Sarantis S.A Full Year 2024 Financial Results

Conference Call

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***Conductors*:**

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&
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Conference Call Conducted by Chorus Call Hellas

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OPERATOR: Ladies and Gentlemen, thank you for standing by. I am Mina your Chorus Call operator. Welcome and thank you for joining the Sarantis Group Conference Call and Live Webcast to present and discuss the Sarantis Group Full Year 2024 Financial Results and 2025 Business Outlook.

At this time, I would like to turn the conference over to Mr. Giannis Bouras, Group CEO & Mr. Christos Varsos, Group Chief Financial Officer.

Gentlemen, you may now proceed.

BOURAS I: Hello, everyone, and welcome to our Full Year results presentation. Thank you for joining the call today. And we can start the presentation by a few highlights around the 2024 Year. So as a summary here, I would say that the year was characterized by a very strong growth and continuing the momentum from the previous year, significant growth in terms of revenue by 24%.

But for us also, it's very important if we exclude Stella Pack, we show that we have an organic growth momentum at 9% versus last year, which makes us very proud about our strategy, about our execution excellence and our energy that we inject in our markets. I think the majority of our KPIs are on a very positive trend.

We have some significant growth, of course, in EBIT and EBITDA and both organic and non-organic. And of course, the proposed dividend for 2024 payout is EUR20 million, which is 33.3% versus last year, which is, I think, very good for our shareholders. And of course, the payout is 43.5% versus 38.2% last year. So, I think that this page gives you all the context in terms of numbers for 2024 that has been a year quite successful, I would say, for Sarantis Group.

If we move on to the next slide regarding our categories, presenting consistently since 2 years ago, the performance of our key strategic categories for the Group. Here, we can see only the volume and Net Sales Growth and of course, the total contribution to our business.

Our strategic priority of Beauty and Skin Care, if you remember from our strategy, we said we go for accelerated growth in this category. It was a very good year 2024, having the category growing by 10.4% in volume and 24.1% in Net Sales. The Personal Care category, though, it was a very positive year for Personal Care with a significant growth both in volume and value.

Home Care Solutions is a massive growth this year, of course, being affected by the acquisition of Stella Pack in Poland. So, it's the biggest category for Sarantis Group. And as you remember, private label, as we see below, is part of the Home Care Solutions category. But for transparency purposes, we present it separately so we can have a clear idea of what is the effect of the brands in our category of Home Care Solutions.

It was a good year for our partnerships this year, and this is coming together with the rules and the clear strategy we follow for our brands. We work with our partners the same way to have a very good volume and value growth for 2024, 13.6% is quite significant, having our strategic partnerships contribution to our business of 25%. Overall, we overpassed the EUR600 million which is the biggest number ever for Sarantis Group.

If we move to the next slide, it is around our geographies. Here, we see a very positive momentum in all our markets, apart from Ukraine, and I will come to that in a minute. Very good growth in Greece. Of course, Poland and Romania have been affected by Stella Pack, but even like-for-like, as you will see later, is a strong growth as well.

Czech and Slovakia, very good double-digit growth, continuing the momentum from last year. West Balkans, very good momentum also there. Bulgaria, very good double-digit growth. And Hungary is moderate, very small growth, but also there for Hungary, there are some changes in our route-to-market strategy that is affecting the top line, but of course, improving our profitability rate, as you will see later.

In Ukraine, just to say a few words, it's the only country that is not growing this year. The market has been significantly more difficult versus 2023. However, our business is still there. We are working very hard with our teams to continue serving the market. And I would say the year of consolidation is here, the numbers are stable and not growing versus '23.

But as I said many times, Ukraine is only 4% of our total sales. It's a territory that for us consists a future opportunity for the growth of Sarantis Group.

If we move on, as we said in previous calls and in several meetings that one of the key priorities for our Group is the international expansion of our skin care business. So, as you will see later on the results, in more detailed results, we have a separate section separating the sales of the international business because today are under the Greek business, and you have the numbers later on.

