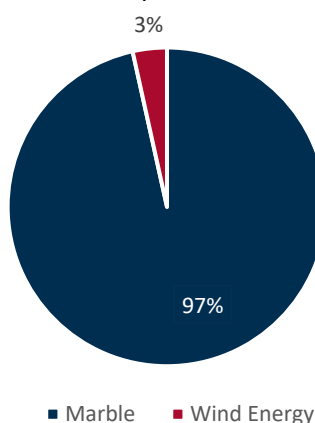


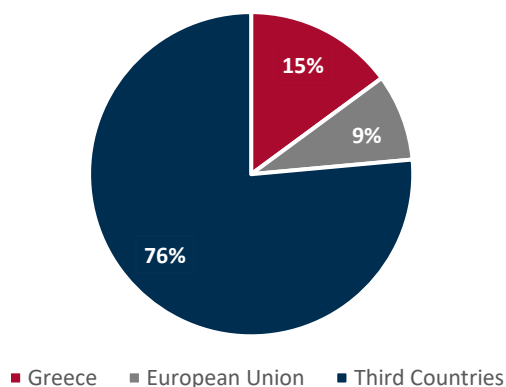
Table 1: Key Figures

Key figures	
Bloomberg Ticker	IKTIN:GA
Stock Exchange	ATHEX
Industry	Materials
Sector	Materials
Market Capitalization (in millions)	€ 82,31
Share Price (20/12/2020)	€ 0,72
52w High	€ 1,21
52w Low	€ 0,46
1-Year change abs.	36,84%
1-Year change rel.	44,70%
Beta	0,66
Free Float (percentage)	30,36

Source: Bloomberg | Finance Club Research

Figure 1: Revenues by Product


Source: Company Reports

Figure 2: Revenues by Area


Source: Company Reports

BUSINESS DESCRIPTION

Iktinos Hellas is one of the leading companies in the marble sector in Greece and among the largest exporters of the country. Iktinos exports products in China, United Arab Emirates, Saudi Arabia, Italy, Mexico, Spain, Singapore, Korea, Qatar, Panama and India. The group's economic activity concerns the quarrying, moderating and cutting of marble as well as granite. Additionally, it owns 10 subsidiaries that operate in the production of decorative stone objects, agricultural products as well as producing and selling renewable energy. Some of the most renowned subsidiaries of the group are the Feidias Hellas A.V.E.E, in the marble sector and the ID.E.H. S.A., concerning the energy sector. Moreover, through its subsidiary, Iktinos Techniki and Touristiki, Iktinos is operating in the real estate sector, developing a tourist facility at Ormos Faneromenis. Iktinos was founded by Euaggellos Nikolaos Xaidas in 1974, who is the majority shareholder. The group employs 445 people, and its customer base is highly dispersed.

Iktinos is mainly a marble exporting company. The company earns its revenues mostly from marble sales, but also from wind energy. Iktinos total revenues stood at €44.4mn in 2019 with 97% coming from marble sales, whereas the remaining 3% corresponding to aeolian energy. The firm produces high quality marbles such as White Purple or Golden Spider.

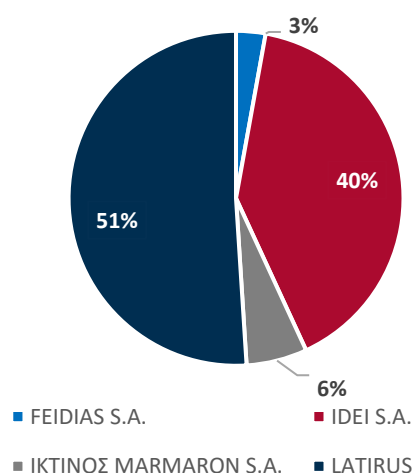
Strategic assets acquisition is the way Iktinos expands its operations. Iktinos participates in a total of 10 other companies, either directly or indirectly. In most of these companies, it has full control with its ownership being mostly 100%. In 2017, Iktinos capitalized on a bankrupt of a direct Greek rival, named Lazaridis – Marmara Dramas SA, acquiring €1.6mn of its assets. This deal included one of Lazaridis' marble processing factories in the region of Drama, along with its 15 employees. This acquisition has an initial estimated contribution of about €10-12mn per year in sales, aiming to reach €20mn per year in the long run. In 2018, Iktinos acquired the remaining 79.65% of Latirus Ltd for €14mn, a company based in Cyprus, an investment originally initiated in 2006. Latirus was a strategic acquisition since the company owned 97.6% of IKTINOS HELLAS TECHNIKI & TOURISTIKI S.A., which is currently developing a complex tourist facility at Ormos Faneromeni, Skopi. In 2018, Iktinos also bought the rights of a public quarry area in Drama from Marmara Kavalas S.A., costing €7mn.

