

FOURLIS HOLDING S.A.

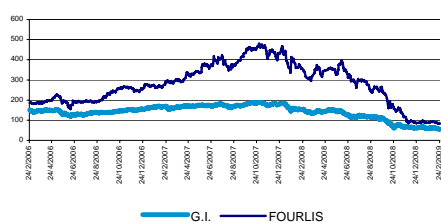
Sector:	Retail, non food
Issue Date	February 25, 2009
Flash Report	Outperform

Rating	Outperform
Previous Rating	-
Target Price	11.40 €
Last Price	4.76 €
Total Expected Return	139.5%

Stock Data

Bloomberg Code	FOYRK GA
Reuters Code	FRLr.AT
52 week high	22.96 €
52 week low	4.76 €
1m performance	-6.30%
YTD performance	-4.80%
Number of shares	50,952,920
Market Capitalization	242,535,899 €
Average Daily Volume (52w)	79,034
Free Float	65%

Performance	Fourlis	GI
1m performance	-6.30%	-7.09%
6m performance	-66.71%	-53.12%
3m performance	-28.96%	-17.13%
12m performance	-77.00%	-64.47%
YTD performance	-4.80%	-13.50%

Fourlis Relative Performance

Fourlis Performance - 52 week


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FY 2008 results review
Fourlis released 2008 financial results in line with company guidance

Fourlis Holdings announced yesterday evening its financial figures for the fiscal year 2008.

- Consolidated sales reached €784.45m, up 17.1% compared to the previous year's sales.
- Group reported EBITDA advanced by 21.9% to €101.73m, while normalized* EBITDA stood at €78.34m, increased by 7.7% compared to 2007 normalized* EBITDA.
- Consolidated reported net profit advanced 19.2% to €55.06m. If we normalize for one-off items from the sale of Kotsovolos and for the deferred taxation regarding this sale, normalized net profit stood at €37.3m, up 3.9% versus the previous year.
- Reported EPS stood at 1.08€ (FY07: 0.91€) while normalized** EPS totaled 0.73€ (FY07: 0.70€).
- The management will propose for the fiscal year 2008 a dividend of 0.36€, which corresponds to a dividend yield of 7.6% (yesterday's closing price of 4.76€).

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

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

Be reminded that according to the second, downward revised company's guidance for 2008, consolidated sales and reported net profit were expected at €780m and €55m respectively, with the actual figures standing at guidance levels.

IKEA performance: IKEA sales increased by 32.4% to €334.23m and net profit amounted to €28.53m versus €27.67m in 2007, only slightly increased as 2008 results include, except from pre-opening expenses, an additional non-recurring cost of €2.25m from the port strike in Greece.

Intersport performance: Intersport sales reached €73.21m, up 24.5% and net profit advanced by 8.8% to €4.64m.

Wholesale performance: Wholesale sales grew 5.1% in 2008 and stood at €377.01m and net profit stood at €5.92m compared to €8.44m in 2007, down 29.8%. Note that profit was burdened by an €1.1m (pre-tax) one-off negative foreign exchange difference from Romania activity due to hedging policy.

Recent Developments

Fourlis Group increased last month its franchise rights of IKEA Bulgaria to 100% from 70% of the initial agreement signed in 2006. Be reminded that the company owns a 60,000 sqm plot in Sofia, Bulgaria and according to the business plan the first IKEA store in Bulgaria is expected to operate in 2010.

Growth-oriented plan for 2009

The management repeated during today's meeting with the analyst community that despite their belief that 2009 will be a tough year for the world economy, Fourlis will follow a growth oriented plan aiming to gain more market shares in the markets it operates.

Prelum Research will further examine 2008 financial results and will soon proceed to a company review.
Fundamentals

(million €)	FY06a	FY07a	FY08a	FY09e	FY10f	FY11f	FY12f	FY13f
Sales	482.1	670.1	784.4	802.2	875.2	981.3	1,087.6	1,196.1
EBIT *	42.4	64.9	68.0	71.8	84.1	99.1	112.7	123.6
EBIT Margin *	8.8%	9.7%	8.7%	9.0%	9.6%	10.1%	10.4%	10.3%
EBITDA *	49.5	72.7	78.3	83.3	96.8	112.8	126.6	138.8
EBITDA Margin *	10.3%	10.9%	10.0%	10.4%	11.1%	11.5%	11.6%	11.6%
Net profit **	22.5	35.9	37.3	46.5	56.9	68.7	79.4	88.5
EPS (€) **	0.44	0.70	0.73	0.91	1.12	1.35	1.56	1.74
DPS (€)	0.18	0.30	0.36	0.33	0.41	0.49	0.57	0.63
Valuation Ratios								
P / E (x) **	10.8	6.8	6.5	5.2	4.3	3.5	3.1	2.7
P / BV (x)	2.1	1.6	1.3	1.1	0.9	0.8	0.7	0.6
EV / Sales (x)	0.7	0.5	0.4	0.4	0.4	0.3	0.3	0.2
EV / EBITDA (x) *	7.2	4.6	3.9	4.0	3.3	2.7	2.3	1.8