We are proud to say that our brands and our progress in the international expansion is quite good. From a sales point of view, we are EUR19.3 million during 2024 grow by 12%. EBIT is growing 41%. And of course, the EBIT margin is 26%, which makes the unit as the most profitable unit across Sarantis Group.

It's a significant growth driver for us for the future. And of course, it's a very high profit margin, EBIT margin for our business. The focus for international business remains under the skincare brand, Carroten, Bioten and Clinea; Carroten, the sun care brand that had some very good successes over the last period.

And we're expecting in 2025 to see what is the full potential of the brand in some specific markets, especially in U.S. In Middle East, we're entering this year and of course, the traditional markets of Australia. So, plenty of positive news coming through that we'll see later on and in the future how far we can go with these initiatives at Sarantis Group.

Regarding Stella Pack, Stella Pack for 2024 has been a significant work behind the integration process. We have completed successfully in the First Half of '24, the majority of the commercial integration, although some activities continuing in the second half of '24 and some in the beginning of '25.

But the truth is 90% of the activities of integration has been completed. And currently, we're working on the supply chain integration and organization together with a massive significant investment of EUR15 million for expanding our regranulation capability to the full portfolio of Sarantis Group that is going to be executed in 2025.

From a numbers point of view, Stella Pack has over delivered target of EBITDA and EBIT for 2024 which is in line with our expectation, even better regarding the contribution of our financial results. I think this is from Stella Pack.

So, regarding the simplification and efficiency agenda, this is something that always is a priority and remains a priority. Nothing new here. The only new is that we have the implementation of first wave of SAP in countries; Greece, Czech Republic, Slovakia and Hungary quite successfully. And currently, we are working on the second wave for West Balkans, Romania and Bulgaria that will go live in the beginning of 2026.

At the same time, a new integrated business planning tool is in place, and we're expecting within 2025 to integrate it into our business properly and start getting benefits in multiple areas in our organization.

We remain focused on our HERO SKUs, as we said many times, what is our HERO portfolio, the performance, how we're focusing more of our energy of investments behind the HERO SKUs. Portfolio optimization is part of our daily agenda right now. So, we're working on this on an annual basis.

And at the same time, this has a big benefit for our cash release, inventory management and releasing more energy into the organization. At the same time, on innovation side, fewer and bigger initiatives continue to be the priority for our innovation agenda.

So, this is the highlights from 2024. Let's move now to the financial performance from Christos.

VARSOS C: Thank you, Ioannis. Let me now provide some details behind the key numbers Ioannis just described. Our Net Sales grew by 24% compared to 2023, strengthening in our core categories and with the integration of Stella. Our Gross Margin grew by 24% with the margin remaining flattish at 37.7%.

EBITDA grew significantly by 33% to 81.6, leveraging on the mix of categories of our core portfolio, the Stella contribution and the synergy achieved from integration for the first year, amounting to 2 million compared to initial expectation of 1.5 million. EBITDA margin grew by 80 bps coming to 13.6%, EBIT at 61 million, a 30% increase versus 47.1 million last year.

Financial expenses 2024, we have a cost versus benefit last year. I remind you that in 2023, almost for the Full Year, we had the cash for the acquisition of Stella Pack, in deposits, we had income instead of financial expenses. The deal was concluded in January 2024.

So in this year, we have the interest on the relevant debt, but obviously, Stella contributed in operational profitability. Net income at 46 million, up by 17% versus 39.3 million in 2023 and earnings per share at EUR0.71, a 21% increase from prior year.

Moving now to our product categories, so you can understand more about these dynamics. Achieving disproportional growth in the Beauty, Skin and Sun Care category is a key pillar where we build our organic growth strategy.

In 2024, we grew by 24% to 60 million, supported by our Sun Care sales that had accelerated growth during the year. EBIT grew by 66% and EBIT margin by 370 bps affected by the mix within the category.

In terms of Personal Care, which is a core profit generator for us, we continued growing with double-digit growth to reach 116.5 million with 18 million EBIT, a 36% growth from prior year.

Home Care Solutions was largely impacted by the integration of Stella Pack with Net Sales growing to 212 million and EBIT growing by 9% to 24.4 million. In terms of the category margin, it was impacted partially by the Ukrainian territory underperformance given that Ukraine is mostly represented in this category.

