



INTEREUROPA, D.D.

www.intereuropa.si

Sector:
Transport & Logistics

Ticker:
IEKG SV

PRICE (15.09.2006)	EUR 25,38
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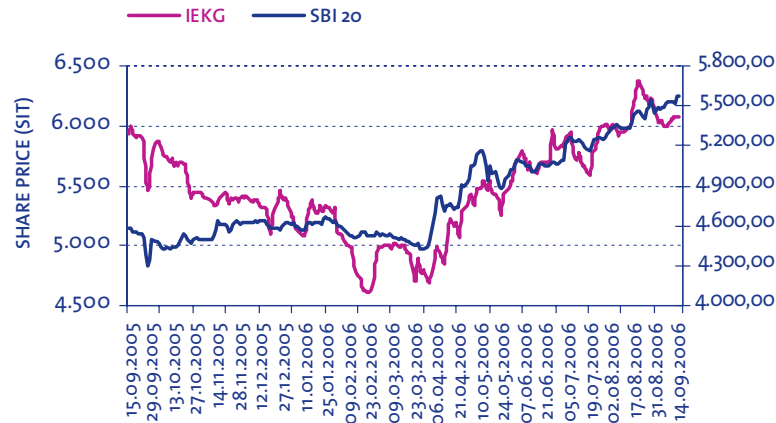
IEKG	
NO OF SHARES	7,902,413
MIN (52 WEEK)	EUR 19,22
MAX (52 WEEK)	EUR 26,63
MARKET CAP.	EUR 200,56 MN

BV (31.12.2005)	EUR 22,28
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RATIOS*	
P/E	32,86
P/B	1,08
EV/EBITDA	13,96
EPS	EUR 185,03

* values based on H1 2006 annualized results and current prices

Intereuropa is the leading Slovenian logistic company offering services in the area of continental, sea and air transport, organisation of direct lines of groupage services to all European countries, warehousing, distribution and door-to-door delivery. Logistical solutions also include shipping agency services and border dispatch. Intereuropa has its own branch network in Slovenia, Croatia, Bosnia and Herzegovina, Macedonia, Serbia and Montenegro, Russia, Ukraine, Austria, Germany and France.



At the end of March 2005, a modern logistics centre, covering 8,100 m2, was constructed in Logatec, Slovenia. In May, new warehouse facilities covering 18,815 m2 were opened in Dugopolje near Split, Croatia. There were established several new co-operations with partners for groupage transport in Turkey, Great Britain and Greece.

The parent company in Slovenia is planning a reorganisation through which the operations would be divided into divisions. The land transport division will be organised first, followed by the terminal services division and the intercontinental transport division. Gradually, this reorganisation will be introduced also in the associated companies. Future plans include consolidation and concentration of operations on the markets of South Eastern Europe. Besides Europe, Intereuropa is looking after new business expansion in Central and Far Asia becoming a “Global Logistic Centre”.

Net sales revenues of Intereuropa group amounted to EUR 206 mn in 2005, which was 3% less than in the previous year. The Intereuropa group generated more than half of net sales in the business area of land transport, amounting to EUR 106 mn which was 3% less than in 2004. Terminal services created EUR 19.6 mn. In comparison with the same period 2004, the revenues from terminal services decreased by 4%. Custom services amounted EUR 20.5 mn, decreasing 26% compared to 2004. Net sales from sea freight accounted for EUR 43.9 mn, growing 11%. Also the air freight services increased 8% and reached EUR 11.9 mn in 2005.

In the first half of 2006 Net sales of the Intereuropa Group amounted to EUR 106.4 mn, which is a 6,4% increase comparing to the same period 2005. Operating profit at the level of EUR 3.6 mn decreased 35% and net profit in the amount of EUR 4.1 mn decreased 33% comparing to the first half of 2005.



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COMPANY PROFILE:

NUMBER OF EMPLOYEES



Intereuropa was founded in 1947 as a limited company with only three employees. Under the former Yugoslavia it expanded its network in all major commercial centres in South Eastern Europe. In 1995, the privatization process was concluded and 3 years later Intereuropa shares were listed at the Ljubljana stock exchange. In 1999, the company began the expansion on the markets of South Eastern Europe by connecting its previous companies into a group as well as acquiring new companies. With expansion on the West and East, Intereuropa has become a global logistics provider.

