Fourlis announced in July 2008 the acquisition of a 60.000 sqm plot in Sofia, where the first Bulgarian IKEA store will be built. Note also that recently Fourlis increased its franchise rights of IKEA in Bulgaria to 100% (the initial agreement assumed 70% of the IKEA Bulgaria franchise rights to Fourlis). The 1st IKEA store in Bulgaria is expected to operate in 2010.

Intersport Network:

Retail Sporting Goods sector involves currently 42 stores: 29 Intersport stores in Greece, 11 stores in Romania, 1 in Bulgaria and 1 in Cyprus.

▪ **Group Structure**



* Indirect Participation

The Group subsidiaries (direct and indirect participation) included in the consolidated financial statements are the following:

Retail of Household appliances and furniture (IKEA stores):

- Greece:
 - House Market S.A. (100%) (Greece)
 - Rentis Real Estate Investments S.A. (*)
 - Trade Logistics S.A. (100%) (*)
- Cyprus:
 - House Market Cyprus Ltd (100%) (*) (Cyprus)
- Bulgaria:
 - House Market Bulgaria EAD (100%) (*)

Retail of athletics goods (Intersport stores):

- Greece:
 - Intersport Athletics S.A. (100%)
- Cyprus:
 - Intersport Athletic Cyprus Ltd (100%) (*)
- Romania:
 - Genco Trade SRL (100%) (operates both in athletic goods and electrical / electronic appliances)
- Bulgaria:
 - Genco Bulgaria Ltd (100%)

Wholesale of electrical and electronic appliances:

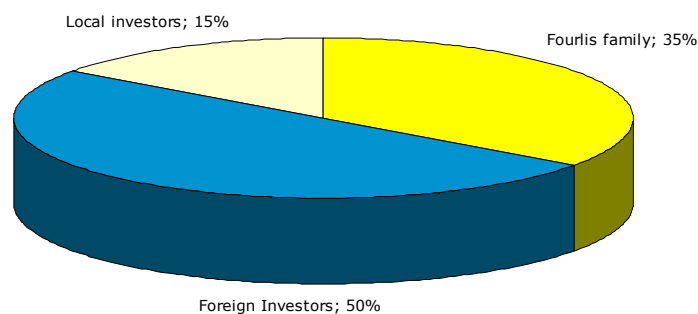
- Greece:
 - Fourlis Trade S.A. (100%)
It operates in Greece and is the exclusive distributor of Samsung, GE, Korting and Liebherr Consumer Electronics and Home Appliances.
 - Prime Telecom S.A. (82.91%)
It operates in Greece and is the exclusive distributor of Samsung Information Technology equipment, develop photocopiers.
 - Service One S.A. (99.94%) (*)
It operates in Greece and is the largest Service Unit for Consumer Electronics and Home Appliances.
 - Euroelectronic S.A. (78.53%) (*)
It has the exclusive representation of Samsung mobile phones in Greece.
- Bulgaria:
 - Genco Trade SRL (100%)
It operates in Romania both in athletic goods and electrical / electronic appliances.

Affiliated companies:

- Greece:
 - Speedex S.A. (49.55%)
Consolidated via the net equity method.

* Indirect Participation

▪ **Shareholder Structure**



Source: Company Data

STRATEGY OUTLINE & KEY FINANCIAL PROJECTIONS

STRATEGY OUTLINE

Growth-oriented plan for 2009

Despite economists common belief that 2009 will be a tough year, Fourlis management communicated that it will follow a growth oriented plan, aiming to gain more market shares in the markets it operates. Investments will continue according to the rollout plan, targeting the operation of 12 IKEA stores and 70 Intersport stores by 2013. Regarding the wholesale of Black & White goods, the management communicated that it considers it as mid-term business and that it is ready to look at other retail fields in case an opportunity appears.

Further IKEA and Intersport stores expansion: The group's focus remains on its further growth and expansion in Greece, Cyprus, Romania and Bulgaria.

The management plans to operate a total of 12 IKEA stores by FY 2013 from a current number of 4. Out of the 5 new stores in Greece, 4 will commence operations in the countryside and one in Athens. The management also focuses on Bulgaria expansion, planning for a network of 3 IKEA stores by 2013. At this moment there are no plans for further expansion in Cyprus.

Table 6: IKEA Network

IKEA Network	Current Network	Situated:	Future Network (by 2013)	Situated:
Greece	3 stores	2 in Athens 1 in Thessaloniki	8 stores	3 in Athens 1 in Thessaloniki 4 in the countryside
Cyprus	1 store	In Nicosia	1 store	In Nicosia
Bulgaria	-	-	3 stores	1 in Sofia 2 in the countryside
Total	4 stores		12 stores	

Concerning Intersport, the management plans for a total of 70 stores by 2013 from a current network of 42 Intersport stores. The management wishes to strengthen further its current network, by increasing stores both in Greece as well as in Cyprus. Expansion plans in Bulgaria and Romania are more ambitious, as the company targets to more than triple existing network.

Table 7: Intersport Network

Intersport Network	Current Network	Future Network (by 2013)
Greece	29 stores	35 stores
Cyprus	1 store	5 stores
Bulgaria	1 store	10 stores
Romania	11 stores	20 stores
Total	42	70 stores

Improvement of the electrical appliances sector market share

Despite the fact that the management considers the wholesale of electrical appliances as a mid-term activity, it is still aiming for even higher market shares.

Management's Guidance: According to the revised company's guidance, consolidated sales for 2008 are expected to reach €780m (up c. 16% y-o-y), reported profit before tax will stand at €75m (up c.15% y-o-y) and reported net profit is expected to increase by 18% y-o-y to €55m.

Note however that the profitability targets include the €23.39m gain from the sale of Kotsovolos stake. If we exclude Kotsovolos one-off gains from both years (2007 and 2008), net profit guided by the company will actually increase by merely 4.4%.

Table 8 : New Vs Old Guidance for 2008 (€m)	New	y-o-y	Old	y-o-y	% New Vs Old
Sales	780	16.4%	815	21.6%	-4.3%
EBT (reported)	75	15.0%	85	30.3%	-11.8%
EAT&M (reported)	55	19.1%	64	38.6%	-14.1%
One-off items (before tax)	23.4				
EBT (normalised)*	51.6	-5.3%			
EAT&M (normalised)**	37.5	4.4%			

Source: Company & Prelium Research Estimates

Notes:

* Normalised for one-off items from the sale of 10% stake in Kotsovolos to Dixons

** Normalised for one-off items from the sale of 10% stake in Kotsovolos to Dixons and adjusting for deferred taxation regarding this sale

▪ **KEY FINANCIAL PROJECTIONS**

Sales Breakdown by division

IKEA: IKEA is currently the group's second biggest contributor in terms of sales. For the last fiscal year (2007) IKEA's revenue totaled €252.5m, representing a 37.7% share of total revenue while its contribution rose for the nine-month 2008 period to 42.7% (note that a new IKEA store opened in March 2008). IKEA's 3-years sales' CAGR amounts to 26.1%.

Intersport: Intersport's revenue for 2007 stood at €58.8m, representing an 8.8% share of total sales (9.5% of total sales in September 2008). Despite its small contribution, the sector has been growing at a faster pace than the other two key divisions, with a 3-year CAGR of 27.1%.