Iktinos utilizes subsidiaries mostly for expanding in the energy sector which has shown major growth potential. Most of its subsidiaries are operating in that specific energy sector but as they are all recent investments, no significant earnings have been realized yet. Despite this fact, the management has high expectations for those subsidiaries and their future growth, thus keeps investing in the sector to promote its "sustainable growth" culture. These expectations are yet to be justified by the fundamentals of these companies and are solely based on the positive overall energy sector outlook.

Figure 3: Stock Price and Volume

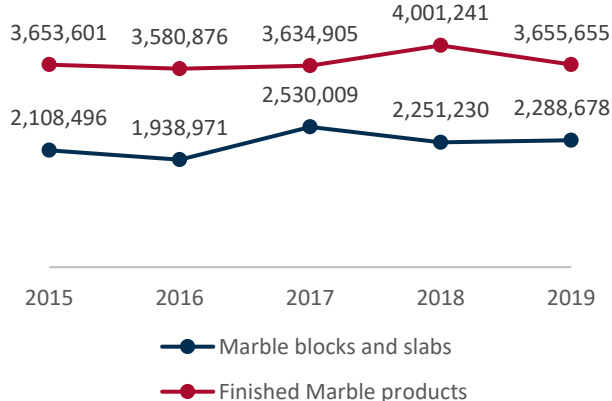


Figure 4: Company Subsidiaries



Source: Company Reports

Figure 5: World Imports of Marble Blocks and Slabs & Finished Marble Products



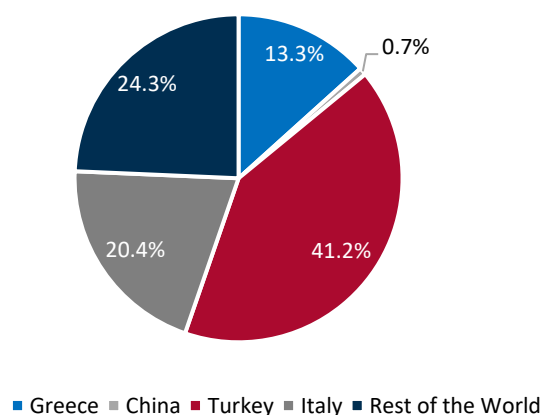
Source: Comtrade UN

MARKET OVERVIEW

Global marble market is valued at \$52.8bn and it is expected to grow at of 3%CAGR until 2026, reaching an expected value of \$65.8bn. The nature of the marble industry is a highly competitive one, as it combines a slow growth rate with competitive pricing. That is due to the large number of existing companies combined with the slow growth rate of the market, resulting in a pressuring for prices to go downwards. One factor that also contributes to the nature of the industry is the fact that the switching cost among rivals is low. Combined with the fact that the entry barriers in the market are not significant and that some countries such as China, India and Egypt provide major incentives, i.e., financial grants to company in the industry, it is becoming more and more difficult for any company outside these countries to succeed.

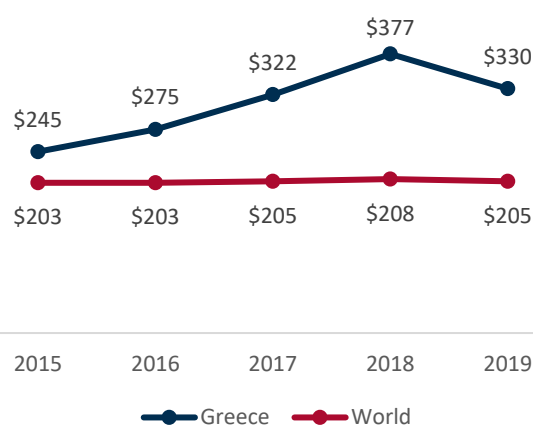
Marble industry is one of the most significant sectors in Greece. With more than 6,000 employees in more than 600 companies, and revenues surpassing €500mn per year – almost 0.3% of the Greek GDP – most of which are derived from exports, the Marble industry is apparently a significant factor in the Greek economy. Furthermore, Greece is a major exporter of marble globally accounting for 12% of global exports, with China and the USA being the most important trade partners of Greece. The most recent USA-China trade war impacted Greek exports negatively in 2019. Greece's exports to China were valued at circa €246 mn. In 2018 and in 2020 it dropped to about €132 mn.