The business of Intereuropa is divided in several areas: land transport, terminal services, air freight, sea freight and custom services. Land transport area includes express services, groupage, road transport and railway transport. Terminal services include warehousing and distribution services, fairs, exhibition logistics and logistic solutions. Sea freight includes other services: conventional shipments, containers (FCL and groupage), RO - RO transport (includes car operations and shipments to Albania and Montenegro) and services of shipment agents. Custom services include customs clearance and border services.

Intereuropa group includes several companies that are spread all over the European region and is penetrating the Asian market:

SUBSIDIARIES		OWNERSHIP STAKE
SLOVENIA	Interagent d.o.o.	100%
	Interzav d.o.o.	71.28%
	Intereuropa Transport d.o.o.	100%
	Intereuropa IT d.o.o.	100%
	Adriafin d.o.o., Koper	24.28%
	AC-Interauto d.o.o., Koper	40%

SUBSIDIARIES		OWNERSHIP STAKE
EUROPE	Intereuropa, log. usluge d.o.o., Zagreb, CRO	99.94%
	Intereuropa Sajam d.o.o., CRO	51%
	Intereuropa RTC d.d., Sarajevo, BIH	89.29%
	Intereuropa Skopje d.o.o., Macedonia	99.56%
	A.D. Interjug - AS, Beograd, Serbia	73.62%
	Speka spol.sr.o., Praga, CZ	100%
	Intereuropa S.A.S., Saint Pierre de Chandieu, FRA	67.66%
	Schneider&Peklar GmbH, Wien, AUS	100%
	Intereuropa Trans&Spes GmbH, Troisdorf, GER	100%
	TFC Zahidtransservice Ltd, UKR	100%
RUSSIA	Intereuropa - East d.o.o., Moskva	100%

In May 2006 Intereuropa Group began to set up a logistics centre near Moscow Russia with 10.000 m2 of warehousing facilities. Yet at this time prime focus of the group is still to further develop its services in the central and eastern European area, especially on the Balkan Area. In 2006 Intereuropa Group signed a couple of letters of intent. Among them four part cooperation with Luka Koper (port of Koper), Pošta Slovenije (Post of Slovenia) and Slovenian Railways was signed. Cooperation with Adria Airways regarding air freight was also established.



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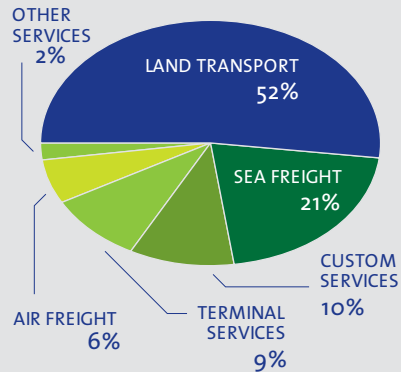
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PERFORMANCE:

SALES BY BUSINESS AREA, 2005



The largest stake in sales fell to land transport (52%), followed by a 21% stake of sea freight and 10% share of customer services. Terminal services reached a 9% share in net sales; air freight reached 6% and other services a 2% stake.

Intereuropa gets the largest share of sales revenues in republics of former Yugoslavia. Intereuropa, logističke usluge, d.o.o. Zagreb and Intereuropa Sajem d.o.o. Zagreb are the largest providers of logistic services in Croatia. The two associated companies earned 15% of total sales. Other countries from Intereuropa group accounted for 8% of total net sales. Intereuropa company reached EUR 118 mn sales revenues or 5% less than in 2004.

In 2005, Intereuropa group created EUR 9.5 mn net profit, which presented a 10% decrease in comparison to 2004. In 2005, Intereuropa company had EUR 10.3 mn profit and in comparison to the previous year, it has increased its profit by 26%.

In the first half of 2006 Net sales of the Intereuropa Group amounted to EUR 106.4 mn, which is a 6.4% increase comparing to the same period 2005. Operating profit at the level of EUR 3.6 mn decreased 35% and net profit in the amount of EUR 4.1 mn decreased 33% comparing to the first half of 2005. As stated by the management of the Group, profits are lower mainly due to one-off events. EBITDA in the amount of EUR 8.9 mn is 15% lower as in same period of 2005.