Wholesale: Electrical and electronic appliances sector is still the major contributor of the group in terms of sales. In FY 2007, this sector's contribution to total consolidated sales amounted to 53.5%, or €358.7m out of the 670m of the total group sales. According to the 9-month 2008 financial results, its contribution fell to 47.8% (€261m out of the €546.4m total group sales).

Electronic appliances sector has been growing with a 3-year CAGR of 21.4%. 2007 was a year of outstanding performance, as sales increased by 52.2%, compared to the 19.5% increase of the previous fiscal year, driven mainly by upbeat growth in Romania and stronger than expected sales of Samsung flat TV screens and mobile handsets.

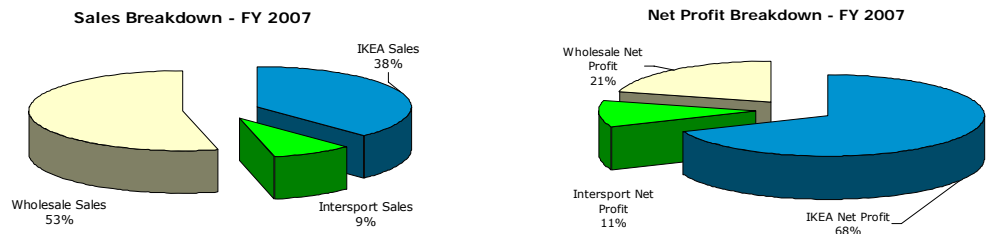
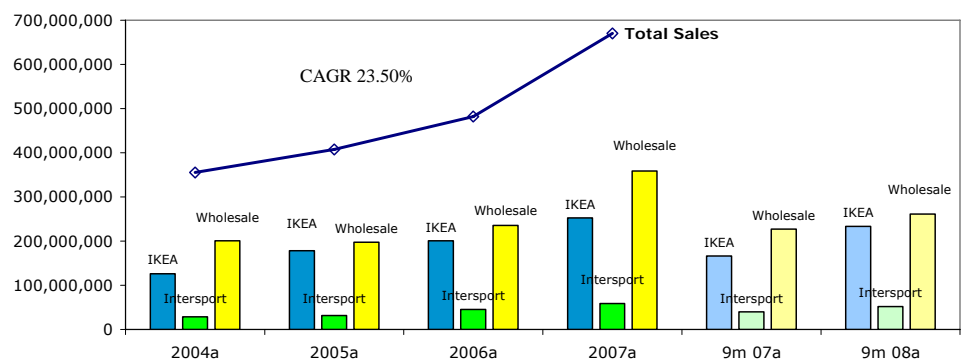


Table 9: Sales Breakdown by Sector	Full Year Results				Quarterly Results	
	2004a	2005a	2006a	2007a	9m 07a	9m 08a
IKEA	126,082,000	178,588,000	200,835,000	252,526,000	166,370,000	233,209,000
Δ(%)	-	41.6%	12.5%	25.7%	-	40.2%
% total sales	35.5%	43.8%	41.7%	37.7%	38.4%	42.7%
CAGR 2004a-07a	26.1%					
Intersport	28,614,000	31,687,000	45,477,000	58,799,000	40,021,000	51,865,000
Δ(%)	-	10.7%	43.5%	29.3%	-	29.6%
% total sales	8.1%	7.8%	9.4%	8.8%	9.2%	9.5%
CAGR 2004a-07a	27.1%					
Wholesale	200,657,000	197,242,000	235,740,000	358,754,000	227,380,000	261,319,000
Δ(%)	-	-1.7%	19.5%	52.2%	-	14.9%
% total sales	56.5%	48.4%	48.9%	53.5%	52.4%	47.8%
CAGR 2004a-07a	21.4%					
Total Sales	355,353,000	407,517,000	482,052,000	670,079,000	433,771,000	546,393,000
Δ(%)	-	14.7%	18.3%	39.0%	-	26.0%
CAGR 2004a-07a	23.5%					

Source: Company

As a result of the outstanding performance of Fourlis' 3 key segments, consolidated sales reported a 3-year CAGR of 23.50%, rising from €355.4m in 2004 to €670.1m in 2007.

Figure 1: Sales Breakdown by division



Total Sales forecasts

Fourlis top line figures have recorded a 3-year CAGR (2004-2007) of 23.5% as a result of all three key divisions' extraordinary performance.

We estimate group sales for the following 6 years to grow with a lower pace of 10.1% (2007-2013 CAGR), reflecting the dismal macroeconomic outlook. IKEA and Intersport growth rates will see some signs of deceleration but will continue to enjoy strong double digit growth on the back of healthy network expansion. We also expect wholesale segment to contract, with its underperformance being an extra burden for the group sales.

Table 10 : Sales Estimates	2007a	2008e	2009f	2010f	2011f	2012f	2013f
IKEA	252,526,000	335,509,804	365,830,196	446,693,404	534,502,826	622,937,683	713,114,519
Δ (%)	25.7%	32.9%	9.0%	22.1%	19.7%	16.5%	14.5%
CAGR 2004a-07a	26.1%						
Estim. CAGR 2007a-13f	18.9%						
Intersport	58,799,000	71,880,507	83,990,645	93,728,021	101,983,297	109,476,852	117,140,232
Δ (%)	29.3%	22.2%	16.8%	11.6%	8.8%	7.3%	7.0%
CAGR 2004a-07a	27.1%						
Estim. CAGR 2007a-13f	12.2%						
Wholesale	358,754,000	374,897,930	352,404,054	334,783,851	344,827,367	355,172,188	365,827,354
Δ (%)	52.2%	4.5%	-6.0%	-5.0%	3.0%	3.0%	3.0%
CAGR 2004a-07a	21.4%						
Estim. CAGR 2007a-13f	0.3%						
Total Sales	670,079,000	782,288,241	802,224,895	875,205,277	981,313,490	1,087,586,724	1,196,082,104
Δ (%)	39.0%	16.7%	2.5%	9.1%	12.1%	10.8%	10.0%
CAGR 2004a-07a	23.5%						
Estim. CAGR 2007a-13f	10.1%						

Source: Company & Prelium Research Estimates

IKEA sales estimates

We estimate for 2008 same stores IKEA growth at -10.2%, mainly due to the cannibalization effect by the opening of the second Athens IKEA store in Aigaleo, which according to our estimations absorbed some of the Airport IKEA sales. We remain conservative due to the deteriorating macro outlook and expect for the next 5 years (2009-2013) average LFL growth to settle somewhat above 4%, at an average of 4.3%.

Despite our conservative assumptions for LFL growth, IKEA's aggressive expansion will prove a growth engine and will support double digit growth for the Homeware segment. According to the management's guidance, Fourlis' will operate a total of 12 IKEA stores by 2013, 8 in Greece (5 additions), 1 in Cyprus (no additions) and 3 in Bulgaria (all new). IKEA's selling space will nearly triple to 268,500 sqm from 92.500 sqm currently. We consider that the above mentioned rollout plan will be fully executed and we fully incorporate it in our valuation model.

As a result of the further expansion of the IKEA network, we estimate that IKEA will post a strong compounded annual growth rate of 18.9% for the following 6 years, although c. 720 basis points lower than the actual compounded annual growth for 2004-2007.