Figure 6: Marble Blocks and Slabs Exports
(as percentage of global exports value)



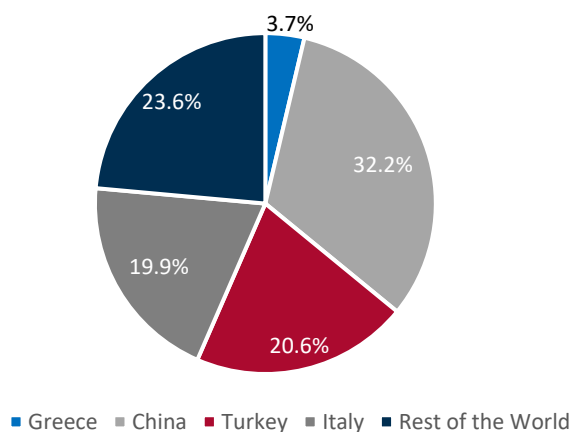
Source: Comtrade UN

Figure 7: Raw Marble Price per Ton



Source: Comtrade UN

Figure 8: Finished Marble Products Exports
(as percentage of global exports value)



Source: Comtrade UN

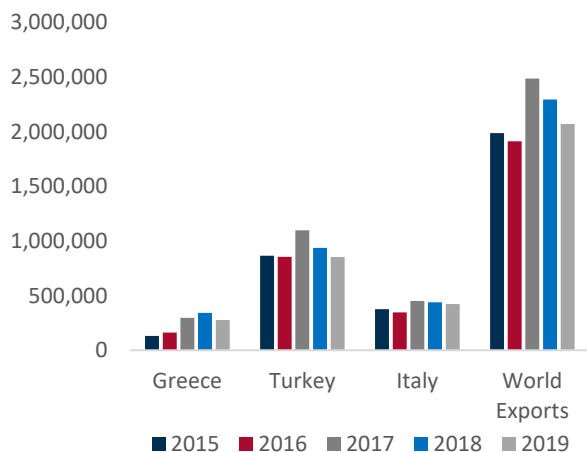
The Marble market includes two general categories, *marble blocks and slabs* and *finished marble products*, that are growing year over year. In recent years, both categories are showing an upward trend in exports. With respect to the finished marble product category, in 2015 exports amounted to \$152.6 mn and in 2016 it saw an increase to \$157.7 mn. The upwards trend continued in 2017 and 2018, with exports reaching \$164.2 mn and \$173.5 mn respectively. This trend was reversed in 2019, where exports dropped to \$166.8 mn and in 2020, there was a 12.7% drop to \$145.6 mn. Additionally, regarding the aforementioned marble blocks and slab, in 2015 exports value of raw marble amounted to \$131.6mn, whereas in 2016 they saw an increase of 23% to \$161.8mn. In 2017 they surged by 83% to \$296.2mn before peaking at \$341.7mn in 2018, a 15% increase. Those increasing figures are explained by the general expansion in economic activity worldwide and especially in China. The conditions created by the trade war between China and the USA in 2019, affected the exports of Greek marble, leading them down 20%, to €273.3mn.

The aforementioned upward trend in Greek marble demand led to an increase not only in the price of raw marble, but also the exported quantity. Prices soared from \$245 per ton in 2015 to \$377 per ton in 2018, corresponding to 15.4% CAGR, before falling to \$330 per ton in 2019 and \$303 per ton in 2020 due to the pandemic. It should be mentioned that the average global marble prices remained relatively steady during the same

period. The exported quantity increased from 536 tons in 2015 to 916 tons in 2018 before going down to 825 tons in 2019, a decrease that continued in 2020, when total exported quantity amounted for 593 tons. The exported value increased from \$131mn in 2015, to a high \$341mn in 2018. This increase was not sustained in 2019, with Greek exports taking a big hit of \$66mn, taking the total exported value down to \$275 for the year. 2020 proved to be more difficult for the sector, with exports seeing a massive drop to only \$184 mn.