Private label was also largely impacted by addition of Stella Pack, which almost doubled the Net Sales in this category. In terms of EBIT, this improved compared to prior year. As mentioned in the past, we use private label on a tactical basis to absorb costs from the branded business, and we will increase our branded sales decreasing at the same time the private label. So we are not investing in private label.

Finally, in our strategic partnerships, we had a healthy performance, increasing our sales by 13.6%, while improving our EBIT 10 million, a 33% increase and improving the margin. As mentioned in the past, we use the category for market leverage and we are focusing here in fewer and better relationship.

For the total Group, we reached 600 million Net Sales, an increase of 24%, whereas without Stella, we grew to 526 million, an organic growth of 9%. EBIT grew in total to 61 million, a 30% increase versus prior year. Inorganic EBIT grew by 15% with EBIT margin growing by 50 bps to 10.3%.

Now turning to our geographies. As discussed with some of you in the past, we wanted to share with the investor community the different dynamics outlying our performance. As a first step to that direction, starting from this announcement, we will share differently the performance of our two largest geographies, Greece and Poland.

For Greece, we will be splitting the sales between the domestic market and the export to international markets. For Poland, we are splitting Poland between branded products and private label. Greece grew in total to 170.6 million, an increase of 9.3%. In terms of EBIT, Greece grew by 31% to 21.7 million and EBIT margin grew by 200 bps to 12.7%.

If we look at the sub-segments, Greece domestic business Net Sales showed a healthy growth rate, posting an increase of 9% with an EBIT of 16.7 million, a 28% increase to prior year and 11% margin and improved by 160 bps affected by mix of categories and also from the Clinéa initial launch in 2023 that affected prior year EBIT.

In export markets, we grew by 12% to 19 million and EBIT to 5 million. As you see, exports have much higher EBIT margin of 26%, and that's why we consider this segment as an accelerator for our growth.

In Poland, the total business grew by 67% to 184 million, becoming the largest country in terms of sales in the Group, affected obviously largely by the Stella acquisition.

Similarly, total EBIT grew by 70% to 10.6 million with flattish margin.

The branded portfolio grew by 61% is the main driver of EBIT growth, producing most of the EBIT for the geography. Private label grew to 56 million, improving also the EBIT versus prior year.

In other countries, as you can see, we have double-digit growth in most of our territories and EBIT growing faster than Net Sales.

For Ukraine, it was a year of pressure in the results as identified from Ioannis and also in our Six- Month discussion. However, we are working with resilience, and we are also positioning ourselves with products in other categories, like the launch of Str8 and Bioten in the country, expanding our portfolio outside the Home Care, which is still the leading category in our business in Ukraine.

Moving now to our balance sheet. We maintain a strong balance sheet, which can support our organic growth, the next steps on our transformation agenda and M&A activities. During the year, the acquisition of Stella was funded by cash reserves and we also prepaid their external debt in full.

At the year-end, we had net debt of 8.5 million. By now, this has converted to a net cash position given that in January 2025, we received a 20.6 million installment with regard to the sale of our share in the JV with Estee Lauder back in 2022.

In the last quarter of 2024, we have prepaid early 18 million of debt, reducing our financial expenses for 2025 by at least 1 million. In 2024, we have generated free cash flow of 33 million with our working capital improving by 3.5 days.

Enhancing our shareholders' value is key for us. Earnings per share reached 0.71 from €0.59 last year, an increase of 21%. The Board will propose to the AGM a dividend payment of €20 million, representing 33.3% increase compared to €15 million paid last year. This represents a 43.5% payout ratio versus 38.2% payout ratio last year.

I think it is clear that we delivered in 2024 better against our targets as shared in our Investor Day last March, and we now move to provide an update regarding 2025. With 2024 performance and 2025 guidance, we build the momentum for delivering our 5-year plan, which I remind you will bring our EBITDA to 120 million by 2028 organically.

Our estimations for 2025 are: Net sales of 628 million, in line with our 5-year plan, representing a 4.7% increase compared to 2024. EBITDA of 92 million, improved by 2% versus our 5-year plan and by 12.7% versus 2024.