Table 11 : IKEA store rollout						2008e	2009e	2010f	2011f	2012f
Region	Stores Dec.07	Stores by 2013	Total additions	Already added In 2008	Further additions	Stores end 2008	Further Store Additions			
Greece	2	8	6	1	5	3	2	0	2	1
Athens	1	3	2	1	1	2			1	
Thessaloniki	1	1	0		0	1				
Country Side	0	4	4		4	0	2		1	1
Cyprus	1	1	0		0	1	0	0	0	0
Nicosia	1	1	0			1				
Bulgaria	0	3	3		3	0	0	1	0	1
Sofia	0	1	1		1	0		1		
Country Side	0	2	2		2	0				1
Total Stores	3	12	9	1	8	4	6	7	9	11
Region	SQM Dec.07	By 2013	Total additions	Already added In 2008	Further additions	Sqm end 2008	Further Sqm Additions			
Greece	47,000			25,000	107,000	72,000	41,000		45,500	20,500
Cyprus	20,500				0	20,500				
Bulgaria	0				69,000			28,000		20,500
Year end SQM	67,500	268,500	201,000	25,000	176,000	92,500	133,500	161,500	207,000	248,000
Δ (%)						37.0%	44.3%	21.0%	28.2%	19.8%
Weighted SQM	54,164					86,250	102,750	133,500	192,792	220,667
Total IKEA Sales (€m)	335.5	365.8	446.7	534.5	622.9					
Δ (%)	32.9%	9.0%	22.1%	19.7%	16.5%					
Same stores growth	-10.2%	4.0%	4.5%	4.2%	4.2%					
Same stores sales	210.5	265.8	366.7	444.5	494.6					
New stores sales	125.0	100.0	80.0	90.0	128.3					
Sales / sqm (year end)	3,627	2,740	2,766	2,582	2,512					
Sales / sqm year (weighted)	3,890	3,560	3,346	2,772	2,823					

Source: Company & Prelium Research Estimates

Intersport sales estimates

Intersport operates currently a total of 42 stores, situated in Greece, Cyprus, Bulgaria and Romania. The management plans to operate 70 stores by the end of 2013, 6 of them added in Greece, 4 in Cyprus, 9 in Bulgaria and 10 in Romania. Due to the relatively low capex requirements for the completion of a new Intersport store, we fully incorporate the management's guidance in our model.

According to our estimations, Intersport enjoys currently a LFL growth of c.10% but we assume this rate to decelerate due to a softening in consumer spending. Despite our assumptions of LFL from 7% (2009) to 3% (2013), rollout is expected to sustain double digit growth, resulting in a 6-year CAGR of 12.2%, c. 15 percentage points lower than previous performance (CAGR 2004-2007).

Table 12 : Intersport store rollout

Region	Stores Dec 2007	By 2013	Total additions (2007-13)	Already added in 2008	Stores Dec 2008	Further additions (2008-13)
Greece	24	35	11	5	29	6
Cyprus	1	5	4	0	1	4
Bulgaria	1	10	9	0	1	9
Romania	6	20	14	5	11	9
Total	32	70	38	10	42	28

Further additions	2008e	2009e	2010f	2011f	2012f	2013f
Stores added	10	7	6	5	5	5
SQM added	6,875	4,813	4,125	3,438	3,438	3,438
Year end SQM	28,875	33,688	37,813	41,250	44,688	48,125
Δ(%)	-	16.7%	12.2%	9.1%	8.3%	7.7%
Weighted SQM	24,435	31,281	35,750	39,531	42,969	46,406
Sales (€ m)	71.9	84.0	93.7	102.0	109.5	117.1
Δ(%)	22.2%	16.8%	11.6%	8.8%	7.3%	7.0%
LFL growth	10.0%	7.0%	5.0%	4.0%	3.0%	3.0%
Same store sales	64.7	76.9	88.2	97.5	105.0	112.8
New store sales	7.2	7.1	5.5	4.5	4.4	4.4
Sales / sqm (year end)	2,489	2,493	2,479	2,472	2,450	2,434
Sales / sqm (weighted)	2,942	2,685	2,622	2,580	2,548	2,524

Source: Company & Prelium Research Estimates

Wholesale sales estimates

The wholesale division has seen recently an extra-ordinary performance, which in our view can not be sustained in the future. We believe this segment will be the first to be negatively affected by the adverse macroeconomic environment, therefore we expect wholesale revenue to remain, on an average basis, stable in the future (see Table 10).

Profitability margins by division**IKEA**

IKEA gross profit margin for the last 4 years (2004, 2005, 2006 and 2007) stood at 41.4%, 42.4%, 42.3% and 43.7% respectively. Homeware segment enjoys a relatively steady gross profit margin of approximately 42% for Greek stores and somewhat lower for Cyprus due to more complicated logistics. We expect gross profit margin to deteriorate slightly after 2010 due to the Bulgaria opening, where we expect it to stand at lower levels (c.35%) because of lower average selling prices.

EBIT and EBITDA margins stood at high levels in 2006 and 2007 mainly due to the fact that there was only one IKEA store in Athens (Airport) for 5,000,000 people. The opening of the second store in Athens (Aigaleo) will trim down margins as operating expenses doubled from day one. We expect EBIT and EBITDA margins to settle at more rational levels, at an average of approximately 13.6% and 15.5% respectively for the 2008-2013 six-year period.

Except from the opening of the 2nd IKEA store in Athens, part of the pressure upon EBIT and EBITDA margins is attributed to the higher pre-opening expenses required by IKEA's network aggressive expansion. Depending on whether Fourlis buys or rents the land for the construction of the new IKEA stores, the group faces increased depreciation and operating expenses respectively, which suppress profitability margins.

IKEA (million €)	FY06a	FY07a	FY08e	FY09f	FY10f	FY11f	FY12f	FY13f
Revenue	200.8	252.5	335.5	365.8	446.7	534.5	622.9	713.1
yoy	-	25.7%	32.9%	9.0%	22.1%	19.7%	16.5%	14.5%
% of total	41.7%	37.7%	42.9%	45.6%	51.0%	54.5%	57.3%	59.6%
Gross Profit	84.9	110.5	140.5	153.2	185.7	221.9	258.0	292.9
yoy	-	30.2%	27.2%	9.0%	21.2%	19.5%	16.3%	13.5%
% of total	59.7%	55.5%	59.7%	61.2%	65.2%	68.0%	70.1%	71.7%
Gross Profit Margin	42.3%	43.7%	41.9%	41.9%	41.6%	41.5%	41.4%	41.1%
EBITDA (reported)	39.5	49.1	51.8	56.9	69.5	84.5	96.2	106.9
yoy	-	24.1%	5.6%	9.9%	22.1%	21.5%	13.8%	11.2%
% of total	65.8%	58.8%	52.5%	68.3%	71.8%	74.9%	75.9%	77.0%
EBITDA Margin (reported)	19.7%	19.4%	15.4%	15.6%	15.6%	15.8%	15.4%	15.0%
Normalised EBITDA *	39.5	49.1	51.8	56.9	69.5	84.5	96.2	106.9
yoy	-	24.1%	5.6%	9.9%	22.1%	21.5%	13.8%	11.2%
% of total	79.9%	67.5%	68.8%	68.3%	71.8%	74.9%	75.9%	77.0%
Normalised EBITDA Margin *	19.7%	19.4%	15.4%	15.6%	15.6%	15.8%	15.4%	15.0%
EBIT (reported)	35.1	43.9	45.2	49.1	60.4	74.2	85.6	95.2
yoy	-	25.2%	2.9%	8.7%	23.1%	22.9%	15.4%	11.2%
% of total	66.1%	58.1%	50.7%	68.3%	71.8%	74.9%	75.9%	77.0%
EBIT Margin (reported)	17.5%	17.4%	13.5%	13.4%	13.5%	13.9%	13.7%	13.3%
Normalised EBIT *	35.1	43.9	45.2	49.1	60.4	74.2	85.6	95.2
yoy	-	25.2%	2.9%	8.7%	23.1%	22.9%	15.4%	11.2%
% of total	82.6%	67.6%	68.8%	68.3%	71.8%	74.9%	75.9%	77.0%
Normalised EBIT Margin *	17.5%	17.4%	13.5%	13.4%	13.5%	13.9%	13.7%	13.3%

