



CFA Institute

CFA Institute Research Challenge
Hosted in Greece
University of Piraeus

University of Piraeus Student Research

This report is published for educational purposes only by students competing in the CFA Institute Research Challenge

Computer and Software Retailing Stores

PLAISIO SA, GREECE

Date: 26/2/2012
Ticker: PLAIS GA (Bloomberg)

Current Price: 6,05 EUR

Recommendation: BUY
Target Price: 8,63 EUR

Market Profile	
52 Week Price Range (EUR/Share)	4,35-6,72
Average Daily Volume (EUR)	969
Shares Outstanding (M)	22,08
Free Float	17,10%
Market Capitalization (M EUR)	133,58
Institutional Holdings	8,16%
Insider Holdings	82,90%
Book Value per Share (EUR)	1,88
Debt to Total Capital	21,02%
Return on Assets	7,99%
Return on Equity	15,04%
P/E	9,45

Source: Bloomberg, Team estimates

Valuation	DCF	Multiples
Estimated Price	7,33	12,55
Weights	75%	25%
Target Price	8,63	

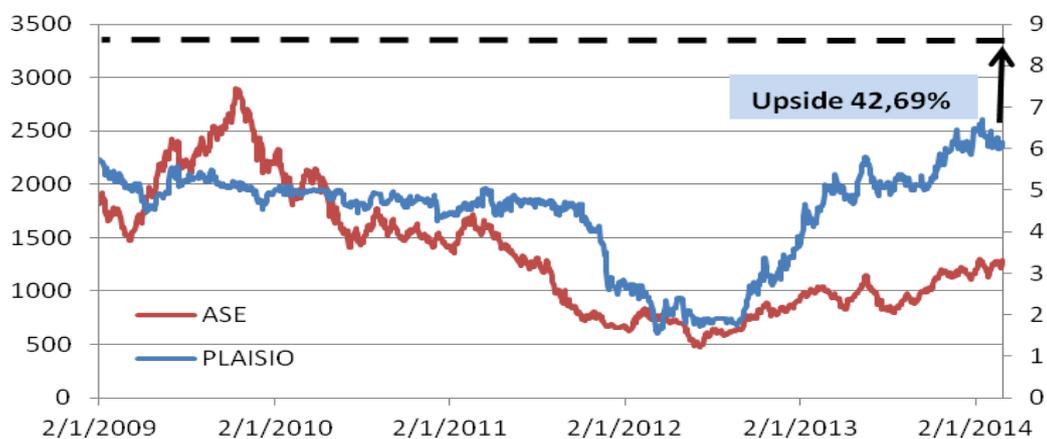
Source: Teams Estimates

SENSITIVITY ANALYSIS							
Long-term Growth Rate							
		-1%	0%	1%	2%	3%	4%
WACC	8,15%	8,43	8,99	9,70	10,64	11,95	13,88
	9,15%	7,62	8,03	8,55	9,20	10,07	11,27
	10,15%	6,98	7,29	7,67	8,14	8,74	9,54
	11,15%	6,46	6,70	6,98	7,33	7,76	8,32
	12,15%	6,03	6,21	6,43	6,70	7,02	7,42
	13,15%	5,67	5,81	5,99	6,19	6,43	6,73
	14,15%	5,36	5,48	5,62	5,78	5,96	6,19

Source: Teams Estimates based on DCF price

Highlights

- **We issue a buy recommendation with the target price of 8,63 EUR.** According to our sensitivity analysis there is only a minor possibility of achieving a return lower than -15%.
- **Main price growth drivers:** The improvement of economic conditions in Greece along with the better profit margins will boost the profitability of the company and will increase the future dividend payout.
- **Sound financial position:** low level of leverage, cash sufficiency and adequate margins justify our estimates about the healthy future financial standing.
- **Main risks:** Greek political risk, technological devaluation of products, Interest rate exposure.



Business Description

Plaisio Computers S.A. is a Greece-based company that engages in trading personal computers, telecommunication products and services, consumer electronics and office equipment primarily in Greece and Bulgaria. The company has established a multi-channel operating model, which involves three commercial pillars. The first has to do with retail trade with a network of more than 25 stores in Greece and Bulgaria. The second is the e-commerce through the company's site while the third is the B2B solutions for companies and retailers. Moreover, Plaisio Computers is specializing in crafting and trading customized desktop computers under the brand Turbo-X. The Turbo-X brand also includes a broad portfolio of products such as laptops, tablets, cell phones and pc peripherals.

Concerning the history and the evolution of the company, it was founded in 1969 by the current Chairman of the Board and CEO, Mr. George Gerardos. The first shop, located in the center of Athens, was quite small selling only drawing materials and related equipment in order to serve students from local universities. A few years later, the wider acceptance of Plaisio from the general public which had started from 1979, led to a continuous increase in the company's turnover. Also, the conversion of the private company into a limited company under the name Plaisio Computers S.A. did not take too long to take place. In 1986, Plaisio Computers S.A. entered the sector of Information Technology and the first Turbo-X computer was assembled according to customer's needs.