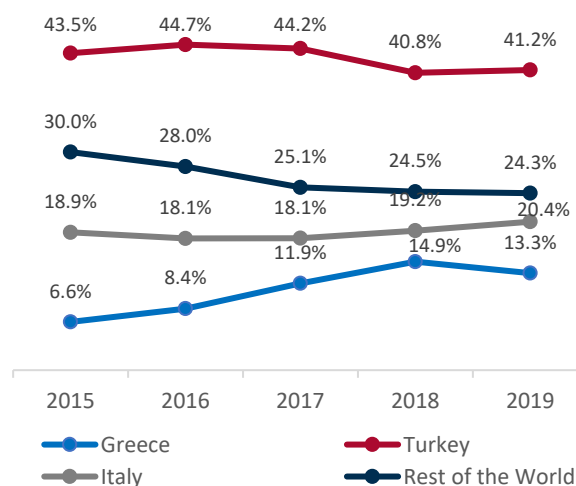
Exports of processed marble didn't follow the same dynamic as that of raw marble. Finished products prices were fluctuating from \$700 to \$800 per ton from 2015 to 2017. In 2018, the price rose to about \$873, but only temporarily. In 2019, it dropped back to \$787 and to \$705 in 2020. The exported quantity did not have a steady course. More specifically, from 2015 which was 211,930 tons it increased to 219,711 in 2016 and the following year it decreased to 218,683 tons. The same downward trend followed in 2018 with the total exported quantity reaching 198,690 tons. In 2019 the exported quantity exceeded the levels of 2015 reaching 212,112 tons and in 2020 it dropped back down to 206,444 tons. In 2015, finished products exports amounted to \$152.6mn, while in 2018 the exported value increased to \$173.5m with a 4% average annual growth. In 2019, that figure dropped by 9.6% to \$156.7mn, mainly due to the USA-China trade war that led to a reduced demand of Greek processed marble. The increase in value of exports of processed marble products was mainly due to the upward trend in the price per ton. From \$ 688 per ton in 2015 it peaked in 2018 at \$ 823 per ton, then dropped to \$ 739 per ton in 2019.

Figure 9: Exports Of Marble Blocks and Slab



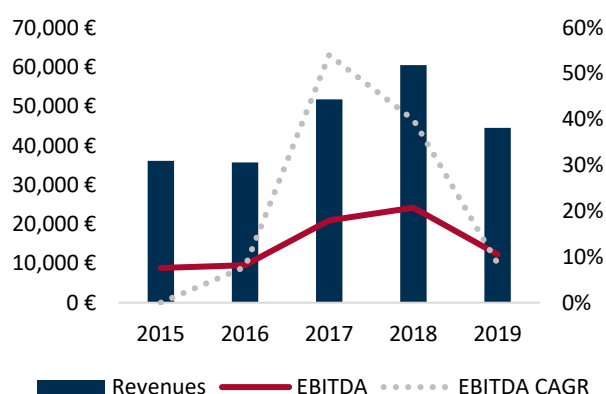
Source: ITC

Figure 10: Exports of Marble Blocks and Slab (as percentage of global exports value)



Source: ITC

Figure 11: Revenues, EBITDA & EBITDA CAGR (in thousands)



Source: Company Reports / Finance Club Research

China, which is the main importer of Marble Blocks and Slabs accounting for more than 60% of the global imports, is also the largest exporter of finished Marble products. In 2019, accounted for more than 30% of the global exports, thanks to its expertise in processing marble blocks and creating valuable finished products. Turkey, that has been the largest exporter of marble blocks historically, is also one of the biggest exporters in finished Marble products, accounting for more than 20% of total exports in 2019. Greece, on the other hand, is lagging China, Italy and Turkey, in exports of finished products, even though it has one of the best marble qualities.