Source: Company & Prelium Research Estimates

Notes:

* Normalised for one-off items from the sale of 10% stake in Kotsivolos to Dixons

Intersport

Intersport operates at a gross profit margin of approximately 48.5% for the last three years which we assume will remain stable the following years. We expect EBIT and EBITDA margins slightly higher than 2007 levels, at an average of 11.3% and 13.7% respectively.

Intersport (million €)	FY06a	FY07a	FY08e	FY09f	FY10f	FY11f	FY12f	FY13f
Revenue	45.5	58.8	71.9	84.0	93.7	102.0	109.5	117.1
yoy	-	29.3%	22.2%	16.8%	11.6%	8.8%	7.3%	7.0%
% of total	9.4%	8.8%	9.2%	10.5%	10.7%	10.4%	10.1%	9.8%
Gross Profit	22.0	28.4	34.9	40.7	45.5	49.5	53.1	56.8
yoy	-	29.1%	22.8%	16.8%	11.6%	8.8%	7.3%	7.0%
% of total	15.5%	14.3%	14.8%	16.3%	16.0%	15.1%	14.4%	13.9%
Gross Profit Margin	48.3%	48.3%	48.5%	48.5%	48.5%	48.5%	48.5%	48.5%
EBITDA (reported)	5.0	7.6	9.0	11.3	13.1	13.9	15.7	16.7
yoy	-	54.4%	17.5%	26.3%	15.9%	5.6%	12.8%	6.6%
% of total	8.2%	9.2%	9.1%	13.6%	13.6%	12.3%	12.4%	12.0%
EBITDA Margin (reported)	10.9%	13.0%	12.5%	13.5%	14.0%	13.6%	14.3%	14.3%
Normalised EBITDA *	5.0	7.6	9.0	11.3	13.1	13.9	15.7	16.7
yoy	-	54.4%	17.5%	26.3%	15.9%	5.6%	12.8%	6.6%
% of total	10.0%	10.5%	11.9%	13.6%	13.6%	12.3%	12.4%	12.0%
Normalised EBITDA Margin *	10.9%	13.0%	12.5%	13.5%	14.0%	13.6%	14.3%	14.3%
EBIT (reported)	3.9	6.4	7.6	8.7	10.6	11.5	13.3	14.2
yoy	-	64.0%	18.9%	15.2%	21.3%	8.2%	16.4%	6.6%
% of total	7.3%	8.4%	8.5%	12.2%	12.6%	11.6%	11.8%	11.5%
EBIT Margin (reported)	8.5%	10.8%	10.5%	10.4%	11.3%	11.2%	12.2%	12.1%
Normalised EBIT *	3.9	6.4	7.6	8.7	10.6	11.5	13.3	14.2
yoy	-	64.0%	18.9%	15.2%	21.3%	8.2%	16.4%	6.6%
% of total	9.2%	9.8%	11.5%	12.2%	12.6%	11.6%	11.8%	11.5%
Normalised EBIT Margin *	8.5%	10.8%	10.5%	10.4%	11.3%	11.2%	12.2%	12.1%

Source: Company & Prelium Research Estimates

Notes:

* Normalised for one-off items from the sale of 10% stake in Kotsivolos to Dixons

Wholesale

Wholesale is the group's biggest contributor in terms of sales but has very small contribution to the bottom line results, due to the thin profitability margins. We estimate wholesale profit margins slightly lower than 2007 levels, which will have a minimal effect on group profitability.

Wholesale (million €)	FY06a	FY07a	FY08e	FY09f	FY10f	FY11f	FY12f	FY13f
Revenue	235.7	358.8	374.9	352.4	334.8	344.8	355.2	365.8
yoy	-	52.2%	4.5%	-6.0%	-5.0%	3.0%	3.0%	3.0%
% of total	48.9%	53.5%	47.9%	43.9%	38.3%	35.1%	32.7%	30.6%
Gross Profit	35.3	60.0	60.0	56.4	53.6	55.2	56.8	58.5
yoy	-	70.1%	-0.1%	-6.0%	-5.0%	3.0%	3.0%	3.0%
% of total	24.8%	30.2%	25.5%	22.5%	18.8%	16.9%	15.4%	14.3%
Gross Profit Margin	15.0%	16.7%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%
EBITDA (reported)	6.2	18.7	16.5	17.1	16.3	16.8	17.2	17.7
yoy	-	201.1%	-11.8%	3.9%	-4.7%	2.8%	2.8%	2.8%
% of total	10.3%	22.4%	16.7%	20.5%	16.8%	14.9%	13.6%	12.8%
EBITDA Margin (reported)	2.6%	5.2%	4.4%	4.9%	4.9%	4.9%	4.9%	4.8%
Normalised EBITDA *	6.2	18.7	16.5	17.1	16.3	16.8	17.2	17.7
yoy	-	201.1%	-11.8%	3.9%	-4.7%	2.8%	2.8%	2.8%
% of total	12.5%	25.7%	21.9%	20.5%	16.8%	14.9%	13.6%	12.8%
Normalised EBITDA Margin *	2.6%	5.2%	4.4%	4.9%	4.9%	4.9%	4.9%	4.8%
EBIT (reported)	4.7	17.3	14.9	16.1	15.3	15.8	16.2	16.7
yoy	-	266.8%	-14.0%	8.3%	-5.0%	3.0%	3.0%	3.0%
% of total	8.9%	22.9%	16.7%	22.4%	18.2%	15.9%	14.4%	13.5%
EBIT Margin (reported)	2.0%	4.8%	4.0%	4.6%	4.6%	4.6%	4.6%	4.6%
Normalised EBIT *	4.7	17.3	14.9	16.1	15.3	15.8	16.2	16.7
yoy	-	266.8%	-14.0%	8.3%	-5.0%	3.0%	3.0%	3.0%
% of total	11.1%	26.7%	22.7%	22.4%	18.2%	15.9%	14.4%	13.5%
Normalised EBIT Margin *	2.0%	4.8%	4.0%	4.6%	4.6%	4.6%	4.6%	4.6%