Soon after its startup, Plaisio Computers S.A. was established as a leading power in the Greek market mainly due to its innovative techniques. One of these techniques was the so called "Build to Order (BTO)" technique with which customers could have the opportunity to build a "Turbo-X" computer, as they called it, according to their needs. The rapid development of the company emerged also from the fact that during the period from 1992 to 2005, Plaisio Computers S.A. acquired one shop per year managing in this way to gain a very large share of the market.

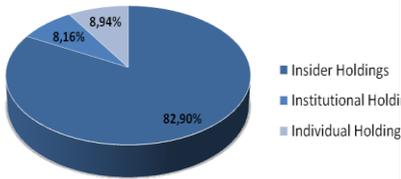
In 1996, the company set up a direct sales department which was also responsible for the shipments to customers who had ordered their products via phone, fax and catalogs. In 1999, March, after its Initial Public Offering (IPO), the company's shares were listed in Athens Stock Exchange. The company's listing on the stock market hit a record of registrations and the pre-release was covered by 393 times. During the same year, Plaisio Computers S.A. created the first online store in the Greece (www.plaisio.gr). Today, the company has three different online stores that accept more than 65,000 unique visitors per day.

At the beginning of the millennium and more specifically in 2003, Plaisio Computers S.A. proceeded to assemble laptops Turbo-X and one year later more than 200 new staff positions were created and staffed as a result of the rapid growth of the company. In 2005, June, the company established its first store in Bulgaria entering a new era of multinational activity. In 2009, different functional departments of the company were integrated in a single area in Magoula, Attica. In that area was also created the new logistics center which can be described as the largest stock of products of technology in Greece.

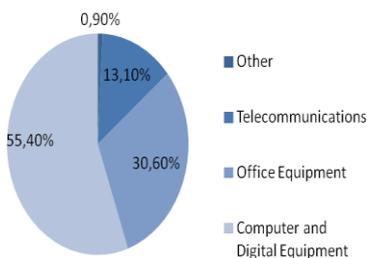
In brief, Plaisio Computers S.A. expresses the most modern commercial approach in Greece. The company's business model can be characterized as multi-channel, multi-client and with a wide range of products.

Sales of PC's and digital devices constitute 55,4% of total sales of the company, in the first nine months of 2013. This is mainly attributed to the Turbo-X products and the competitive prices in the other kinds of electronic devices. More specifically, Turbo-X desktops have a 20,7% share of the sales among all constructors in Greece and Turbo-X laptops hold the third place, with a share of 12,3% in the country market. Office equipment sales represent the 30,6% of the total sales and finally, mobile phone sales constitute 13,1% of the sales.

Holdings



Contribution to Sales (3Q-2013)



Industry Overview and Competitive Positioning

Information and Communications Technology Industry

Crisis continues to cast “dark shadow” over the Information and Communications Technology (ICT) industry. The weakened consumption, government and corporate budget cuts and the austerity measures have not allowed the ICT industry to return to its pre-crisis performance. However, strong signs of recovery exist, with the expected global growth in 2014 to be about 4,5% (0,7% higher from the growth expected in 2013).

The European market, after five years of recession and austerity, is entering a calmer period. However, recovery is still fragile due to not perfectly correlated economic cycles, with an apparent gap between countries of the north Europe and those of south (see chart).

As regards Greece, the ICT industry is relatively small, compared to other countries, and with high concentration in a small number of firms. Its route seems to be following national economy and after 5 consecutive years of recession, signs of stability are making their appearance. For the years coming forth, the drop is expected to continue in 2014 while a slight growth is foreseen for 2015. On the other hand, ICT industry in Bulgaria, is starting to recover with an expected growth rate in 2014 of about 2,0%. However, PLAISIO's operations there are of very small scale and as a result strong influence in its financial results should not be anticipated.

Computer Hardware

Demand for personal computers can be divided in two different segments, the one that stems from households and small companies, and the other from big firms and corporations. However, Greek economic crisis has influenced significantly personal computers sector as a whole and from the beginning of the crisis it has lost more than half of its value. In 2013 it is expected to drop about 15% while the forecast for the years after are not optimistic either. Role in those results also plays the increased consumer demand for “smart” devices and tablets which gradually substitute personal computers.

Office Equipment

Crisis has strong impact on Office Equipment industry as well. The cutbacks in both government and corporate expenses inevitably led to a drop in the industry that although was smaller comparing to ICT industry. Recovery is not expected in the near future, regardless of the future economic conditions, as office equipment replacements are not high in the corporations' priority list.

Macroeconomic Perspective

After 6 years of recession and a cumulative fall in GDP of 25%, Greek economy demonstrates clear signs of improvement and the expectations are that GDP growth will turn to positive rates in 2014 (0,4% y-o-y). As regards Private Consumption, the continuing fall of overall retail sales and in particular of durable goods sales in the period January-August 2013 is related to the substantial fall of disposable income in this period but also to the still depressed consumer and business confidence in the Greek economy until August 2013. However, an upside trend is expected in coming months, as the index of consumer confidence started to improve.

PLAISIO's Competitive Positioning

Threat of New Entrants

Although there is no high barriers for new entrants, the profit margins are suppressed due to economic recessions and the number of businesses operating in the market is already high. Moreover the high market concentration to a small number of firms and the private label products, like PLAISIO's TURBO-X, makes it even harder for new entrants to compete.