Source: Company & Prelum 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

Table 1: Yearly & Quarterly Results

(million €)	2008a	y-o-y (%)	Q1 08a	y-o-y (%)	Q2 08a	y-o-y (%)	Q3 08a	y-o-y (%)	Q4 08e	y-o-y (%)	2007a
Sales	784.4	17.1%	161.0	28.2%	188.8	31.5%	196.5	19.4%	238.1	0.7%	670.1
Gross Profit	238.1	19.7%	46.8	24.0%	56.9	34.3%	63.9	26.8%	70.4	3.1%	198.9
Gross Profit Margin	30.4%		29.1%		30.1%		32.5%		29.6%		29.7%
EBIT (reported)	91.5	21.0%	10.0	-46.7%	15.6	6.8%	30.9	65.3%	35.0	48.4%	75.6
EBIT Margin (reported)	11.7%		6.2%		8.3%		15.7%		14.7%		11.3%
EBIT (normalised) *	68.0	4.8%	10.0	-14.8%	15.6		18.6		23.8		64.9
EBIT Margin (normalised) *	8.7%		6.2%		6.2%		9.5%		10.0%		9.7%
EBITDA	101.7	22.0%	12.1	-41.1%	18.6	12.6%	33.3	61.4%	37.8	46.4%	83.4
EBITDA Margin	13.0%		7.5%		9.8%		16.9%		15.9%		12.4%
EBITDA (normalised) *	78.3	7.6%	12.1	-10.5%	18.6		21.0		26.6	63.0%	72.7
EBITDA Margin (normalised) *	10.0%		7.5%		7.5%		10.7%		11.2%		10.9%
Net profit	55.1	19.2%	4.5	-62.8%	9.7	-1.7%	19.8	54.7%	21.1	64.3%	46.2
Net Profit Margin (reported)	7.0%		2.8%		5.1%		10.1%		8.9%		6.9%
Net profit (normalised) **	37.3	3.8%	4.5	-34.0%	9.7	-34.0%	10.7	138.4%	12.5	-	35.9
Net Profit Margin (normalised) **	4.7%		2.8%		2.8%		5.4%		5.2%		5.4%
EPS (€) (reported)	1.08										0.91
EPS (€) (normalised) *	0.73										0.70
DPS (€)	0.36										0.30

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

Table 2 : 2008 Performance vs Prelium Estimates

(million €)	Actual Figures		Prelium Estimates		Actual figures vs Prelium Estimates (%)
	2008a	y-o-y (%)	2008e	y-o-y (%)	
Sales	784.4	17.1%	782.3	16.7%	0.3%
Gross Profit	238.1	19.7%	235.3	18.3%	1.2%
Gross Profit Margin	30.4%		30.1%		
EBIT (reported)	91.5	21.0%	89.0	17.7%	2.8%
EBIT Margin (reported)	11.7%		11.4%		
EBIT (normalised) *	68.0	4.8%	65.6	1.1%	3.7%
EBIT Margin (normalised) *	8.7%		8.4%		
EBITDA (reported)	101.7	22.0%	98.6	18.2%	3.1%
EBITDA Margin (reported)	13.0%		12.6%		
EBITDA (normalised) *	78.3	7.6%	75.2	3.5%	4.0%
EBITDA Margin (normalised) *	10.0%		9.6%		
Net profit (reported)	55.1	19.2%	56.6	22.5%	-2.7%
Net Profit Margin (reported)	7.0%		7.2%		
Net profit (normalised) **	37.3	3.8%	39.0	8.7%	-4.5%
Net Profit Margin (normalised) **	4.7%		5.0%		
EPS (€) (reported)	1.08		1.11		
EPS (€) (normalised)	0.73		0.77		
DPS (€)	0.36		0.40		

Source: Company & Prelium Research Estimates

Notes:

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

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Outperform: Total expected return (*) is equal or greater than 10% compared to the required market return (**) over the next 12 months.
Neutral: Total expected return (*) is between +/- 10% the required market return (**) over the next 12 months.
Underperform: Total expected return (*) is equal or less than 10% compared to the required market return (**) over the next 12 months.
(*) Total expected return: Price Appreciation plus Dividend
(**) Required market return: Risk Free Rate plus Equity Risk Premium

RATINGS HISTORY

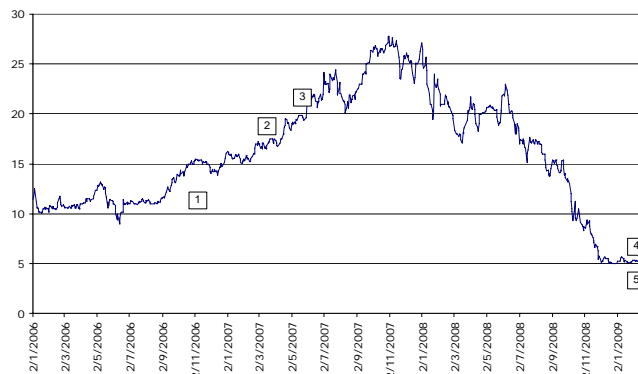
Ratings	Date of Report	Share Price on date of issue	Target Price	Rating
1	7/11/2006	15.42€	17.56€	Initiation – Neutral (*)
2	13/3/2007	16.70€	19.03€	Review – Neutral (*)
3	31/5/2007	21.52€	-	Suspension of coverage
4	2/2/2009	5.34€	11.40 €	Resume of coverage – Outperform
5	25/2/2009	4.76€	11.40€	Flash Report

(*) Previous Stock Rating Definitions

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PROCESS OF VALUATION

Our valuation 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% (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

DISCLOSURE CHECKLIST FOR COMPANIES MENTIONED AND OTHER PRICE DATA INFORMATION

Company name	Bloomberg	Rating	Target Price	Price / Date	Valid Disclosure
Fourlis S.A.	FOYRK GA	Outperform	11.40€	4.76€/ 24.2.09	None

Source: Prelium Investment Services

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As of February 25, 2009	Outperform	Neutral	Underperform	Under Review / Not Rated	Restricted
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