EBITDA margin will expand by 100 bps compared to 2024. EBIT to 70 million, improve by 3.6% versus 5-year plan by almost 15% versus 2024. EBIT margin will expand by 90 bps versus 2024. Our new Capex expectation for 2025 is for 40 million from 33 million in our 5-year plan, a 21% increase.

Finally, free cash flow will be 68 million, improve by 2.5 million versus our 5-year plan. Thank you.

OPERATOR: The first question is from the line of Svyriadi, Natalia with Eurobank Equities. Please go ahead.

SVYRIADI N: Good afternoon, I hope you can hear me. Thank you for taking for my question. I will start from the end as we are looking in the 2025 outlook, and I wanted to understand a bit the specifics behind the improved margin that you have guided us through for 2025. This improvement versus the 5-year plan of almost 40 basis points, where is this coming from in the EBIT margin for 2025? This is one question.

And then I would like to ask also the improved free cash flow you have given us, the 68 million for 2025. Where is this coming from since Capex, as I see, is higher for the year? So, is this coming all from operating? Is it coming from working capital? Thank you.

BOURAS I: Yes. Just take the chance to answer the question about the growth of the margins. I think this is coming from two areas. One area is the different mix of the growth that we have versus the 5-year plan. It is true that the skin care and beauty category is going better than the 5-year plan. That was also the case for 2024.

So, this is expecting to affect positively the margins for next year. And at the same time, we are working both on operational expenses and margin improvement initiatives for our products in order to support our margin agenda. So that's the main topic.

It has to do with mix and some other initiatives that are working on this direction. And as we discussed before, part of the mix is also the export sales that is going faster than we said in the 5-year plan. And as you saw, the EBIT margin there it's much higher than the rest of the business. So, it is affecting positively our numbers for 2025 outlook.

VARSOS C: For the free cash flow question, Natalia. Thank you for your questions first of all. One element from the free cash flow has to do with the improved profitability even by 2 million. Another element has to do with improved working capital. So now that we actually consolidated Stella, we are in a much better position to be able to identify how we will move this forward.

So, we have a better working capital compared to the initial expectations back in March 2025. And obviously, the last part has to do with, we have increased Capex. But on the other hand, we also received already the Estee Lauder installment of 20.6 million in January, which is positively impacting the free cash flow for this year.

SVYRIADI N: Okay. Great. Could you also outline a bit the Capex, the 40 million, do you have from where this rise increase came?

VARSOS C: Sure. So, we have two different elements. The one is, that compared to the initial plan, we're actually investing full for the Stella regranulation project. We invested €10 million this year compared to the initial discussion where we're actually splitting the investment between '25 and '26.

We have a rephasing of the Oinofyta distribution center because we initially were thinking of doing 7 million in '24 and 18 million in '25. This 18 million will now move to '26 and 7 million will be this year. And also finally, we are investing EUR10 million on average to our Oinofyta plant in order to improve the capacity and enlarge the capacity to support more our increased sun care sales.

That's why you see the difference in the split between the two. This year, we were initially supposed to invest 20 million. We invested 17.5 million instead of 20 million in 2024. So, something switched to next year. Obviously, the digital transformation still is on as we described in the past. So, this continues as planned.

So practically, if we want to put rough numbers, 7 million this year will be from Oinofyta. Digital transformation stays as it was 4 million. Stella, will have 15 million this year compared to 6 million that we have committed back in March and 14 million will be the rest of the Group, largely attracted by our plan for Beauty, Skin and Sun in Oinofyta, that makes the 40 million in '25.

SVYRIADI N: Okay. This is very clear. Thank you very much.

OPERATOR: Ladies and gentlemen, there are no further audio questions at this time. We will now accommodate any written questions from our webcast participants. The first webcast question comes from Thibaut Maissin with Gay Lussac. I quote, "Can you give us some more details on the increase of the Capex budget to EUR40 million versus EUR33 million in the initial plan?”