Threat of Substitute Products

Companies operating in ICT industry does not face a direct threat from substitute products. Although, rapid development and new products like tablet PCs and smartphones put pressure on certain products (desktop PCs for example).

Personal Computer Market Share

	3Q 2013	3Q 2012
Hewlett-Packard	18,4%	16,8%
Plaisio (TurboX)	15,0%	15,0%
Dell	12,2%	9,8%
Lenovo	12,2%	7,5%
Toshiba	6,8%	15,2%
Samsung Electronics	5,9%	4,0%
Quest	4,1%	4,2%
Fujitsu	3,4%	3,3%
Sony	3,2%	4,1%
Apple	2,7%	2,8%

Source: Gartner

Portable Devices Market Share

	3Q 2013
Hewlett-Packard	20,80%
Lenovo	17,60%
Dell	12,50%
Plaisio (TurboX)	12%
Toshiba	11%

Source: Gartner

Desktop Computer Market Share

	3Q 2013
Plaisio (TurboX)	19,70%
Hewlett-Packard	14,60%
Dell	11,80%
Quest	10,70%
Innovator	4,90%

Source: Gartner

Intensity of Competition

Economic crisis has led to a substantial drop in demand and thus has shrunked the market and intensified the competition between companies. Market conditions has resulted in the compression of profit margins as companies are trying to maintain (or increase) their market share in every way, for example by renewing the products offered, boosting their brand names, providing better services to their customers and expanding their branch network. Although, it has to be mentioned that peers do not offer the same range of products in an effort to diversify their operating portfolios. For example, PLAISIO is selling, except from information technology and telecommunication products, office equipment as well, while PUBLIC is offering books and toys.

Bargaining Power of Customers

Customers can be divided in two different categories: "individuals/households and small and medium businesses (SMBs)" and "big firms and corporations". The first do not have bargaining power, although they are price-sensitive and take advantage of the opportunities-bargains created by the intense competitions among retail sellers. On the other hand, big firms and corporations make large-scale orders while they also need post-sale support. As a results, they have strong bargaining power and ask for lower prices and favorable credit terms.

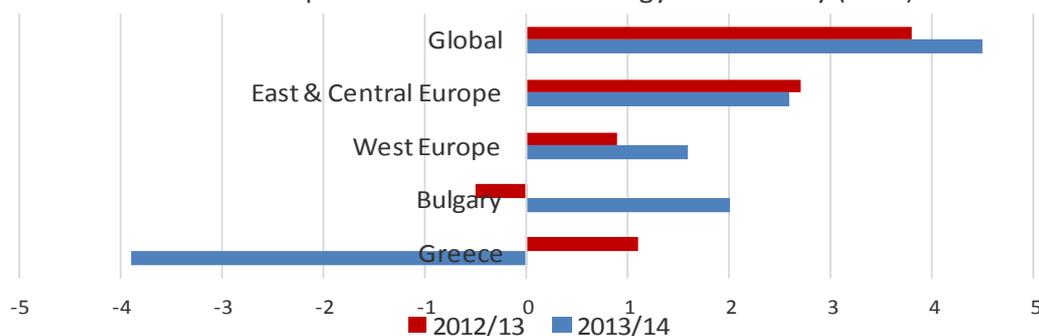
Bargaining Power of Suppliers

The suppliers in ICT market are globally operating corporation and their delegates in Greece. As a result they tend to have strong bargaining power against retail sellers, as the latter are relatively small (compared to other countries with bigger ICT market value). Although, big retail seller may have bargaining power as well, stemming from their size and market share.

Competitive Strategy

PLAISIO is an example of company that follows cost leadership strategy, mainly by offering private label products, while its new headquarters in Magoula are aiming in creating economies of scale. PLAISIO also tries to diversify itself from its peers by offering value-added services such as instant product service, support via telephone etc. In reality however, those services are very common among big market peers

ICT Industry (Expected Growth Rates)
Source:European Information Technology Observatory (EITO)



Investment Summary

Ideal time to invest

We issue a buy recommendation for Plaisio with a target price 8.63 EUR and 42.69% upside from current price levels. The company has managed to hold and further increase its market share during a struggling period in which multinationals companies, such as Fnac, cut off their operations in Greece. Moreover, the long recession in Greek economy has led in the undervaluation of healthy and sound companies like Plaisio, but strong recovery prospects of Greek economy can attribute to the reversion of this phenomenon. As a result we are of the opinion that this is the ideal time for an investment.

Valuation

Our target price derives by combining DCF valuation and Multiples method with different weights as the latter does not take into account the unique economic conditions in Greece. The peer group was selected according to the relevance of their operating activities compared to those of Plaisio.

