



HELLENIC MARKET DE-RISKING- A Turning Point.

During the past few weeks we have evidenced a turning point in the sentiment towards Greece's country risk as depicted by the yield of the 10-year GGR government bond. This change can be attributed to the accomplishment of the (long due) agreement between Greece and its creditors and the ratification of a road map regarding the ongoing Hellenic program. Accordingly, the 10-year GGB bond yield is currently marking the 5,50% area, an indication that points to the 2014 state of the economy and/or the pre-crisis levels.

This dramatic improvement is accompanied by the respective amelioration of the yields of the rest of the GGB maturities, bringing the overall Hellenic Republic yield curve to more normalized levels and materially outperforming even our best case scenario that indicated a yield of 6,50% as well as our base case scenario of 8,50%.

Needless to say, this yield represents the most reliable indicating measure (proxy) of the country's Risk Free factor and more importantly, the normalized investment horizon that constitutes an inextricable part of the financial and economic valuation of the bonds and equities (as the most significant discount factor for their future cash flow). In other words, it indicates to what extent the country may potentially attract fresh foreign investments.

In order to manage the substantial volatility of the Hellenic country risk, especially during the 2015 -2016 period, and quantify the sensitivity of our Hellenic Universe valuation we have utilized different and gradual Rf rate scenarios to justify the range of the Fair estimated price of the said equities. During the second quarter of 2017, the evidenced stabilization of the yield of the 10Y GGR bond at the 5,50% level, (below

our Optimal Case scenario's Risk free rate that called for 6.50%), clearly ensures an upside potential to our estimates regarding the best picks from the Hellenic Equity Market.

In the following table, we present the variation of the fair estimated price of our Top Picks utilizing the previously mentioned Risk free rates as well as their upside potential should the Risk free rate stabilize at the 5,50% level. Specifically, we indicate the fair estimated price of our Top Picks in three different Risk free cases. A) The 8,50% risk free rate that used to be our base case risk scenario, B) The 6,50% Risk Free rate as our previously 'Optimal Case' scenario and lastly C)The 5.50% Risk free rate with respect to the latest 10YR GGR yield.

Our new Base Case scenario is the 6,50% Rf; a scenario that fully encompasses the effect of the gradual improvement of the Hellenic risk profile, while accounting for any possible retracements in the sentiment. Additionally, we illustrate the upside potential of each of our picks to the current Risk Free rate of our estimates using the 8,50% at the Base case level and the hypothetically new best case scenario of 5,50% to further demonstrate the total upside potential:

Top Picks	8,50%	6,50%	5,50%	Δ%
HELLENIC TELECOM. ORG S.A	7,10	8,50	11,00	55%
HELLENIC ORGANIZATION OF FOOTBALL PROGNOSTICS S.A	8,50	13,00	14,50	71%
COCA COLA HBC AG	22,00	22,00	22,00	0%
TITAN CEMENT COMPANY S.A	23,50	26,00	29,00	23%
AEGEAN AIRLINES S.A	8,00	10,00	12,00	50%
MYTILINEOS HOLDINGS	6,00	7,00	8,00	33%
EXAE	4,50	4,50	5,00	11%
Source: N.Chrysochoidis Research Department				

It is evident that the impact of the gradual de-risking is more pronounced in the cases of Titan Cement, Aegean Airlines and Hellenic Organization of Football Prognostics (OPAP). Even by sticking to the 6,50% scenario as our base case scenario, the upside for their respective EVs is significant and results in a return of 10%, 20% and 50% respectively.

In closing remarks, we underline that the process of the gradual country de-risking and the stabilization of the GGR Bond yield to the current levels, could signal the further appreciation of the financial assets, rejuvenate the overall investing psychology and produce significant returns for investors.

Ρήτρα Περιορισμού Ευθύνης:

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Σημειώσεις/Notes

P:	Τρέχουσα Τιμή	Market Price
MCAP:	Κεφαλαιοποίηση	Capitalization
EPS:	Καθαρά Κέρδη Ανά Μετοχή	Earnings per Share
P/E:	Λόγος Τιμής προς Κέρδη	Price/Earnings Ratio
P/S:	Λόγος Τιμής προς Πωλήσεις	Price/Sales Ratio
D/A:	Συνολικός Δανεισμός προς Παθητικό	Total Debt/Assets Ratio
DY:	Απόδοση Μερισματος	Dividend Yield
ROE:	Απόδοση Ιδίων Κεφαλαίων	Return on Equity
FV:	Τιμή Σωστής Αποτίμησης	Fair Value Price

Οδηγός Συστάσεων/Ratings

UV	Χαμηλή Αποτίμηση/ Χαμηλός Κίνδυνος	Underpriced/ Small Risk Stock Price <20% of Fair
UV1	Χαμηλή Αποτίμηση/ Κίνδυνος	Underpriced/ Risk Stock Price <10% of Fair
FV	Σωστή Αποτίμηση/ Χαμηλός Κίνδυνος	Fairly Priced/ Small Risk 10%<Stock Price<10%
OV1	Σωστή Αποτίμηση/ Κίνδυνος	Fairly Priced/ Risk Stock Price >10% of Fair
OV	Υπερτιμημένη Μετοχή	Overvalued Stock Price >20% of Fair
N/R	Μη Αποτιμημένη Μετοχή	Not Rated