VARSOS C: I think I just replied this to Natalia to the previous question. So, the new split as described will be 7 million from Oinofyta, 4 million from digital transformation as it was before. Stella, but we put the full regranulation investment throughout this year by 15 million instead of 6 million, 14 million rest of the Group to also including 10 million to improve the capacity of Oinofyta plant to produce sun care products.

OPERATOR: Thank you. The next webcast question is from Georgos Andriopoulos with Piraeus AEDAK. And I quote "Can you talk us a bit about Middle East? What opportunity do you see there, in what product categories? And also what will the 40 million capex be used for?"

BOURAS I: Yes. On the Middle East, the category that we are talking about is the sun care product with the brand Carroten is the same brand that we do in U.S. As we said previously, Carroten is a sun care brand, mainly in Balkan countries, Greece and of course, used in international markets. And this is also the opening with Middle East. It's early days, but this is a starting point right now.

Regarding the Capex, I think we had the same discussion, right? We have already answered that one.

OPERATOR: The next webcast question is from Marc Saint John Webb with Quaero, and I quote: "What percentage of Group sales do you generate in garbage bags? What is the profitability of garbage bags?" Thank you.

VARSOS C: The majority of our Home Care category.

BOURAS I: All the private label business you see in the P&L is garbage bags, okay? So, you can see the profitability there. But regarding the branded business, it is around EUR150 million. Profitability is not different to the rest of the mix of the category. So, garbage bags, I would say, is also the fastest-growing category for us as well and the greater potential.

And this is all the investments are going behind all the regranulation that we are talking about. So, the profitability of the garbage bags is not different to the profitability of the Home Care category as we speak right here.

VARSOS C: The regranulation will support us in improving further the cost on this because through the regranulated projects.

BOURAS I: It's all low cost, competitiveness in the market, plus being totally independent regarding the materials we use for the garbage bags, the objective is to use 100% post-consumer waste to produce our garbage bags in our factories.

OPERATOR: Thank you. We have another question from Mr. Marc Saint John Webb with Quaero. And I quote: “Could you explain the high export from Greece EBIT margin?”

BOURAS I: Yes. I mean that's not dedicated to Sarantis Group. It's usually in most of the businesses when they do export business, international business because we don't want to call it export, it's international business development. We are building the brands in the markets where we operate.

It's not like we're just exporting things, there are two things, two elements. One is the business model we use because at the end of the day, the work in the local market is happening by local networks and the networks are taking the majority of the expenses to execute the products in the market.

And on the other side, the high margin is coming from the portfolio that we are exporting because as we explained, the focus there and the majority of the business is coming out of skin care brands or sun care brands where the margins are much bigger than all the other categories.

So, our aspiration is not to sell, to grow international business or in U.S. or Middle East, home care or personal care categories at this moment in time. So, the focus in skin care where the margins are much higher than the rest of the portfolio.

OPERATOR: The next webcast question is from John Kalogeropoulos with Beta Securities. And I quote: “Can you comment on the improved dividend payout ratio and how you see it moving forward? Should we expect payout in the tune of 45% to 50% versus 43.5% as was the case in 2024?”

VARSOS C: Thank you for the question. What we have said in the past that our policy moving forward, and we communicated this in our 5-year plan in March that we'll be paying at least at a minimum 38% and above. So, our floor for dividend payout will be 38%.

This year, we decided based also on the successful year to increase this payout. So, but the policy stays as it was. So, it will be above 38%. I cannot comment whether we will reach other highs in the future. But as you saw this year, we decided based on the good performance to actually increase this, but 38% will be the absolute minimum when we're moving forward.

OPERATOR: We have another webcast question from Thibaut Maissin with Gay Lussac. And I quote: "Any comments on the M&A agenda?"

BOURAS I: M&A agenda, I mean, Sarantis is always active on this field. As we repeated previously, we work on our territory in our Eastern Europe, our categories and our channels. So that's the priority. At the same time, we want to go for strategic things fitting with our strategy. We will not do whatever is available on M&A.

So, there are, of course, different companies or brands in the region that are interesting for Sarantis. At this moment in time, as we speak, we have nothing in our agenda active. But this field is always moving. So, we don't know what is going to happen tomorrow. But Sarantis is always active on this field. Currently, we have nothing we can announce today.