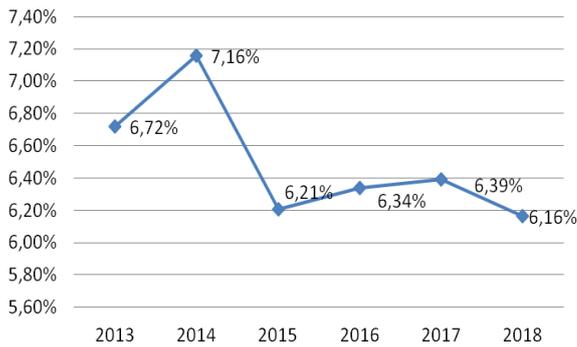
Sound financial position

Plaisio has adopted a deleveraging strategy which is expected to continue in the future. Currently, cash and cash equivalents outweigh debt by 38 m EUR indicating its strong credit profile. Capital expenditures are estimated to remain low in the future as Plaisio is not fully utilizing its production capacity, and the company will be able to finance future projects using as a main source of funding its remarkable retained earnings. The latter can also justify the strong increase in the projected dividend payout ratio in the future.

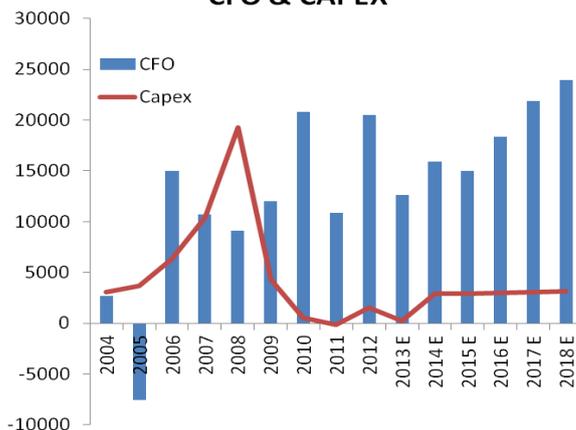
Risk exposure

Plaisio is exposed to the increases in interest rates and losses from technological devaluation of its products. However, it has managed to reduce the exposure to its customers' credit quality mainly by expanding its customer base while its sound liquidity position eliminates the possibility of entering into financial distress in the near future. Greek political risk should be taken into consideration due to imminent election period that may have a negative impact on investors' perception about economic conditions. Extended analysis of risk exposure is included in Investment Risk section.

EBITDA MARGIN



CFO & CAPEX



Valuation

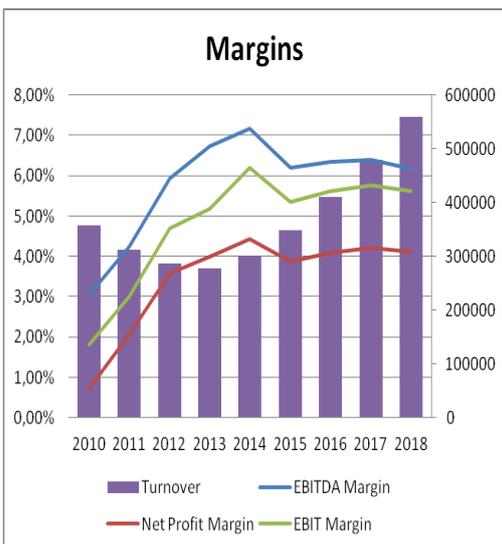
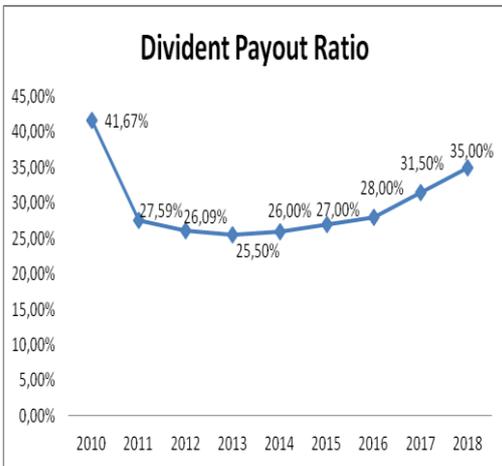
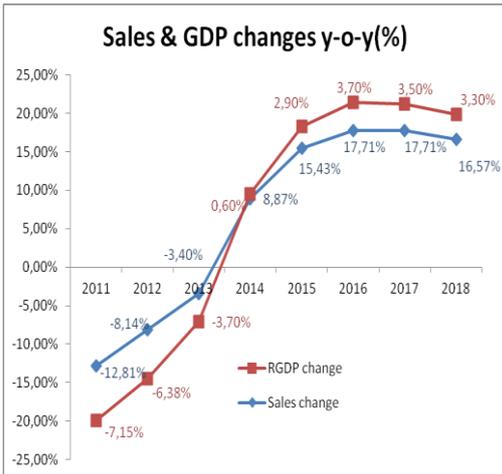
Valuation of Plaisio based on two main models-FCFF and Multiple Analysis

We evaluate Plaisio by combining Discount Cash Flow (DCF) valuation and multiple analysis with different weights. We believe that the most appropriate methods for Plaisio are the Free Cash Flow to Firm (FCFF), the Price/Earnings Ratio (P/E) and Enterprise Value/EBITDA (EV/EBITDA). The two ratios reflect the market valuation while the DCF model embodies the long-term growth opportunity of the company.