Source: Company & Prelium Research Estimates

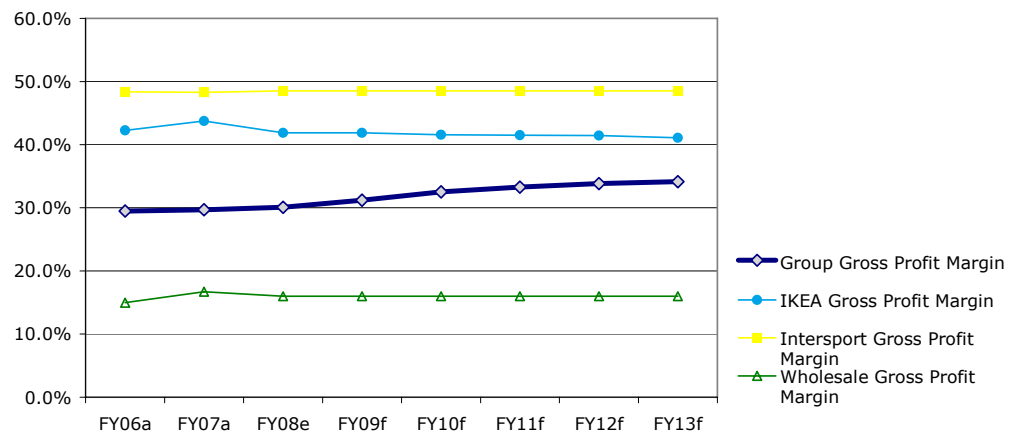
Notes:

* Normalised for one-off items from the sale of 10% stake in Kotsivolos to Dixons

Group Results

Despite our assumptions for softening or stable gross profit margins for the separate Fourlis' divisions, gross profit margin for the whole group will see an upward move during the following years reflecting the increasing participation of IKEA in the group's revenue.

Figure 2: Gross Profit Margins - Group & Divisions



IKEA's higher profit margins along with its increasing contribution in group financial result will have a positive effect on normalized EBIT, EBITDA and net profit margins of the whole group for the 2008-2013 period. Net profit margins will also be positively affected by the increasing Bulgarian operations, as Bulgaria enjoys a lower tax rate.

Group Profitability Margins

Group Results (million €)	FY06a	FY07a	FY08e	FY09f	FY10f	FY11f	FY12f	FY13f
Revenue	482.1	670.1	782.3	802.2	875.2	981.3	1,087.6	1,196.1
yoy	-	39.0%	16.7%	2.5%	9.1%	12.1%	10.8%	10.0%
Cost of Sales	(339.9)	(471.2)	(547.0)	(551.9)	(590.5)	(654.8)	(719.6)	(787.9)
Gross Profit	142.1	198.9	235.3	250.3	284.7	326.5	368.0	408.2
yoy	-	39.9%	18.3%	6.4%	13.8%	14.7%	12.7%	10.9%
Gross Profit Margin	29.5%	29.7%	30.1%	31.2%	32.5%	33.3%	33.8%	34.1%
Other operating income	20.4	26.7	39.5	15.3	14.7	15.1	15.4	15.8
Total SGAs	(109.5)	(150.0)	(185.8)	(193.8)	(215.3)	(242.5)	(270.6)	(300.4)
EBITDA (reported)	60.1	83.4	98.6	83.3	96.8	112.8	126.6	138.8
yoy	-	38.8%	18.2%	-15.6%	16.2%	16.6%	12.3%	9.6%
EBITDA Margin (reported)	12.5%	12.4%	12.6%	10.4%	11.1%	11.5%	11.6%	11.6%
Normalised EBITDA *	49.5	72.7	75.2	83.3	96.8	112.8	126.6	138.8
yoy	-	47.0%	3.5%	10.7%	16.2%	16.6%	12.3%	9.6%
Normalised EBITDA Margin *	10.3%	10.9%	9.6%	10.4%	11.1%	11.5%	11.6%	11.6%
Depreciation	(7.1)	(7.8)	(9.6)	(11.5)	(12.7)	(13.7)	(13.9)	(15.2)
EBIT (reported)	53.0	75.6	89.0	71.8	84.1	99.1	112.7	123.6
yoy	-	42.5%	17.7%	-19.3%	17.1%	17.9%	13.8%	9.6%
EBIT Margin (reported)	11.0%	11.3%	11.4%	9.0%	9.6%	10.1%	10.4%	10.3%
Normalised EBIT *	42.4	64.9	65.6	71.8	84.1	99.1	112.7	123.6
yoy	-	53.0%	1.1%	9.4%	17.1%	17.9%	13.8%	9.6%
Normalised EBIT Margin *	8.8%	9.7%	8.4%	9.0%	9.6%	10.1%	10.4%	10.3%
Net interest	(5.5)	(10.4)	(11.5)	(10.1)	(9.9)	(9.5)	(9.0)	(8.2)
EBT (reported)	47.9	65.2	77.5	61.7	74.2	89.6	103.8	115.4
yoy	-	36.2%	18.9%	-20.5%	20.4%	20.8%	15.8%	11.2%
EBT Margin (reported)	9.9%	9.7%	9.9%	7.7%	8.5%	9.1%	9.5%	9.6%
Normalised EBT *	37.3	54.5	54.2	61.7	74.2	89.6	103.8	115.4
yoy	-	46.3%	-0.7%	13.9%	20.4%	20.8%	15.8%	11.2%
Normalised EBT Margin *	7.7%	8.1%	6.9%	7.7%	8.5%	9.1%	9.5%	9.6%
Income tax	(20.6)	(18.6)	(20.4)	(14.7)	(16.8)	(20.3)	(23.6)	(26.0)
EAT&M (reported)	27.4	46.2	56.6	46.5	56.9	68.7	79.4	88.5
yoy	-	68.3%	22.5%	-17.7%	22.2%	20.7%	15.6%	11.6%
EAT&M Margin (reported)	5.7%	6.9%	7.2%	5.8%	6.5%	7.0%	7.3%	7.4%
Normalised EAT&M **	22.5	35.9	39.0	46.5	56.9	68.7	79.4	88.5
yoy	-	59.2%	8.7%	19.3%	22.2%	20.7%	15.6%	11.6%
Normalised EAT&M Margin **	4.7%	5.4%	5.0%	5.8%	6.5%	7.0%	7.3%	7.4%

Source: Company & Prelium Research Estimates

Notes:

* Normalised for one-off items from the sale of 10% stake in Kotsivolos to Dixons

** Normalised for one-off items from the sale of 10% stake in Kotsivolos to Dixons and adjusting for deferred taxation regarding this sale

APPENDIX A

Full Financial Statements

(million €)

