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The following report is based on the publicly traded company's official financial statements, annual report, and presentation compiled in order to inform the communities of institutional investors and equity analysts. Valuation & Research Specialists (VRS) do not intend to express any views or judgments about the listed company / stock via this report.

ELVAL –HELLENIC ALUMINIUM INDUSTRY S.A.

Listing Year: 1996

Category: Large Capitalization

Activity Sector: Basic Resources and Aluminium

Foundation Year: 1981

Share Price:

€ 1.32 (29 April 2011)

Outstanding No of Shares:
124,100,815

Market Cap: € 163.81 million

Athens Stock Exchange

Reuters / Bloomberg:
VAL.AT / ELBA:GA

Web-site: www.elval.gr

Share Price Graph (May 2010 – April 2011) (Common Stock, Price in euro)



Company Profile – Sector

ELVAL - Hellenic Aluminium Industry is the aluminium product manufacturing, processing and trading branch of VIOHALCO. The Company is one of the largest Greek aluminium processors, operating in the manufacturing and trading of flat rolled and extruded products. The Company's total production capacity settled at 300,000 tons. ELVAL demonstrates a significant international presence with exports exceeding 75% of total turnover.

ELVAL started its activities in 1973 and is now one of the most important aluminium rolling industries in the world. It is the only Group in Greece that specialises on this activity.

Some of the competitive advantages of the Group are its manufacturing flexibility, its powerful presence outside Greece, its important presence in the lithography market, its leading position in the Greek market, its extensive distribution network, and its strategic partnerships with world-known firms.

The extensive manufacturing base of ELVAL Group, which includes 10 factories in Greece, Bulgaria and Great Britain, manufactures a number of different aluminium products that meet the needs of the food, shipbuilding, automotive, construction and printing industries. Following are the main subsidiaries of ELVAL Group:

- ❖ **ETEM:** Active in the production of aluminium profiles for industrial and architectural applications.
- ❖ **SYMETAL:** Active in the production of aluminium foil and paper laminated aluminium foil for food packaging. It recently acquired the foil branch separated from ELVAL.
- ❖ **BRIDGNORTH ALUMINIUM:** A Great Britain-based company active in the production of lithography coils.

Both ELVAL and its subsidiary ETEM are listed on the Athens Stock Exchange.

ELVAL has an extensive distribution network with an operational presence of 2,230 employees from which 707 are employed in the parent company. ELVAL meets most of its needs for primary aluminium from the international market, whereas a relatively small percentage is supplied from the Greek market.

At the same time, part of the raw material needed comes from recycled aluminium (scrap). Significant efforts have been made to develop recycling in Greece and for that reason an Aluminium Can Recycling Centre (CANAL) has been operating since 2003 in Maroussi, which can accept an annual quantity of 2,800 tons of used aluminium cans.

ELVAL is a Greek producer of flat rolled aluminium products, recognized for world-class quality and services as well as for human resource management and environmental protection.

The Company has grown over the past four decades from a medium sized regional producer to a global force. This success is the result of sustained efforts for continuous improvement, a philosophy that has led to investments in state-of-the-art production technology and world-class research and development facilities. ELVAL focuses on the rolling of aluminium, manufacturing a number of different products, from aluminium foil and special alloys used in the automotive industry to aluminium coils and sheets used for soft drink and food cans.

Sources: Company 12M 2010 Financial Report, Press Releases, Presentation at the Association of Greek Institutional Investors (April 2011).

Review of 12M 2010 Results

ELVAL's Group sales posted an increase of 34.8% reaching €930 million in 2010 from €690 million in 2009. On consolidated level, gross profit amounted to €77 million from €51.5 million in the previous year, earnings before interest, taxes, depreciation and amortization (EBITDA) settled at €68.4 million, higher by 57.2% y-o-y, whereas earnings after taxes and non-controlling interests reached €8.5 million in 2010 versus losses of €6.4 million in 2009.

On Company level, sales amounted to €597 million in 2010 posting an increase of 46.3% on annual basis, gross profit settled at €23 million as compared to €8.9 million in 2009, earnings before interest, taxes, depreciation and amortization (EBITDA) rose by 76.1% to €36.4 million from €20.7 million in 2009, whereas earnings after taxes amounted to €9.5 million versus losses of €2.4 million in the financial year 2009.

In general, the rolling segment presented a stronger performance abroad for both ELVAL and the British subsidiary BRIDGNORTH ALUMINIUM, whereas the extrusion segment, at least in the Greek market, was relatively weak thus contracting the Group's profitability.

Most international markets performed in a more positive pattern, in terms of demand and prices, for rolling products while new customers were added to the Company's customer base. The stronger demand was satisfied by the new production capacity of the Group's facilities at Inofita, following the completion of the largest part of the planned investments.

Under the above conditions, the production of ELVAL's central unit at Inofita settled at 225 thousand tons, posting an increase of 25% as compared to 2009, whereas a similar increase was observed in sales volume. The higher sales volumes in conjunction with the higher aluminium prices implied stronger need for working capital resulting into Group operating cash outflows of €2.7 million and of €14 million on Company level.

With regard to the year 2011, the international dynamics in the rolling sector and the Group's export orientation, in conjunction with the focus on the production of high added value products, are expected to have a positive effect on Group's financial performance.

S.W.O.T. Analysis

Strengths

- One of the largest Greek aluminium processors
- Medium size flexible independent supplier
- Upgraded-state of the art key equipment - Emphasis on R&D
- Extensive distribution network
- Exports exceeding 75% of total turnover
- Total production capacity of 300,000 tons
- Production capability for wide coils (up to 2.5 m) and long slabs (8 m) resulting to low production cost
- Strategic alliance with Furukawa Sky Aluminium (Japan)
- Significant presence with growth potential in the Litho business

Weaknesses

- Demand of products affected largely by the economic cycles
- Dependency on volatile commodity prices

Opportunities

- Geographic diversification
- Entrance in additional product markets

Risks – Threats

- Intensifying competition domestically / internationally
- Adverse price fluctuations of raw materials for an extended time period

Specific Parameters

SALES BREAKDOWN/OTHER EVENTS

© Consolidated sales breakdown by product category: packaging 38%, building and construction 20%, Litho 18%, transportation 14%, Industrial profile 5%, architectural profile 3%, composite panels 1%.

-- Rolled products 91% - Extrusion products 9%.

© Geographical sales breakdown: European Union (excluding Greece) 61% or €566 million, Greece: 21% or €197 million, Asia: 6% or €58 million, America: 6% or €53 million and other regions 6% or €56 million.

-- International sales 79% or €733 million.

© The Board of Directors of ELVAL COLOUR SA (a 95.94% subsidiary of ELVAL SA) and of ETALBOND SA (a wholly owned subsidiary of ETEM SA), on February 12, 2010 approved the absorption of ETALBOND SA by ELVAL COLOUR SA.

INVESTMENTS

© Group investments for the financial year 2010 decreased to €44.4 million from €50.6 million in 2009. More specifically the investments were implemented according to the following breakdown:

- Inofyta plant: €21.9 million
- ETEM plant: €9.9 million
- SYMETAL plant: €8.7 million
- Bridgnorth plant: €2.8 million
- Other investments: €1.1 million

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