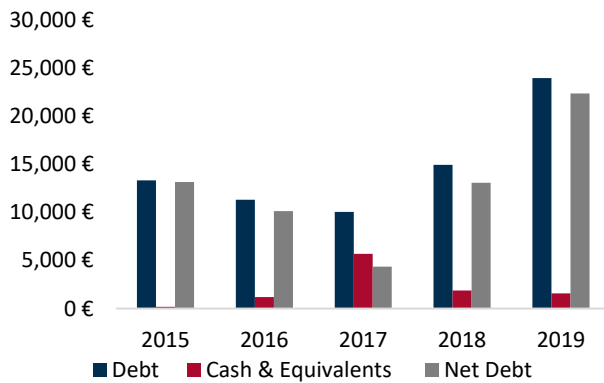
FINANCIAL ANALYSIS

Iktinos has managed to drive sales up to €44 mn thanks to its exports-oriented strategy. In particular, from 2015 to 2018, the firm almost doubled its revenues from €36mn to €60.5mn, corresponding to a 5.3% CAGR, while managing to cut its per unit cost, driving its gross margin up to 54% in 2019 from its 45% margin in 2015. Its revenues have risen thanks to the rapidly growing demand from China, where most of its sales are generated, but management pushes expansion to other countries in an attempt to diversify its revenue streams. This demand is driven by the rapidly growing perception of the higher quality of Greek marble and the expansion of its global sales network. As the trade war between China and the USA broke out, top line performance plummeted in 2019, with the turnover standing at €44 mn. Additionally, unprecedented weather conditions that caused problems in production (mainly on one of its core products, namely Volakas marble) lead to a decrease in sales by 39% YoY compared to 2018. Turnover was also negatively impacted in 2019 by delays in the implementation of a new underground mining system, which required a drop in the capacity utilization rates and caused a drop in production. Nevertheless, the new mining system is expected to greatly increase the firm's future production capacity, thanks to optimized mining efficiency and the fact that the mined marble will be of greater quality.

Covid 19 caused a global shutdown for economic activities and impacted exports and construction industry negatively. Construction companies stopped their activities and thus demand for material such as marble saw a sudden drop worldwide. That impacted Iktinos revenue, which for the first 9 months of 2020 dropped to €24.1 mn while on the respective previous period were €34.4 mn, indicating a decrease of 30%. Additionally, in the third quarter of 2020, the total turnover was €8.1 mn while for the same period in 2019 the total turnover was €11.1 mn. EBT, for the first 9 months of 2020, amounted to €1.7 mn compared to €5.7 mn in the corresponding months of 2019, indicating a decrease of 70.9% and a EBT margin of 6.89%. In the third quarter of 2020, EBT dropped to €0.9 mn from €2.6 mn in the third quarter of 2019. EBITDA, for the first 6 months of 2020, amounted to €3.6 mn compared to €6 mn in the corresponding months of 2019, showing a decrease of 40%.

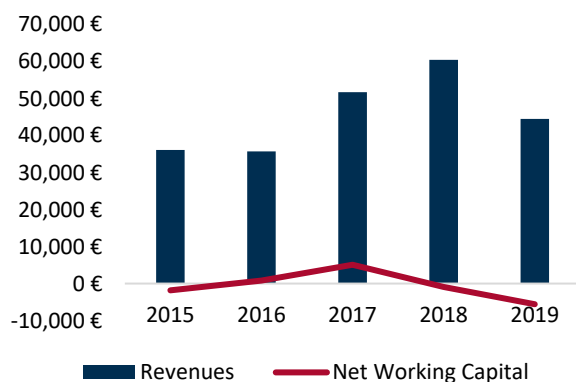
What is more, Iktinos managed to cut costs thanks to its new mining machines and the implementation of new mining technique. Even though its gross and EBITDA margins are relatively high, ranging from 45% to 60% and from 24% to 40% respectively, that is not the case for the firm's net margins which fell from 6% in 2016 to 2% in 2017. These figures rose

Figure 12: Debt, Cash & Net Debt
(in thousands)



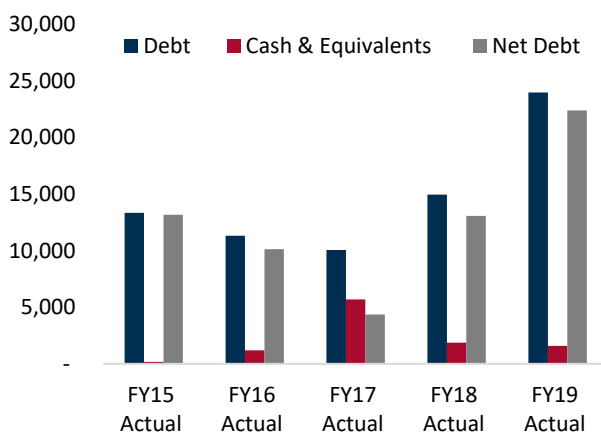
Source: Company Reports / Finance Club Research

Figure 13: Revenues & Net Working Capital
(in thousands)



Source: Company Reports / Finance Club Research

Figure 14 : Debt, Cash & Net Debt



Source: Company Reports / Finance Club Research

dramatically in 2017 and 2018, at 17% and 27% respectively, before going down to 9% in 2019. The increase in 2017 gross margin happened thanks to its increased production effectiveness and cost per unit reduction. The same course is also reflected on its ROE, which was 6% in 2015, whereas in 2018 it grew to 35% before plunging to 8% in 2019. Even though the liquidity ratios are quite insignificant, Iktinos keeps performing at an acceptable level compared to its competitors.