P&L	FY06a	FY07a	FY08e	FY09f	FY10f	FY11f	FY12f	FY13f
Turnover	482.1	670.1	782.3	802.2	875.2	981.3	1,087.6	1,196.1
Cost of Sales	(339.9)	(471.2)	(547.0)	(551.9)	(590.5)	(654.8)	(719.6)	(787.9)
Gross Profit	142.1	198.9	235.3	250.3	284.7	326.5	368.0	408.2
Other operating income	20.4	26.7	39.5	15.3	14.7	15.1	15.4	15.8
Total SGAs	(109.5)	(150.0)	(185.8)	(193.8)	(215.3)	(242.5)	(270.6)	(300.4)
EBITDA (reported)	60.1	83.4	98.6	83.3	96.8	112.8	126.6	138.8
Normalised EBITDA *	49.5	72.7	75.2	83.3	96.8	112.8	126.6	138.8
Depreciation	(7.1)	(7.8)	(9.6)	(11.5)	(12.7)	(13.7)	(13.9)	(15.2)
EBIT (reported)	53.0	75.6	89.0	71.8	84.1	99.1	112.7	123.6
Normalised EBIT *	42.4	64.9	65.6	71.8	84.1	99.1	112.7	123.6
Net interest	(5.5)	(10.4)	(11.5)	(10.1)	(9.9)	(9.5)	(9.0)	(8.2)
EBT (reported)	47.9	65.2	77.5	61.7	74.2	89.6	103.8	115.4
Normalised EBT *	37.3	54.5	54.2	61.7	74.2	89.6	103.8	115.4
Income tax	(20.6)	(18.6)	(20.4)	(14.7)	(16.8)	(20.3)	(23.6)	(26.0)
EAT&M (reported)	27.4	46.2	56.6	46.5	56.9	68.7	79.4	88.5
Normalised EAT&M **	22.5	35.9	39.0	46.5	56.9	68.7	79.4	88.5

Balance Sheet

Total Assets	386.5	536.5	655.6	686.5	735.2	810.7	894.6	985.0
Total Intangible Assets	0.0	0.0	0.0	0.0	0.0	0.0	1.0	2.0
Total Fixed Assets	115.1	185.2	231.7	248.1	255.8	272.1	293.2	302.9
Tangible assets	101.9	148.2	194.2	210.5	218.2	234.5	255.7	265.4
Investments / Associates	1.1	23.9	23.9	23.9	23.9	23.9	23.9	23.9
Other assets	6.8	6.9	7.5	7.5	7.5	7.5	7.5	7.5
Total current assets	221.8	346.6	419.1	433.6	474.6	533.9	596.6	677.3
Inventories	73.0	90.3	134.9	136.1	145.6	161.5	177.4	194.3
Accounts receivables	113.1	155.9	178.3	182.8	199.4	223.6	247.8	272.5
Other receivables	10.2	29.6	34.6	35.5	38.7	43.4	48.1	52.9
Other ST Assets	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0
Cash & Cash Equivalents	25.5	70.5	71.4	79.3	90.9	105.4	123.3	157.6
Total equity and liabilities	386.5	536.5	655.6	686.5	735.2	810.7	894.6	985.0
Total equity	114.2	151.0	193.0	219.5	260.1	308.8	364.0	424.6
Share capital & premium	62.8	62.8	62.8	62.8	62.8	62.8	62.8	62.8
Retained earnings & reserves	51.2	87.7	129.2	155.2	195.1	243.2	297.6	357.3
Treasury stock	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	0.1	0.5	1.1	1.5	2.1	2.8	3.6	4.5
Total long term liabilities	110.0	150.2	195.0	195.5	195.7	196.4	197.2	198.1
Retirement benefits / similar commitments	1.1	1.5	1.9	2.4	2.9	3.5	4.1	4.8
Long term bank debt	103.4	146.2	189.8	189.8	189.8	189.8	189.8	189.8
Deferred tax liabilities	5.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2
Other long term liabilities	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Total short term liabilities	162.3	235.2	267.6	271.4	279.4	305.5	333.3	362.2
Provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payables	113.6	173.9	202.3	204.1	218.4	242.2	266.2	291.4
Tax payable	11.0	20.3	20.5	22.5	16.1	18.5	22.3	26.0
Short term bank debt	34.9	37.9	44.8	44.8	44.8	44.8	44.8	44.8
Short term portion of LT bank debt	2.8	3.1	0.0	0.0	0.0	0.0	0.0	0.0
Other ST liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Cash Flow Statement

EBIT	53.0	75.6	89.0	71.8	84.1	99.1	112.7	123.6
Depreciation and amortisation	7.1	7.8	9.6	11.5	12.7	13.7	13.9	15.2
Changes in retirement benefits	0.0	0.0	0.4	0.5	0.5	0.6	0.6	0.7
Changes in other provisions	(5.7)	6.5	0.7	0.1	(0.3)	0.1	0.2	0.2
Changes in net working capital:	(11.2)	(23.5)	(43.5)	(4.8)	(15.1)	(20.9)	(20.9)	(21.1)
Income taxes paid	(16.9)	(15.1)	(20.4)	(14.7)	(16.8)	(20.3)	(23.6)	(26.0)
Interest paid	(7.3)	(8.4)	(15.1)	(13.9)	(13.9)	(13.9)	(13.9)	(13.9)
Changes in deferred tax assets and liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Changes in prepayments and deferred income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Forex effects	(1.9)	(0.5)	0.1	0.0	0.0	0.0	0.0	0.0
Other non-cash items	2.2	(1.8)	0.5	2.0	(6.3)	2.3	3.8	3.7
Cash Flow from Operations	18.7	27.6	(2.0)	52.4	44.9	60.7	72.9	82.4
CAPEX	(12.2)	(55.1)	(55.6)	(27.8)	(20.4)	(30.0)	(35.0)	(25.0)
Interest received	0.2	1.2	3.6	3.8	4.1	4.4	4.9	5.7
Cash Flow from Investing	(12.1)	(20.2)	(28.6)	(24.0)	(16.3)	(25.6)	(30.1)	(19.3)
Dividends paid	(7.7)	(9.2)	(15.3)	(20.5)	(16.9)	(20.6)	(24.9)	(28.8)
Equity issued	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Δ Bank Debt	21.2	49.7	47.4	0.0	0.0	0.0	0.0	0.0
Cash Flow from Financing	10.5	37.6	31.5	(20.5)	(16.9)	(20.6)	(24.9)	(28.8)
Net change in cash	17.1	44.9	1.0	7.9	11.6	14.5	17.9	34.3

Source: Company & Prelium Research Estimates

Notes:

* Normalised for one-off items from the sale of 10% stake in Kotsivolos to Dixons

** Normalised for one-off items from the sale of 10% stake in Kotsivolos to Dixons and adjusting for deferred taxation regarding this sale