DCF Valuation

We believe that (FCFF) is suitable for Plaisio due to the fact that the company is expected to maintain the current capital structure with small deviations for the forecasted period. Our estimations indicate a target price of 7.33. The DCF model is sensitive mostly to the following factors:

- **Sales:** The forecast of growth in sales is mainly based on the recovery prospects of the Greek economy. Taking into consideration the IMF forecasts for the progress of GDP growth and by utilizing linear regression between sales and projected RGDP growth rates we estimate an average 15.15% growth rate of sales for the 2014-2018 period.
- **Dividend policy:** We assume that Plaisio will continue to pay dividends at an increasing rate for the forecasted period, despite the downward trend of payout ratio for the past five years which can mostly attributed to economic crisis.
- **Depreciation:** Based on historical average we estimated a ratio of depreciation as a (%) of Total Gross Fixed Assets and we expect this ratio to remain constant for the forthcoming years.
- **Capex:** New projects are not under consideration at the moment for Plaisio, thus we expect capital expenditures to remain at a low level in the projected periods. According to management the company is currently operating below its full capacity and as result capex are not necessary in order to uphold future growth rate of sales. Thus, we set capital expenditures equal to depreciation as maintenance Capex.
- **Margins:** Gross profit margin and SG&A margin exhibited a stable course during the past years so we expect the same pattern for the following years. Regression analysis was used to forecast the gross profit margin for 2014 and 2015-2018 forecasts based on a past 3 year moving average model. The same pattern was used to predict selling, general and administrative expenses as a (%) of sales.
- **Capital Structure:** Due to high cash flows from operations the company has adopted a deleveraging strategy which we assume that will continue in the future.



COE	12,11%
COD	5,13%
D/V	11,50%
E/V	88,50%
Effective Tax Rate	26,00%
WACC	11,15%

	P/E	EV/EBITDA
Peers	28,21	11,81
Plaisio	12,17	9,81
Discount	-59,32%	-18,63%

➤ **WACC:** CAPM model was used to estimate the cost of equity. Utilizing the historical average of 10-year German government bond yield as a risk-free asset, the 3-year monthly adjusted beta and an equity risk premium according to the current and forecasted economic conditions in Greece, we calculated cost of equity at 12.11%. Furthermore our assessment for cost of debt is 5.13% and is based on current structure of debt (long & short term) and current economic outlook of the Greek economy. Finally, our evaluation for WACC is 11.15%.

➤ **Terminal Value Assumptions:** We consider that after 2018 company's free cash flow to firm will continue to grow at a constant rate of 2% which is conservative number taking into account the large drop of GDP in the past years.

➤ **Multiples Valuations:** P/E and EV/EBITDA ratios are used for valuation with multiples. As there is no other company in Greece with similar operations to Plaisio we have chosen as peers the following companies:

- KOMPUTRONIC SA (PL)
- MOBILEZONE (CH)
- MEDION (DE)
- LDLC (FR)

Plaisio's P/E and EV/EBITDA indicate that is currently undervalued according to market-based valuation. We assigned equal weights for both ratios and the price stemming from this method is 13.07(EUR). Plaisio is undervalued compared to its peers: 59% discount with respect to P/E and 19% discount with respect to EV/EBITDA in 2013E.

However, we hold a conservative view about the result that derives from Multiples method as the above mentioned companies operate in countries that are currently under different economic conditions from Greece.

➤ **Weighting of the models:** Under the current economic outlook, the valuation based on DCF model tends to be more appropriate than the one based on multiples. Thus we assign higher weights on DCF model and lower to multiples which we think that do not properly reflect the risks of the Greek economy.

Financial Analysis

Earnings expected to grow

For Plaisio, starting from 2011, net income increases and will continue to increase according to our forecast estimates. Although turnover will reach its bottom in 2013, net income will be fairly high (11.077 thousand €) compared to 2011 (6.422 thousand €). This is mainly a result of a sharp decrease in other operating expenses from 8.314 to 593 thousand €. The particularly high value of this account in 2011 is connected with bad debt provisions, due to the uncertainty that prevailed in the market that period. The company's EPS remained quite strong for most of the past years even in the crisis period, with the exception of 2010 when the net profit plunged reaching 2.585 thousand € for the above mentioned reasons. So, our forecast for EPS is in agreement with this trend, showing an average growth of 15,37% until 2018.

Sound level of margins

Concerning the margin levels, during the pre-crisis period they remained quite stable, showing that the company has a sound financial performance. More specifically, EBITDA margin floated around 5%, EBIT around 4% and Net Profit Margin around 2% during the same period. As expected, margins plummeted during the crisis reaching a bottom in 2010. In mid-term we forecast margins to recover reaching the pre-crisis levels and even surpassing them, peaking in 2014. For 2013, taking into consideration the 9-month announcements, we remain quite conservative but in 2014, we expect a clear improvement in turnover growth rate that will probably be continuous in the following years, as the economic environment will recover strongly and the company will reach its full capacity. We expect that in 2013, the cost of goods sold will decrease and this fact combined with the maintenance of operating expenses in the same level will result in an increase of EBIT and EBITDA. We predict that earnings before tax will slightly increase in 2013 and this trend is expected to continue with increasing pace until 2018.