SHAREHOLDERS:

On 15 September 2006, ten largest shareholders owned 60.37% stake of the company:

	SHAREHOLDER	NO OF SHARES	% STAKE	CUMULATIVE % STAKE
1	LUKA KOPER, D.D.	1,960,513	24.81	24.81
2	KAPITALSKA DRUŽBA, D.D.	719,797	9.11	33.92
3	SLOVENSKA ODŠKODNINSKA DRUŽBA, D.D.	474,926	6.01	39.93
4	INFOND ID, D.D.	348,139	4.41	44.33
5	ISTRABENZ D.D.	294,708	3.73	48.06
6	ZLATA MONETA I D.D.	257,987	3.26	51.33
7	DELNIŠKI VZAJEMNI SKLAD TRIGLAV STEBER I	232,776	2.95	54.27
8	ZAVAROVALNICA TRIGLAV, D.D.	213,640	2.70	56.98
9	DELNIŠKI VZAJEMNI SKLAD MODRA LINIJA	137,200	1.74	58.71
10	KD RASTKO, DELNIŠKI VZAJEMNI SKLAD	130,626	1.65	60.37

KEY
FINANCIAL
DATA

ooo EUR	GROUP			GROUP		
	2005	2004	05 / 04	H1 2006	H1 2005	05 / 04
NET SALES REVENUES	49.494.200	51.022.064	-3,00%	106.419	100.008	6,41%
OTHER OPERATING REVENUES	4.698	1.832	156,40%	1.196	2.510	-52,34%
COST OF GOODS, MATERIAL AND SERVICES	150.127	153.076	-1,90%	76.403	71.524	6,82%
Costs of goods and materials sold and costs of materials used	10.276	10.915	-5,90%			
Costs of services	139.851	142.162	-1,60%			
LABOUR COSTS	38.034	41.326	-8,00%	19.797	18.951	4,46%
Wages and salaries	27.100	29.487	-8,10%			
Social security costs (separate disclosure of pension insurance costs)	5.400	5.889	-8,30%			
a) Pension insurance costs	2.111	2.610	-19,10%			
b) Other social security costs	3.288	3.280	0,30%			
Other labour costs	5.534	5.949	-7,00%			
WRITE-OFFS	13.202	11.235	17,50%	6.514	5.091	27,95%
Depreciation and other intangible long-term assets write-downs	10.674	10.501	1,60%	5.353	4.997	7,13%
Current assets revaluation adjustments and write-offs	2.528	734	244,60%	1.161	94	1137,65%
OTHER OPERATING EXPENSES	3.514	3.657	-3,90%	1.307	1.386	-5,70%
OPERATING PROFIT/LOSS	6.357	5.449	16,70%	3.595	5.565	-35,41%
FINANCIAL REVENUES FROM STAKES	6.517	7.863	-17,10%	1.245	1.558	-20,06%
Financial revenues from stakes in associated companies	141	5	2646,90%			
Financial revenues from stakes in other companies	1.326	965	37,40%			
Financial revenues from other investments	5.050	6.893	-26,70%			

ooo EUR	GROUP			GROUP		
	2005	2004	05 / 04	H1 2006	H1 2005	05 / 04
FINANCIAL REVENUES FROM LOANS GIVEN	386	1.152	-66,50%	113	167	-32,04%
FINANCIAL REVENUES FROM OPERATING RECEIVABLES	2.083	3.969	-47,50%	1.079	893	20,82%
FINANCIAL EXPENSES FROM IMPAIRMENT	223	10	2121,90%	0	187	-100,00%
FINANCIAL EXPENSES FROM FINANCIAL LIABILITIES	1.393	3.779	-63,10%	574	573	0,27%
Financial expenses from loans received from banks and others	1.391	1.179	18,00%			
Financial expenses from other financial liabilities	2	2.601	-99,90%			
FINANCIAL EXPENSES FROM OPERATING LIABILITIES	516	1.379	-62,60%	207	448	-53,76%
PROFIT OR LOSS FROM ORDINARY ACTIVITIES	13.212	13.265	-0,40%	5.251	7.157	-26,63%
OTHER REVENUES	0	0		0	0	
OTHER EXPENSES	0	0		0	0	
Corporation tax	5.330	3.197	66,70%	1.101	1.526	-27,90%
Deferred tax	-1.717	-612	180,60%	44	-559	-107,88%
Net profit of minority shareholders	354	319	10,90%	225	191	17,58%
Net profit of the majority shareholder	9.245	10.361	-10,80%	3.881	5.998	-35,30%
NET PROFIT OR LOSS FOR THE PERIOD	9.599	10.680	-10,10%	4.106	6.190	-33,66%

