

First Impression

April 30, 2010

Consumer, non-cyclical/Croatia

Viro

Last recommend.: Hold

Last price target	416.00
Close (29.04.10)	380.82
Market Cap. (EUR mn)	73
Free float	31.5%
Reuters	VIRO.ZA
Bloomberg	VIRORA CZ

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Overall better than expected

- Viro eventually did not report consolidated 1Q 10 figures
- Profitability improved on cane sugar campaign postponement
- We intend to maintain our target price and "hold" recommendation

Viro eventually did not report a consolidated 1Q 10 report, hence released figures are not comparable to our forecasts (proportionate share of Sladorana's P&L included). Hence, we will compare 1Q 10 figures with Viro's stand alone estimates. Overall, reported figures look better than expected, on the back of better realized prices yoy and the postponement of the cane sugar campaign into 2Q 10.

Sales: The top line outperformed our expectations due to better than expected realized prices on the market as compared with 1Q 09. Sales volume on the domestic market rose by 6.3% yoy, whereas exports volume dropped by 27.4% yoy.

Profitability above expectations: The EBITDA margin improved to 13.4% due to material expenses at only 47% of sales (RCB: 75% of sales). The reason for these low material expenses is the postponement of the cane sugar refinement campaign for 2Q 10. On the other hand, the changes in inventories position was negative at HRK -43.7 mn (more than the HRK -15 mn we reckoned). Personnel expenses were lower (4.5% of sales vs. RCB: 5.7%) due to decreased working hours. Depreciation expense came in in line with expectations. The financial result amounted to HRK -0.93 mn (RCB: HRK -6 mn) due to much lower than estimated financial expenses.

Outlook and recommendation: Reported figures differ considerably from our stand alone estimates for Viro. Therefore, we will adjust our model assumptions and put our estimates under review. However, our target price estimates will still be based on consolidated figures. We intend to maintain our target price and our "hold" recommendation.

Viro 1Q 2010 result

in HRK mn	1Q 09	1Q 10	+/- %	RCB est.	+/- %	4Q 09	+/- %
Sales	111.9	131.2	17.3	125.0	5.0	151.0	-13.1
EBITDA	7.7	17.6	128.6	7.6	132.5	22.2	-20.8
EBIT	1.3	10.6	686.5	0.6	1,823.3	14.6	-27.3
EBT	-7.8	10.6	-235.9	-5.5	-295.2	20.4	-47.8
Net profit a.m.	-7.8	10.6	-236.4	-5.5	-295.2	20.4	-47.8
EPS	-5.65	7.71	-236.4	-3.95	-295.2	14.78	-47.8
EBITDA margin	6.9%	13.4%		6.0%		14.7%	
EBIT margin	1.2%	8.1%		0.4%		9.6%	
EBT margin	-7.0%	8.1%		-4.4%		13.5%	
Net margin	-7.0%	8.1%		-4.4%		13.5%	

Source: Viro, Raiffeisen Centrobank

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