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Investors should also look at the listed company's financial statements, annual report and other similar information, as well as risks related to its business and operations, in order to form a more analytical view about the company's fundamentals and prospects.

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.

KRI KRI S.A.

Listing Year: 2003

Category: Medium & Small Capitalization

Activity Sector: Milk Industry

Share Price:

€ 0.80 (27 June 2011)

Outstanding No of Shares:

33,065,136

Market Cap: € 26,452,109

Listed on:

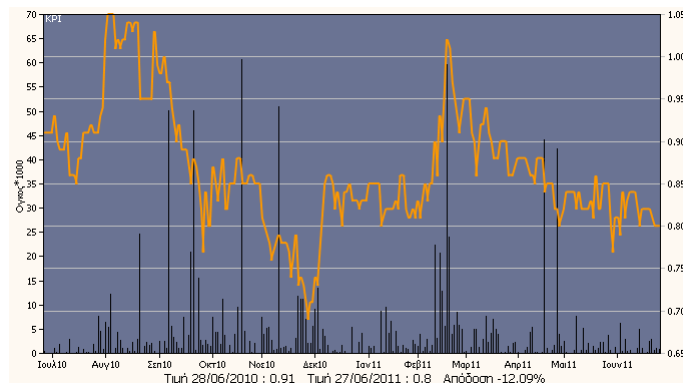
Athens Stock Exchange

Reuters / Bloomberg:

KRIr.AT / KRI:GA

Website: www.krikri.gr

Share Price Graph (July 2010 – June 2011) (Common Stock, Price in euro)



Company Profile

Kri Kri Milk Industry produces yogurt, ice cream and milk. Kri Kri sells a broad variety of ice cream under the brands Kri Kri and Mars. The Company sells non-fat, chocolate, skim, and whole milk. It sells different sizes and kinds of yogurt.

Kri Kri operates a distribution network of more than 12,000 points of sales in Greece and 3,500 points of sales in the Balkans maintaining agreements with the leading sale-distribution channels.

The Company produces a broad range of ice creams for both personal and family consumption. In 2000, Kri Kri launched family-sized yogurts under the trade name “Spitiko” (in English: “home made”), and won its first reviews in market research, holding a significant market share in traditional sheep’s and cow’s milk yogurt made from fresh milk from the Serres Prefecture, mostly in family size. Also, it has successfully entered into the private label market, with private label products. Kri Kri has extended its network to more than 40 prefectures in Greece and aims to strengthen even further its growth prospects, both in Greece as well as overseas. Kri Kri is a recognized brand name in the Greek dairy market, holding about 6% market share (in volume) in the Greek yogurt and 9% in the ice-cream market.

Kri Kri’s factory is located 5km from the center of Serres on a 48,800 square meter plot. The premises, covering an area of 16,400 square meters are composed of 2 different factories (producing dairy products and ice cream), freezer storage rooms with a volume of 33,800 cubic meters and mechanical equipment based on ecological technology.

Each day, the dairy factory processes tons of fresh Greek milk from selected farms in the Serres Prefecture to meet the demand for milk and yogurt. More specifically, the factory produces 3,500 tons of milk daily for the Serres Prefecture while 14,000 tons of yogurts are distributed throughout Greece.

The important award in the domestic contest Best Workplaces 2011 for the best working environment has been awarded to the Company for the second time.

The Company targets organic growth as well as collaboration agreements with leading distribution companies in Greece and abroad. The location of its production plant near large farms in Northern Greece provides access to high quality and significant quantity of milk at relatively competitive prices.

Specifically, the most significant drivers for future growth are: a) geographic expansion, with the Attica region comprising the main target followed by the Balkans and the Western Europe, b) further enrichment of products with the development of new brands, aiming to capture a larger share in foreign markets through strategic agreements with leading distributors, c) the modernization and expansion of infrastructure, and d) the sustainability of competitive pricing.

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

Review of 12M 2010 Results – Exports

KRI KRI Group's consolidated revenue for the FY 2010 was recorded at € 47.2 million posting an increase by 17.2% year-on-year (from € 40.3 million in 2009).

Group's ice cream sales posted an increase of 14.5% (€ 23.4 million versus € 20.5 million in 2009 due to the growth of exports and private label products). Dairy milk sales increased by 18.9% annually in 2010 (€ 23.5 million versus € 19.7 million), posting strong growth in the targeted markets.

Gross profit settled at € 18.2 million from € 18.4 million (-1.1%) in 2009.

Gross Margin settled at 38.5% in 2010 from 45.6% in the previous year.

EBIT dropped at € 3.2 million versus € 3.7 million in 2009 (-15.2%). Operating profitability before depreciation (EBITDA) settled at € 5.4 million versus € 5.9 million in 2009 (-7.8%).

Earnings before taxes settled at € 3.0 million versus € 3.7 million in the previous year (-18.0% year-on-year).

Net earnings after taxes of the Group dropped at € 2.7 million versus € 3.3 million in 2009 (-17.7%).

Exports: Currently, the Group's export activity has been targeting more than 10 countries not only in neighboring Balkans, but also in Middle East and Western Europe countries, such as Denmark, Germany and Italy.

The Group holds by 71.15% the subsidiary KRI KRI DOO KUMANOVO in F.Y.R.O.M. and by 49% the affiliated company KRI KRI BULGARIA AD. The Group established a new subsidiary, Kri Kri Diba Middle East owned by 60%, in Iraq in 2011.

S.W.O.T. Analysis

Strengths

- Strong brands and high standard products
- Emphasis on R&D
- Exports into neighbouring markets and the Middle East
- Competitive pricing in the yogurt market
- High liquidity level - Constant inflows
- Healthy financial structure – Very low debt
- Significant cooperations with MARS & ION
- Modern equipped with the high scientific standards facilities

Weaknesses

- Current economic conditions in Greece
- Strong competition in terms of branding, pricing and distribution

Opportunities

- Structural changes in the markets of ice-cream and yogurt
- Further branding reinforcement
- Production of private label ice cream products
- Market development of mini ice cream products
- Emphasis on multipacks and on family ice cream
- Further geographic diversification
- Penetration in 'neighbouring' emerging markets

Risks – Threats

- Intensifying competition domestically – entrance of new players
- Economic crisis and recession

Specific Parameters

SALES BREAKDOWN – PRODUCT MIX

© KRI KRI Company's revenue for the FY 2010 settled at € 45.7 million from 38.7 million in 2009. Earnings before taxes accounted for € 3.1 million versus € 3.7 million in the previous year.

© KRI KRI Group's product-mix in year 2010:

- Ice cream 50% versus 51% in 2009 and 52% in 2008
- Milk products 50% versus 49% in 2009 and 48% in 2008

© KRI KRI Group's geographical sales breakdown in year 2010:

- Greece 72% versus 84% in 2009 and 87% in 2008
- International sales 28% versus 16% in 2009 and 13% in 2008.

FINANCIAL STRUCTURE

- © High current ratio
- © Healthy turnover ratios in terms of inventory and receivables
- © Strong operating cash flows
- © High 'equity to debt ratio' and 'equity to liability ratio'
- © Limited bank debt
- © Strong operating profitability and high net profit margin versus competition
- © Efficient cost management in a period of economic contraction

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