ooo EUR	GROUP			GROUP		
	31.12.2005	31.12.2004	05 / 04	30.06.2006	30.06.2005	06 / 05
ASSETS	265,793	272,456	-2.40%	273,100	265,793	2.75%
A. LONG-TERM ASSETS	201,657	211,268	-4.50%	203,872	201,657	1.10%
I. Intangible assets and long-term deferred items	7,571	8,068	-6.20%	10,077	7,571	33.10%
II. Tangible fixed assets	143,249	142,865	0.30%	142,426	143,249	-0.57%
III. Investment property	14,639	11,960	22.40%	14,475	14,639	-1.12%
IV. Long-term financial investments	36,087	48,190	-25.10%	36,644	36,087	1.54%
V. Long-term operating receivables	14	44	-67.00%	1	14	-96.14%
VI. Deferred tax assets	97	141	-31.40%	250	97	158.34%
B. SHORT-TERM ASSETS	62,307	57,948	7.50%	67,073	62,307	7.65%
I. Assets for sale	1,081	0		973	1,081	-9.96%
II. Inventories	190	87	117.50%	164	190	-13.95%
III. Short-term financial investments	8,910	5,611	58.80%	5,217	8,910	-41.45%
IV. Short-term operating receivables	48,543	48,049	1.00%	56,716	48,543	16.84%
V. Cash	3,584	4,200	-14.70%	4,004	3,584	11.73%
C. SHORT-TERM DEFERRED ITEMS	1,829	3,241	-43.60%	2,154	1,829	17.80%
LIABILITIES	265,793	272,456	-2.40%	273,100	265,793	2.75%
A. CAPITAL	176,057	177,545	-0.80%	180,851	176,057	2.72%
B. PROVISIONS AND LONG-TERM ACCRUED ITEMS	3,179	4,578	-30.60%	3,135	3,179	-1.38%
C. LONG-TERM LIABILITIES	31,703	31,632	0.20%	34,145	31,703	7.71%

ooo EUR	GROUP			GROUP		
	31.12.2005	31.12.2004	05 / 04	30.06.2006	30.06.2005	06 / 05
I. Long-term financial liabilities	26,183	23,263	12.60%	28,404	26,183	8.48%
II. Long-term operating liabilities	127	19	576.90%	19	127	-85.23%
III. Deferred tax liability	5,393	8,351	-35.40%	5,723	5,393	6.12%
D. SHORT-TERM LIABILITIES	54,614	58,701	-7.00%	54,953	54,614	0.62%
I. Liabilities included in disposal groups	0	0		0	0	
II. Short-term financial liabilities	9,038	14,539	-37.80%	11,633	9,038	28.72%
III. Short-term operating liabilities	45,576	44,162	3.20%	43,320	45,576	-4.95%
E. SHORT-TERM PROVISIONS AND ACCRUED ITEMS	240	0		15	240	-59.28%



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COMPARATIVE ANALYSIS

FIRM	COUNTRY	MARKET CAPITALIZATION (MN EUR)	ROE	ROA	P/E	EST P/E	P/B	P/S
UPS	US	103,955.7	23.27	11.33	19.89	18.92	4.64	1.75
DSV	Denmark	115,033.7	20.83	7.13	34.22	21.85	6.26	0.74
Gateway Distriparks	India	1,366,618.6	19.50	15.37	18.49	17.18	2.67	9.64
SAIA	USA	389.8	12.45	5.16	19.35	16.82	2.48	0.45
HUB Group Inc	USA	909.5	14.05	7.70	24.23	21.43	3.58	0.60

Intereuropa	Slovenia	170.1	5.50	3.60	20.56	32.86	1.12	0.96
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Average - adjusted		73,299.61	18.13	8.72	21.16	19.18	3.63	1.03
Min		389.75	12.45	5.16	18.49	16.82	2.48	0.45
Max		1,366,618.57	23.27	15.37	34.22	21.85	6.26	9.64

Comparative price					25.94	14.71	81.71	27.05
Weight					0.15	0.40	0.10	0.35

PEER VALUE PER SHARE	27.41
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Source:
Bloomberg and Ilirika's estimates



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