

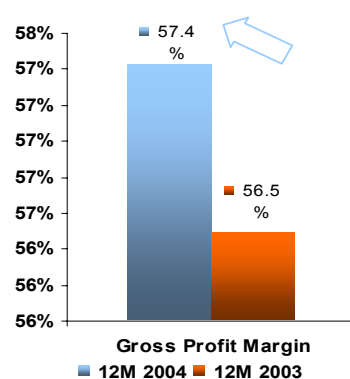
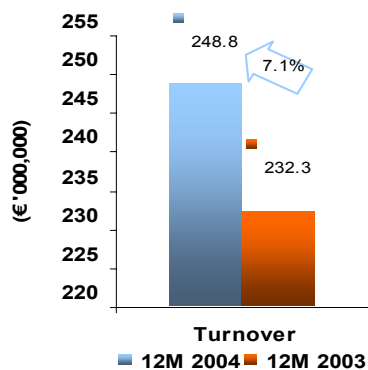
## Annual Financial Results for FY 2004

*The constant growth of financial results both in Greece and abroad signals that Sarantis Group's strategy is in the right direction. Financial performance was slightly above the Management's forecasts for the financial year 2004.*

Financial Highlights (€ '000,000)	2004	2003	Ch. %
Turnover	248.8	232.3	7.1%
Gross Profit	142.9	131.2	8.9%
<b>Gross Profit Margin</b>	<b>57.4%</b>	<b>56.5%</b>	
EBITDA	36.82	32.21	14.3%
<b>EBITDA Margin</b>	<b>14.8%</b>	<b>13.87%</b>	
EBIT	32.85	28.38	15.7%
<b>EBIT Margin</b>	<b>13.2%</b>	<b>12.2%</b>	
EBT	29.33	22.50	30.4%
<b>EBT Margin</b>	<b>11.8%</b>	<b>9.7%</b>	
Minority Interests	8.01	7.06	13.4%
EBTAM	21.32	15.44	38.0%
<b>EBTAM Margin</b>	<b>8.6%</b>	<b>6.6%</b>	
EATAM	16.70	11.20	49.1%
<b>EATAM Margin</b>	<b>6.7%</b>	<b>4.8%</b>	

### Major Highlights on Annual Financial Results

- Significant increase of 7.1% in consolidated sales on annual basis
- Strong growth of the cosmetics and household sectors in Greece and Eastern Europe
- Impressive enhancement of net profit margin, which settled at 8.6% versus 6.6% in the previous year
- Earnings after taxes and minority interests (EATAM) surged by 49.1% to EUR 16.7 million due to prudent management of the financial expenses and to more favorable effective tax rate following the Group's restructuring.



## **Analysis of Financial Results**

“Sarantis” Group’s financial results in 2004, demonstrated a constant growth rate in sales – due to strong growth in product as well as geographic markets – improved profit margins, and a significant increase of earnings before taxes and after minority interests (EBTAM).

- **Sales**

On consolidated basis, turnover settled at EUR 248.8 million, 7.1% higher than the corresponding level of EUR 232.3 million in 2003. The turnover growth was due to the Group’s efficient penetration in the cosmetics and household markets both in Greece and Eastern Europe.

- **Steady Increase in Profit Margins**

Gross profit settled at EUR 142.9 million – advancing by 8.9% as compared to 2003 – with the gross profit margin reaching 57.4% versus 56.5% in 2003. This significant improvement in gross profit margin was due to a more efficient product mix over the period under consideration – luxury cosmetics demonstrated strong growth rate of 9.7% on annual basis – as well as the contraction of production cost and the Group’s restructuring.

At the same time, administration expenses dropped by 18.6% as compared to the year 2003, and settled at EUR 12.53 million. The rise of selling and distribution expenses by 15.8% to EUR 96.28 million, was due to the Group’s intensive advertising expenditures (which grew by more than 40.0%) in order to promote its products to the Eastern European markets.

Earnings before interest, taxes, depreciation and amortization (EBITDA) settled at EUR 36.82 million in 2004, vis-à-vis EUR 32.21 million in the previous year, posting a growth of 14.3%.

Group’s net profit margin was positively affected by a significant drop in financial expenses, which settled at EUR –3.51 million, versus EUR –5.88 million in 2003. This positive development was attributed to lower bank debt, capital restructuring (short-term debt reversed into long-term debt), favorable interest rate spreads, as well as to improved working capital.

During the financial year 2004, Sarantis Group also demonstrated a more efficient management of extraordinary items, due to royalties relating to Estee Lauder Hellas, and the more favorable – as compared to 2003 – foreign exchange differences.

Consolidated earnings before taxes (EBT) reached EUR 29.33 million, posting strong growth of 30.4% as compared to EUR 22.50 million in 2003. Minority interests increased to EUR 8.01 million versus EUR 7.06 million in the previous year, due to the stronger profitability of Estee Lauder Hellas. Consolidated earnings before taxes and after minority interests reached to EUR 21.32 million vis-à-vis EUR 15.44 in 2003, posting a growth rate of 38.0%, whereas net profit margin settled at the neighborhood of 8.6% as compared to 6.6% in 2003.

<b>Financial Year 2004</b>	
EBTAM	EUR 21.32 million
EATAM	EUR 16.70 million
EATAM (*)	EUR 15.70 million

(\*) Net earnings without the effect of the lower effective tax rate.

In 2004, Group's taxes on earnings after minorities reached EUR 4.59 million, whereas the effective tax rate settled at 21.5%. Taxes are lower, by approximately EUR 1 million, than the ones initially predicted by the Management, due to a favorable effect following the Group's restructuring. Without taking into account the above effect, the effective tax rate would have settled at 26.2% for year 2004, whereas earnings after taxes and minorities would have accounted for EUR 15.7 million in 2004.