Iktinos in recent years increased its leverage in order to finance its continuously growing operations and investment plans. It uses a combination of short- and long-term borrowings, in order to balance the wide areas of operations that require capital with different time horizons. In order to limit the exchange rate risk, the management does not use foreign currency denominated debt, however that exposes the company to interest rate fluctuations. Furthermore, the firm has approved credit limits and is cooperating with a plethora of financial institutions to maintain its financial cost at low levels. Although Iktinos had been steadily deleveraging during 2015 to 2017, with its loan liabilities falling from €15mn to €11mn, from 2018 onwards, the firm faced an increasing need for financing. More specifically, since then Iktinos has raised more than €24mn of debt to support its investment plans and serve its working capital requirements that climbed due to the pandemic.

Iktinos' management has successfully handled the company's cash flow in recent years. With export sales being paid in advance, combined with the fact that exports represent more than 95% of its turnover, that provided the company with a strong basis to manage its cash flow. It has achieved positive net operating cash flows every year, while in 2016 and 2017 its net operating cash flow exceeded the corresponding EBT figures. In 2019, net operating cash flow fell to €1 mn due to the massive drop in Revenue and EBT. Furthermore, every year they had a negative net investing cash flow due to the ongoing investments of the company. In 2018 the net investing cash flow peaked at negative €26 mn due to new acquisitions and investments for new mining sites and equipment. From 2015 to 2017, Iktinos made sure to repay existing debt and that led to negative net financing cash flow of €1.9 mn in 2015 and €7.7 mn in 2017. However, in 2018 the company had to increase its loan obligations due to the increased investments and that led to positive net financing cash flow of €10 mn and that continued in 2019, which saw net financing cash flow of €2.7 mn.

Its working capital and liquidity ratios seem to have wild swings. Net working capital for the year 2015 was at negative €1.8mn, but marked notable growth in the following two years, reaching €5mn in 2017. An increase in current liabilities, however, drove net working capital to negatives again in 2018 and 2019. These swings never posed a real threat to the viability of the company thanks to its strong cash flows and cash and cash equivalents combined with the fact that the company has continued relationships with banks that could potentially help, in case they need it. Furthermore, it has strong cash realization ratios over the same years, with only exceptions being 2018 and 2019. In 2015 it had a cash realization ratio of 1.2 that grew to 6.4 in 2016 and fell back to 1.6 in 2017. In 2018 it dropped to 0.7 due to increased expenses from investments and increase of receivables. In 2019 it dropped further to 0.2 and that drop was a result of greatly decreased EBIT. That, nonetheless, didn't compromise the company's financials, since a level of cash and cash equivalents that was more than enough for its short-term operating needs, was always kept by the company.

Table 2: Key Financials

Key Financials											
	2015	2016	2017	2018	2019		2015	2016	2017	2018	2019
Margins						Debt					
Gross margin	45%	48%	61%	60%	54%	Net debt / Equity	41%	33%	12%	28%	48%
EBITDA margin	24%	27%	41%	40%	28%	Net debt / EBITDA	149%	106%	21%	54%	182%
EBIT margin	16%	18%	34%	34%	17%	Liquidity					
Net margin	6%	2%	17%	27%	9%	DSO	74	77	63	44	52
Growth rates						DIO	261	295	280	255	312
Sales growth		-1,1%	44,9%	16,9%	-26,4%	DPO	135	153	170	139	119
Assets growth		-0,3%	6,1%	37,8%	3,0%	Cash conv. cycle	200	219	172	160	246
Equity growth		-2,3%	16,0%	31,3%	-1,2%	Current ratio	0,9	1,0	1,2	1,0	0,9
Performance						Cash ratio	0,0	0,0	0,2	0,1	0,0
ROE	6,3%	2,6%	25,0%	35,2%	8,1%	Dividends					
ROA	2,5%	1,0%	10,5%	14,0%	3,1%	Divident per share	0,00 €	0,01 €	0,03 €	0,06 €	0,02 €
ROCE	10,9%	12,3%	32,7%	25,1%	9,8%	Divident yield	0,0%	3,9%	5,9%	5,0%	1,6%
FCF yield	4,7%	17,6%	19,5%	0,0%	-2,3%	Multipliers					
Cash realization	127%	642%	164%	76%	27%	P / E	14,1	27,2	7,0	7,8	34,7
Efficiency						EV / EBITDA	4,7	3,4	3,2	5,9	12,6
Assets turnover	44,5%	44,1%	60,2%	51,1%	36,5%	P / BV	0.9	0.7	1.7	2.8	2.8

Source: Company Reports | Finance Club Research

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