Cash generating abilities

Concerning the cash generating abilities of the company, CFO is expected to decrease compared with 2012 level, probably because Plaisio follows a strategy of an increasingly larger payout to suppliers, within a shorter period of time. We predict that it will continue to rise from 2014 and onwards, as the main driver for it will be the continuously increasing sales. Following the trend of the last years, CFF is expected to remain negative at an increasing pace, due to high level of dividends that rises from year to year and due to a negative level in net proceeds from sales, as Plaisio is decreasing its dependence from banking financing. After Capex reached its peak in 2008 because of the investment in Magoula, the company is predicted to continue investing after 2013 at an increasing pace, in accordance with the CEO announcement about building a new facility in Thessaloniki. As a result, CFI will be mainly influenced by Capex and thus is expected to remain at a negative level until 2018.

DuPont Analysis

Historically, Plaisio exhibits relatively constant return on equity (ROE) with a negative deviation in years 2008-2010 during which Greek and global economy plummeted. The main drivers of ROE in the past were financial leverage as well as total assets turnover. The latter indicates the better utilization of company's resources. As regards the future, our estimates suggest that improvements in net income margin and total asset turnover, lead to increased ROA. However, the drop in financial leverage offsets this increase, resulting to only a small rise in ROE.

Investment Risks

Interest Rate risk

The group has long term bond loans of mainly floating interest rate. If interest rates will rise, the group will suffer losses. Because of the volatile economic environment, there are no accurate provisions of the interest rate curve and consequently, management will be watching closely and will make all the necessary adjustments to hedge this risk.

Credit risk

The group does not have significant concentration of sales in certain clients, mainly due to the large number of clients (over 150.000 clients-companies). Retail sales are paid in cash or via credit cards, while for wholesales there is an examination of the customers' creditworthiness. Moreover, the largest amount of receivables is insured, according to the policy of the group and finally, the provisions made are not changed significantly and they will cover credit fluctuations as well as changes in government tax policy.

Suppliers risk

The group takes all the necessary measures in order to prevent damages from physical disasters and other causes. Also, because the main source of income of the group comes from high technology products, the management forms the necessary provisions in order to confront the possible risk of technical devaluation. Taking into consideration the constantly changing environment, the group has adopted a conservative policy, increasing, when it is needed, the provision of devaluation for the inventory. The suppliers' risk is considered unimportant because the group does not depend on a single supplier.

Foreign exchange risk

This type of risk is caused by the volatility of the value of financial assets, due to exchange rate changes. Most transactions are held in Euro and the group has no loan liabilities in other currencies, therefore the exposure to this risk is particularly low. Finally, the group activities in Bulgaria are not considered as a possible source of risk, as the rate of Bulgarian currency is fixed to the Euro.

Liquidity risk

The group retains enough working capital as well as cash, in order to minimize the liquidity risk. Moreover, as a profitable and reliable company, it is highly estimated by the Greek banks and it will not have a problem, as it didn't have until now in case of a credit crunch. This risk is not considered significant, unless the financial situation deteriorates at a fast pace and the receivables diminish fast as well.

Political risk

Because of the unstable political environment in the country and the subsequent fear of not forming a reform friendly government in the next national elections, Plaisio which has a strong operating activity in Greece should take into consideration this kind of risk. Political risk cannot be hedged by the company so investors have to take into account a bad - but rather improbable - scenario of government problems that will influence the whole economic environment.

Social Responsibility

The company is characterized by environmental sensitivity so it recycles the majority of its products. Plaisio has entered into a partnership with the company "Recycling S.A." and apart from PCs, printers, ink cartridges, batteries, paper, etc. now recycles also fluorescent lamps. In addition the company offers products as a form of sponsorship in schools and universities.

Appendix

Income Statement									
(in thousand €)	2010	2011	2012	2013 E	2014 E	2015 E	2016 E	2017 E	2018 E
Turnover	358.183	312.296	286.876	277.121	301.698	348.251	409.938	480.212	559.792
COGS	-295.355	-242.139	-222.452	-210.446	-227.513	-265.709	-311.073	-364.308	-425.526
Gross Profit	62.828	70.157	64.424	66.675	74.185	82.543	98.865	115.904	134.267
SG&A	-56.399	-52.663	-50.654	-51.905	-55.067	-63.428	-75.423	-87.822	-102.442
Other Operating Income	318	191	273	150	150	150	150	150	150
Other Operating Expenses	-261	-8.314	-593						
EBIT	6.486	9.371	13.450	14.328	18.674	18.672	22.999	27.640	31.382
Net Interest Result	-1.493	-592	-523	-829	-721	-603	-476	-405	-377
Profit/Loss from associates	101	119	169	130	139	146	138	141	142
EBT	5.094	8.898	13.096	13.628	18.092	18.215	22.661	27.376	31.147
Taxes	-2.509	-2.476	-2.843	-2.551	-4.704	-4.736	-5.892	-7.118	-8.098
Net Profit	2.585	6.422	10.253	11.077	13.388	13.479	16.769	20.258	23.049
EBITDA	10.877	13.253	17.036	17.489	21.589	21.613	25.988	30.694	34.509
EPS	0,12	0,29	0,46	0,50	0,60	0,60	0,75	0,91	1,03
Dividends	1.077	1.772	2.675	2.825	3.481	3.639	4.695	6.381	8.067
Dividends Per Share	0,05	0,08	0,12	0,13	0,16	0,16	0,21	0,29	0,36