It is worth noting that despite the satisfactory growth of consolidated sales, both inventories and receivables of the Group demonstrated a relative stabilization during 2004. Total consolidated liabilities also evolved favorably, settling lower by 7.42% y-o-y to EUR 172.53 million as compared to EUR 186.35 million in 2003. Finally, net debt settled at EUR 76 million (taking also into account the participation in the listed "Duty Free Shops").

- **Dividends**

The Management decided to approve a dividend of EUR 0.10 per share for year 2004, versus a dividend of EUR 0.07 per share for year 2003.

### **Consolidated Turnover Breakdown per Business Activity**

On the basis of business activity, luxury cosmetics remained the major revenue and earnings growth driver for Sarantis Group, evolving not only as the largest revenue stream in absolute terms, but also demonstrating the strongest growth rate among all the major product categories on annual basis (+9.66%).

At the same time, all the other business activities posted satisfactory annual growth rates for the Group, except for the PET category. Mass-market cosmetics posted an especially positive performance as well, due to the intensive promotion strategy in Eastern Europe and the launching of new products, such as X-POSE. On the other hand, car accessories demonstrated the strongest annual growth. As far as profitability is concerned, the strongest EBIT growth was realized in the luxury and mass-market cosmetics, as well as in the Health & Care (OTC) market. Finally, it should be noted that the slightly lower EBIT for the household sector was due to the Group's intensive promotion expenses in Eastern European markets, aiming at higher penetration rates.

<b>CONSOLIDATED TURNOVER (€ '000,000)</b>	<b>2004</b>	<b>2003</b>	<b>Ch. %</b>
Luxury Cosmetics	82.10	74.87	<b>9.66%</b>
Mass Market Cosmetics	60.93	56.92	<b>7.04%</b>
Household	68.51	65.18	<b>5.11%</b>
Health & Care (OTC)	15.48	14.80	<b>4.60%</b>
Car Accessories	12.58	10.45	<b>20.37%</b>
PET	9.20	10.06	<b>-8.51%</b>
<b>TOTAL CONSOLIDATED SALES</b>	<b>248.79</b>	<b>232.26</b>	<b>7.11%</b>

<b>CONSOLIDATED EBIT (€ '000,000)</b>	<b>2004</b>	<b>2003</b>	<b>Ch. %</b>
Luxury Cosmetics	15.32	13.26	<b>15.5%</b>
Mass Market Cosmetics	6.08	5.19	<b>17.1%</b>
Household	8.09	7.67	<b>5.4%</b>
Health & Care (OTC)	2.29	1.49	<b>53.8%</b>
Car Accessories	1.06	1.12	<b>-5.0%</b>
PET	0.01	- 0.35	-
<b>TOTAL CONSOLIDATED EBIT</b>	<b>32.85</b>	<b>28.38</b>	<b>15.7%</b>

### **Consolidated Turnover Breakdown per Geographic Market**

On geographic basis, Greece remained the major source of turnover and earnings, whereas foreign markets continued to demonstrate dynamic growth rates. Poland and Romania were the Group's major growth drivers in Eastern Europe. During 2004, turnover growth in those markets exceeded the one realized in the Greek market. Sarantis Group continued to solidify its position in the foreign markets, by not only capturing new market shares, but also gaining ground against existing competitors. It is noted that almost all Group's subsidiaries contributed to the above consolidated turnover growth.

As far as earnings before interest and taxes (EBIT) are concerned, Greece remains the most significant geographic market, followed by Romania and Poland.

<b>CONSOLIDATED TURNOVER (€ '000,000)</b>	<b>2004</b>	<b>2003</b>	<b>Ch. %</b>
Greece	179.60	169.95	<b>5.7%</b>
Poland	30.48	27.98	<b>8.9%</b>
Romania	23.70	21.59	<b>9.8%</b>
Bulgaria	7.73	7.43	<b>4.1%</b>
Serbia	4.21	2.64	<b>59.4%</b>
Czech	2.32	2.19	<b>5.6%</b>
Skopje	1.01	0.48	<b>109.1%</b>
Other	- 0.26	-	<b>n/a</b>
<b>TOTAL CONSOLIDATED TURNOVER</b>	<b>248.79</b>	<b>232.26</b>	<b>7.1%</b>

<b>CONSOLIDATED EBIT (€ '000,000)</b>	<b>2004</b>	<b>2003</b>	<b>Ch. %</b>
Greece	27.65	24.26	<b>14%</b>
Poland	1.13	1.05	<b>7.8%</b>
Romania	2.89	2.43	<b>18.8%</b>
Bulgaria	0.57	0.37	<b>53.5%</b>
Serbia	0.55	0.26	<b>110%</b>
Czech	0.04	0.07	<b>-45%</b>
Skopje	0.06	-0.005	<b>n.a</b>
Other	- 0.04	-0.06	<b>n.a</b>
<b>TOTAL CONSOLIDATED EBIT</b>	<b>32.85</b>	<b>28.38</b>	<b>15.7%</b>

## **Outlook & Prospects**

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The Group's strategy aims at further strengthening its position in the major business sectors, which comprise the luxury cosmetics, mass-market cosmetics and household products. At the same time, the Group's greater presence in the Eastern European markets is expected to enhance its growth prospects, since market shares in these geographic regions demonstrate a steady rise over the past few years. In this context, the Group's outlook appears especially positive, whereas additional benefits may derive from its strategy to launch a new series of cosmetics, expected to affect financial results from the year 2005.

In the following weeks, Sarantis Group's Management plans to announce its guidance regarding the financial years 2005-2007.