APPENDIX B

Profitability Margins by division

IKEA (million €)	FY06a	FY07a	FY08e	FY09f	FY10f	FY11f	FY12f	FY13f
Revenue	200.8	252.5	335.5	365.8	446.7	534.5	622.9	713.1
yoy	-	25.7%	32.9%	9.0%	22.1%	19.7%	16.5%	14.5%
% of total	41.7%	37.7%	42.9%	45.6%	51.0%	54.5%	57.3%	59.6%
Gross Profit	84.9	110.5	140.5	153.2	185.7	221.9	258.0	292.9
yoy	-	30.2%	27.2%	9.0%	21.2%	19.5%	16.3%	13.5%
% of total	59.7%	55.5%	59.7%	61.2%	65.2%	68.0%	70.1%	71.7%
Gross Profit Margin	42.3%	43.7%	41.9%	41.9%	41.6%	41.5%	41.4%	41.1%
EBITDA (reported)	39.5	49.1	51.8	56.9	69.5	84.5	96.2	106.9
yoy	-	24.1%	5.6%	9.9%	22.1%	21.5%	13.8%	11.2%
% of total	65.8%	58.8%	52.5%	68.3%	71.8%	74.9%	75.9%	77.0%
EBITDA Margin (reported)	19.7%	19.4%	15.4%	15.6%	15.6%	15.8%	15.4%	15.0%
Normalised EBITDA *	39.5	49.1	51.8	56.9	69.5	84.5	96.2	106.9
yoy	-	24.1%	5.6%	9.9%	22.1%	21.5%	13.8%	11.2%
% of total	79.9%	67.5%	68.8%	68.3%	71.8%	74.9%	75.9%	77.0%
Normalised EBITDA Margin *	19.7%	19.4%	15.4%	15.6%	15.6%	15.8%	15.4%	15.0%
EBIT (reported)	35.1	43.9	45.2	49.1	60.4	74.2	85.6	95.2
yoy	-	25.2%	2.9%	8.7%	23.1%	22.9%	15.4%	11.2%
% of total	66.1%	58.1%	50.7%	68.3%	71.8%	74.9%	75.9%	77.0%
EBIT Margin (reported)	17.5%	17.4%	13.5%	13.4%	13.5%	13.9%	13.7%	13.3%
Normalised EBIT *	35.1	43.9	45.2	49.1	60.4	74.2	85.6	95.2
yoy	-	25.2%	2.9%	8.7%	23.1%	22.9%	15.4%	11.2%
% of total	82.6%	67.6%	68.8%	68.3%	71.8%	74.9%	75.9%	77.0%
Normalised EBIT Margin *	17.5%	17.4%	13.5%	13.4%	13.5%	13.9%	13.7%	13.3%
Intersport (million €)	FY06a	FY07a	FY08e	FY09f	FY10f	FY11f	FY12f	FY13f
Revenue	45.5	58.8	71.9	84.0	93.7	102.0	109.5	117.1
yoy	-	29.3%	22.2%	16.8%	11.6%	8.8%	7.3%	7.0%
% of total	9.4%	8.8%	9.2%	10.5%	10.7%	10.4%	10.1%	9.8%
Gross Profit	22.0	28.4	34.9	40.7	45.5	49.5	53.1	56.8
yoy	-	29.1%	22.8%	16.8%	11.6%	8.8%	7.3%	7.0%
% of total	15.5%	14.3%	14.8%	16.3%	16.0%	15.1%	14.4%	13.9%
Gross Profit Margin	48.3%	48.3%	48.5%	48.5%	48.5%	48.5%	48.5%	48.5%
EBITDA (reported)	5.0	7.6	9.0	11.3	13.1	13.9	15.7	16.7
yoy	-	54.4%	17.5%	26.3%	15.9%	5.6%	12.8%	6.6%
% of total	8.2%	9.2%	9.1%	13.6%	13.6%	12.3%	12.4%	12.0%
EBITDA Margin (reported)	10.9%	13.0%	12.5%	13.5%	14.0%	13.6%	14.3%	14.3%
Normalised EBITDA *	5.0	7.6	9.0	11.3	13.1	13.9	15.7	16.7
yoy	-	54.4%	17.5%	26.3%	15.9%	5.6%	12.8%	6.6%
% of total	10.0%	10.5%	11.9%	13.6%	13.6%	12.3%	12.4%	12.0%
Normalised EBITDA Margin *	10.9%	13.0%	12.5%	13.5%	14.0%	13.6%	14.3%	14.3%
EBIT (reported)	3.9	6.4	7.6	8.7	10.6	11.5	13.3	14.2
yoy	-	64.0%	18.9%	15.2%	21.3%	8.2%	16.4%	6.6%
% of total	7.3%	8.4%	8.5%	12.2%	12.6%	11.6%	11.8%	11.5%
EBIT Margin (reported)	8.5%	10.8%	10.5%	10.4%	11.3%	11.2%	12.2%	12.1%
Normalised EBIT *	3.9	6.4	7.6	8.7	10.6	11.5	13.3	14.2
yoy	-	64.0%	18.9%	15.2%	21.3%	8.2%	16.4%	6.6%
% of total	9.2%	9.8%	11.5%	12.2%	12.6%	11.6%	11.8%	11.5%
Normalised EBIT Margin *	8.5%	10.8%	10.5%	10.4%	11.3%	11.2%	12.2%	12.1%
Wholesale (million €)	FY06a	FY07a	FY08e	FY09f	FY10f	FY11f	FY12f	FY13f
Revenue	235.7	358.8	374.9	352.4	334.8	344.8	355.2	365.8
yoy	-	52.2%	4.5%	-6.0%	-5.0%	3.0%	3.0%	3.0%
% of total	48.9%	53.5%	47.9%	43.9%	38.3%	35.1%	32.7%	30.6%
Gross Profit	35.3	60.0	60.0	56.4	53.6	55.2	56.8	58.5
yoy	-	70.1%	-0.1%	-6.0%	-5.0%	3.0%	3.0%	3.0%
% of total	24.8%	30.2%	25.5%	22.5%	18.8%	16.9%	15.4%	14.3%
Gross Profit Margin	15.0%	16.7%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%
EBITDA (reported)	6.2	18.7	16.5	17.1	16.3	16.8	17.2	17.7
yoy	-	201.1%	-11.8%	3.9%	-4.7%	2.8%	2.8%	2.8%
% of total	10.3%	22.4%	16.7%	20.5%	16.8%	14.9%	13.6%	12.8%
EBITDA Margin (reported)	2.6%	5.2%	4.4%	4.9%	4.9%	4.9%	4.9%	4.8%
Normalised EBITDA *	6.2	18.7	16.5	17.1	16.3	16.8	17.2	17.7
yoy	-	201.1%	-11.8%	3.9%	-4.7%	2.8%	2.8%	2.8%
% of total	12.5%	25.7%	21.9%	20.5%	16.8%	14.9%	13.6%	12.8%
Normalised EBITDA Margin *	2.6%	5.2%	4.4%	4.9%	4.9%	4.9%	4.9%	4.8%
EBIT (reported)	4.7	17.3	14.9	16.1	15.3	15.8	16.2	16.7
yoy	-	266.8%	-14.0%	8.3%	-5.0%	3.0%	3.0%	3.0%
% of total	8.9%	22.9%	16.7%	22.4%	18.2%	15.9%	14.4%	13.5%
EBIT Margin (reported)	2.0%	4.8%	4.0%	4.6%	4.6%	4.6%	4.6%	4.6%
Normalised EBIT *	4.7	17.3	14.9	16.1	15.3	15.8	16.2	16.7
yoy	-	266.8%	-14.0%	8.3%	-5.0%	3.0%	3.0%	3.0%
% of total	11.1%	26.7%	22.7%	22.4%	18.2%	15.9%	14.4%	13.5%
Normalised EBIT Margin *	2.0%	4.8%	4.0%	4.6%	4.6%	4.6%	4.6%	4.6%
Other								
Revenue	0.0	0.0	0.0	0.0	0.0	0.0	1.0	2.0
EBITDA	9.4	8.1	21.4	(2.1)	(2.2)	(2.3)	(2.4)	(2.5)
yoy	-	-14.5%	165.8%	-109.7%	5.0%	5.0%	5.0%	5.0%
% of total	15.7%	9.7%	21.7%	-2.5%	-2.3%	-2.0%	-1.9%	-1.8%
Normalised EBITDA	(1.2)	(2.6)	(2.0)	(2.1)	(2.2)	(2.3)	(2.4)	(2.5)
yoy	-	-	-	-	-	-	-	-
% of total	-	-	-	-	-	-	-	-