Balance Sheet									
(in thousand €)	2010	2011	2012	2013 E	2014 E	2015 E	2016 E	2017 E	2018 E
Fixed Assets									
Tangible Fixed Assets	37.307	35.530	33.351	30.433	30.433	30.433	30.433	30.433	30.433
Intangible fixed assets	1.259	1.051	794	676	676	676	676	676	676
Investments	2.186	2.155	1.615	1.698	1.698	1.698	1.698	1.698	1.698
Other Non Current Assets	1.906	3.302	3.756	3.628	3.950	4.560	5.367	6.287	7.329
Total Non Current Assets	42.658	42.038	39.516	36.435	36.757	37.366	38.174	39.094	40.136
Current Assets									
Inventories	34.781	32.781	27.255	28.828	31.166	36.398	42.613	49.905	58.291
Short-term Receivables	37.440	22.422	21.312	20.499	23.144	26.715	32.570	39.469	46.010
Cash and cash equivalents	24.801	35.146	45.362	52.877	60.780	66.567	75.515	87.612	100.362
Total Current Assets	97.022	90.349	93.929	102.205	115.090	129.680	150.698	176.986	204.663
Total Assets	139.680	132.387	133.445	138.640	151.847	167.047	188.872	216.080	244.799
Long term liabilities									
Long term banking liabilities	21.898	14.056	14.263	10.629	9.556	7.842	6.129	6.129	6.129
Deferred tax liabilities	0	0	0	0	0	0	0	0	0
Long term provisions	2.077	1.327	1.235	1.675	1.824	2.105	2.478	2.903	3.384
Other long term liabilities	1.939	3.778	3.459	3.341	3.638	4.199	4.943	5.790	6.750
Total long term liabilities	25.914	19.161	18.957	15.645	15.017	14.146	13.550	14.822	16.262
Short-term liabilities									
Suppliers and related liabilities	47.234	32.235	33.526	31.581	35.407	41.351	50.140	60.745	70.953
Tax liabilities	4.843	6.831	3.522	4.882	4.882	4.882	4.882	4.882	4.882
Short term banking liabilities	1.349	7.843	3.143	4.284	3.625	2.471	2.120	1.398	1.023
Other short term liabilities	8.959	9.460	8.883	8.581	9.342	10.783	12.694	14.870	17.334
Total short term liabilities	62.385	56.369	49.074	49.328	53.256	59.488	69.835	81.895	94.192
Shareholders' Equity									
Share Capital	7.066	7.066	7.066	7.066	7.066	7.066	7.066	7.066	7.066
Additional paid-in capital	11.961	11.961	11.961	11.961	11.961	11.961	11.961	11.961	11.961
Reserves retains from earnings	31.252	36.066	43.739	54.641	64.549	74.388	86.462	100.339	115.321
Dividends	1.104	1.766	2.650	0	0	0	0	0	0
Total Shareholders' Equity	51.383	56.859	65.416	73.668	83.576	93.415	105.489	119.366	134.348
Total Liabilities	139.682	132.389	133.447	138.642	151.849	167.049	188.874	216.082	244.801

Cash Flow Statement									
(in thousand €)	2010	2011	2012	2013 E	2014 E	2015 E	2016 E	2017 E	2018 E
<u>Operating Activities</u>									
NET INCOME	2.585	6.422	10.253	11.077	13.388	13.479	16.769	20.258	23.049
Depreciation & Amortization	4.391	3.882	3.586	3.161	2.915	2.941	2.989	3.054	3.128
Change in Net Working Capital	14.469	2.019	7.927	-2.706	-1.157	-2.859	-3.281	-3.586	-4.719
Other	-666	-1.454	-1.273	1.058	761	1.442	1.910	2.176	2.464
CFO	20.779	10.869	20.493	12.590	15.907	15.002	18.388	21.902	23.921
<u>Investing Activities</u>									
Capex	-551	122	-1.500	-243	-2.915	-2.941	-2.989	-3.054	-3.128
Received interest	728	1.601	1.263	0	0	0	0	0	0
Received dividends	51	57	9	0	0	0	0	0	0
Other Investments	-38	0	600	163	-322	-610	-808	-920	-1.042
CFI	190	1.780	372	-80	-3.237	-3.550	-3.797	-3.974	-4.169
<u>Financing Activities</u>									
Proceeds from share capital increase	0	0	0	0	0	0	0	0	0
Net proceeds from loans	-3.653	-1.349	-4.493	-2.493	-1.732	-2.868	-2.064	-722	-375
Other	0	0	0	322	445	843	1.117	1.272	1.441
Dividends paid	-2.650	-1.104	-1.766	-2.825	-3.481	-3.639	-4.695	-6.381	-8.067
CFF	-6.303	-2.453	-6.259	-4.995	-4.768	-5.665	-5.643	-5.831	-7.001
Change in Cash	14.666	10.196	14.606	7.515	7.903	5.787	8.948	12.097	12.750