Source: Company & Prelium Research Estimates

Notes:

* Normalised for one-off items from the sale of 10% stake in Kotsivolos to Dixons

** Normalised for one-off items from the sale of 10% stake in Kotsivolos to Dixons and adjusting for deferred taxation regarding this sale

APPENDIX C

Group Profitability Margins

Group Results (million €)	FY06a	FY07a	FY08e	FY09f	FY10f	FY11f	FY12f	FY13f
Revenue	482.1	670.1	782.3	802.2	875.2	981.3	1,087.6	1,196.1
yoy	-	39.0%	16.7%	2.5%	9.1%	12.1%	10.8%	10.0%
Cost of Sales	(339.9)	(471.2)	(547.0)	(551.9)	(590.5)	(654.8)	(719.6)	(787.9)
Gross Profit	142.1	198.9	235.3	250.3	284.7	326.5	368.0	408.2
yoy	-	39.9%	18.3%	6.4%	13.8%	14.7%	12.7%	10.9%
Gross Profit Margin	29.5%	29.7%	30.1%	31.2%	32.5%	33.3%	33.8%	34.1%
Other operating income	20.4	26.7	39.5	15.3	14.7	15.1	15.4	15.8
Total SGAs	(109.5)	(150.0)	(185.8)	(193.8)	(215.3)	(242.5)	(270.6)	(300.4)
EBITDA (reported)	60.1	83.4	98.6	83.3	96.8	112.8	126.6	138.8
yoy	-	38.8%	18.2%	-15.6%	16.2%	16.6%	12.3%	9.6%
EBITDA Margin (reported)	12.5%	12.4%	12.6%	10.4%	11.1%	11.5%	11.6%	11.6%
Normalised EBITDA *	49.5	72.7	75.2	83.3	96.8	112.8	126.6	138.8
yoy	-	47.0%	3.5%	10.7%	16.2%	16.6%	12.3%	9.6%
Normalised EBITDA Margin *	10.3%	10.9%	9.6%	10.4%	11.1%	11.5%	11.6%	11.6%
Depreciation	(7.1)	(7.8)	(9.6)	(11.5)	(12.7)	(13.7)	(13.9)	(15.2)
EBIT (reported)	53.0	75.6	89.0	71.8	84.1	99.1	112.7	123.6
yoy	-	42.5%	17.7%	-19.3%	17.1%	17.9%	13.8%	9.6%
EBIT Margin (reported)	11.0%	11.3%	11.4%	9.0%	9.6%	10.1%	10.4%	10.3%
Normalised EBIT *	42.4	64.9	65.6	71.8	84.1	99.1	112.7	123.6
yoy	-	53.0%	1.1%	9.4%	17.1%	17.9%	13.8%	9.6%
Normalised EBIT Margin *	8.8%	9.7%	8.4%	9.0%	9.6%	10.1%	10.4%	10.3%
Net interest	(5.5)	(10.4)	(11.5)	(10.1)	(9.9)	(9.5)	(9.0)	(8.2)
EBT (reported)	47.9	65.2	77.5	61.7	74.2	89.6	103.8	115.4
yoy	-	36.2%	18.9%	-20.5%	20.4%	20.8%	15.8%	11.2%
EBT Margin (reported)	9.9%	9.7%	9.9%	7.7%	8.5%	9.1%	9.5%	9.6%
Normalised EBT *	37.3	54.5	54.2	61.7	74.2	89.6	103.8	115.4
yoy	-	46.3%	-0.7%	13.9%	20.4%	20.8%	15.8%	11.2%
Normalised EBT Margin *	7.7%	8.1%	6.9%	7.7%	8.5%	9.1%	9.5%	9.6%
Income tax	(20.6)	(18.6)	(20.4)	(14.7)	(16.8)	(20.3)	(23.6)	(26.0)
EAT&M (reported)	27.4	46.2	56.6	46.5	56.9	68.7	79.4	88.5
yoy	-	68.3%	22.5%	-17.7%	22.2%	20.7%	15.6%	11.6%
EAT&M Margin (reported)	5.7%	6.9%	7.2%	5.8%	6.5%	7.0%	7.3%	7.4%
Normalised EAT&M **	22.5	35.9	39.0	46.5	56.9	68.7	79.4	88.5
yoy	-	59.2%	8.7%	19.3%	22.2%	20.7%	15.6%	11.6%
Normalised EAT&M Margin **	4.7%	5.4%	5.0%	5.8%	6.5%	7.0%	7.3%	7.4%

Source: Company & Prelium Research Estimates

Notes:

* Normalised for one-off items from the sale of 10% stake in Kotsovolos to Dixons

** Normalised for one-off items from the sale of 10% stake in Kotsovolos to Dixons and adjusting for deferred taxation regarding this sale

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(*) Total expected return: Price Appreciation plus Dividend
(**) Required market return: Risk Free Rate plus Equity Risk Premium

RATINGS HISTORY

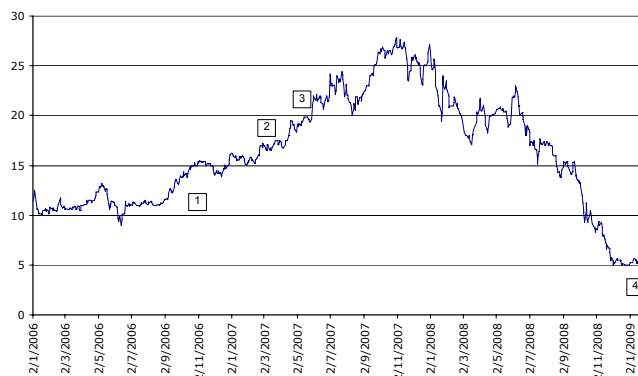
Ratings	Date of Report	Share Price on date of issue	Target Price	Rating
1	7/11/2006	15.42€	17.56€	Initiation – Neutral (*)
2	13/3/2007	16.70€	19.03€	Review – Neutral (*)
3	31/5/2007	21.52€	-	Suspension of coverage
4	2/2/2009	5.34€	11.40 €	Resume of coverage – Outperform

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Our evaluation is based on a DCF model. We discount the cashflows with a variable WACC from 7.80% to 9.78%. We use a risk free rate of 5.82%, an equity risk premium from 5.92% to 6.00% (based on separate country premiums and weighted by each country's contribution in EBIT) and a beta of 0.82.

RISKS TO OUR VALUATION

- A decrease in consumers' purchasing power
- Delays in the implementation of the store roll-out plan
- Currency and translation risks
- Dependence on the franchise agreement with IKEA
- The appearance of a competitive Homeware retailer
- Political, economical and social uncertainties associated with Southeastern Europe

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Company name	Bloomberg	Rating	Target Price	Price / Date	Valid Disclosure
Fouris S.A.	FOYRK GA	Outperform	11.40 €	5.34 € / 30.1.2009	None

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