Financial Ratios	2010	2011	2012	2013E	2014E	2015E	2016E	2017E	2018E
Profitability Ratios									
Gross profit margin	17,54%	22,46%	22,46%	24,06%	24,59%	23,70%	24,12%	24,14%	23,99%
EBIT margin	1,81%	3,00%	4,69%	5,17%	6,19%	5,36%	5,61%	5,76%	5,61%
EBITDA margin	3,04%	4,24%	5,94%	6,72%	7,16%	6,21%	6,34%	6,39%	6,16%
Net profit margin	0,72%	2,06%	3,57%	4,00%	4,44%	3,87%	4,09%	4,22%	4,12%
ROA	1,85%	4,85%	7,68%	7,99%	8,82%	8,07%	8,88%	9,38%	9,42%
ROE	5,03%	11,29%	15,67%	15,04%	16,02%	14,43%	15,90%	16,97%	17,16%
Efficiency Ratios									
Total asset turnover	256%	236%	215%	200%	199%	208%	217%	222%	229%
Fixed asset turnover	840%	743%	726%	761%	821%	932%	1074%	1228%	1395%
Days of sale outstanding	38	26	27	27	28	28	29	30	30
Days of inventory on hand	43	49	45	50	50	50	50	50	50
Days payable outstanding	58	49	55	55	57	57	59	61	61
Liquidity Ratios									
Current ratio	156%	160%	191%	207%	216%	218%	216%	216%	217%
Quick ratio	100%	102%	136%	149%	158%	157%	155%	155%	155%
Cash ratio	40%	62%	92%	107%	114%	112%	108%	107%	107%
Solvency ratio									
Debt to assets ratio	17%	17%	13%	11%	9%	6%	4%	3%	3%
Debt to equity ratio	45%	39%	27%	20%	16%	11%	8%	6%	5%
Financial Leverage	272%	233%	204%	188%	182%	179%	179%	181%	182%
Interest coverage ratio	4,34	15,83	25,72	17,27	25,90	30,97	48,28	68,26	83,30

DCF									
(in thousand €)	2010	2011	2012	2013 E	2014 E	2015 E	2016 E	2017 E	2018 E
EBIT (1-tax rate)	3.291	6.763	10.530	11.645	13.819	13.817	17.019	20.453	23.222
Depreciation&Amortization	4.391	3.882	3.586	3.161	2.915	2.941	2.989	3.054	3.128
Change in Net Working Capital	14.469	2.019	7.927	-2.706	-1.157	-2.859	-3.281	-3.586	-4.719
Capex	551	-122	1.500	243	2.915	2.941	2.989	3.054	3.128
FCFF	21.600	12.786	20.543	11.858	12.662	10.958	13.739	16.867	18.503

	2013	2014	2015	2016	2017	2018
Period		1	2	3	4	5
FCFF	11.858	12.662	10.958	13.739	16.867	18.503
Present Value of FCFF		11.392	8.869	10.004	11.050	10.905

Enterprise value	123.842
Debt Value	14.913
Net Debt Value	-37.964
Equity Value(in thousand)	161.806
Equity Value	161.805.940
# of shares outstanding	22.080.000
Value per share	7,33
Actual price (24/2/14)	6,05

Terminal Value	
Long-term growth rate	2%
FCFF (t+1)	11.123
Terminal Value	121.523
Present Value of Terminal Value	71.622

Multiples	P/E	EV/EBITDA	Weights	W P/E	W EV/EBITDA
KOMPUTRONIC SA (PL)	38,87	4,05	30%	11,66	1,21
MOBILEZONE (CH)	15,93	9,23	20%	3,19	1,85
MEDION (DE)	27,24	19,29	30%	8,17	5,79
LDLC (FR)	25,98	14,82	20%	5,20	2,96
SUM				28,21	11,81
PLAISIO	12,17	9,81			
Discount	-56,85%	-16,95%			

S

- Technological skills
- Leading Brands
- Distribution Channels
- Production quality
- Management

W

- Consumption has declined sharply as a result of the Greek financial crisis

O

- Private label Turbo-X
- Sap's Development 70%
- RF terminals
- Software WCS, ERP

T

- The financial crisis has led Plaisio to lower its prices and as a result there is a decline in the profit margin
- Increased competition due to e-shops and internet sales

Disclosures:

Ownership and material conflicts of interest:

The author(s), or a member of their household, of this report does not hold a financial interest in the securities of this company. The author(s), or a member of their household, of this report does not know of the existence of any conflicts of interest that might bias the content or publication of this report.

Receipt of compensation:

Compensation of the author(s) of this report is not based on investment banking revenue.

Position as an officer or director:

The author(s), or a member of their household, does not serve as an officer, director or advisory board member of the subject company.

Market making:

The author(s) does not act as a market maker in the subject company's securities.

Disclaimer:

The information set forth herein has been obtained or derived from sources generally available to the public and believed by the author(s) to be reliable, but the author(s) does not make any representation or warranty, express or implied, as to its accuracy or completeness. The information is not intended to be used as the basis of any investment decisions by any person or entity. This information does not constitute investment advice, nor is it an offer or a solicitation of an offer to buy or sell any security. This report should not be considered to be a recommendation by any individual affiliated with Hellenic CFA Society, CFA Institute or the CFA Institute Research Challenge with regard to this company's stock.



CFA Institute

CFA Institute Research Challenge