OPERATOR: Thank you. The next question is also from Marc Saint John Webb with Quaero. And I quote: “What percentage of Ukraine sales are garbage bags? What is the rest? What could you be doing in Ukraine in 5 years' time?”

BOURAS I: As Christos mentioned before, Ukraine sales, the majority, 90% or 85% of the sales is coming out of Home Care solutions category. Just to give you a small detail here, our Ukraine business is not only in garbage bags, garbage bags is part of it, but also we are very strong in sponges, sponge wipes and aluminum foil and all this.

So, 30% is around garbage bags, the rest is the rest of the product. It's a mix of portfolio. It's one of the biggest plants that we have in Ukraine, and this is going to be a priority for us. As Christos also mentioned before, one of the key initiatives that we do over the last couple of years during the war is that we are launching a series of projects in Ukraine market around our big brands of personal care and skin care like STR8 that is doing very, very well, not only in Ukraine, but also some surrounding markets.

We are also launching our Bioten skincare brand in drogeries in Ukraine. And in 5 years, I'm not 100% sure that I can tell you exactly where we are in 5 years. But definitely, since we entered Ukraine market with the acquisition of Ergopack back in 2018.

The population in Ukraine are more than 30 million people. Around Ukraine, there are another 25 million people. We hope that the solution in the situation in Ukraine will be positive in the next period. After that, for us is opening a new window of opportunity regarding the development of our portfolio of Sarantis Group in the whole region.

So, our aspiration is Ukraine to be another region country together with the rest of the markets, equivalent to the rest of the Sarantis countries. Today, many of the categories are under-represented. So, what we are expecting is things to come down and have a solution that is sustainable for the future, and we are ready to go for more and more categories in the territory.

Hopefully, this one will bring us in a much better position in the next years because, as I said, the population, the potential of the territory is quite big.

VARSOS C: However, for our 2025 numbers, the numbers that we just quoted we have derisked in our P&L, the performance for this year, kept it similar to this year, just to make sure that until the solution comes, we have time. So, in this respect, it could be better compared to what we shared.

OPERATOR: The next webcast question is from Nikos Tselentis with Optima Bank, and I quote, "Hello and thank you for the presentation. In which countries do you see the strongest sales expansion? And could you please repeat in which countries you plan to expand your skin care business?”

BOURAS I: I mean sometimes the countries in the territory we have, depending on the category, there are different priorities. Definitely, we see Greece is doing very well, which for us is very good news because it's the biggest market in terms of profitability and very big market as we operate in every category.

But also markets like Czech Republic and Slovakia, Bulgaria, Poland and Romania are markets that for us is a big priority. In Ukraine, I think I just made some comments before. On West Balkans, right now, we are expanding our presence in the markets that we were not very well presented, especially in Croatia, Slovenia, Bosnia, which is part of the region as Serbia is the biggest market for us.

So, in every market that we operate, there are opportunities, maybe in some of the different categories, but there are always opportunities. Regarding our skin care business, I'm not 100% sure whether the question refers to the export international business or in the territory.

Just to tell you that within June 2025, we are launching our Clinea brand in Poland in one of the drogeries that operates in the market, which is Hebe. So, this is part of the skin care market development in our territory because today, Poland doesn't have a skin care brand from Sarantis Group apart from sun care.

And of course, we are working very hard to develop further our portfolio in the rest of the markets. Last year, we launched Carroten in Hungary with great success, and we're expecting this year to go even higher.

Regarding markets outside of our territory, the biggest priority for us for 2025 is the success and making a success in U.S. as we enter with Carroten brand last year in Amazon online, but this year, physical distribution in retailer Target in U.S. with 1,800 stores.

The products are available on the shelf right now as we speak. And we expect to see what will be the reaction from the consumers in the region in U.S. But this is for us the big priority. As you can imagine, U.S. is a huge market. And definitely a success with our Carroten brand in U.S. can be a significant uplift for the numbers.

Of course, as we speak right now, our international business development team is working on other projects. I said about Middle East, but also other markets because we see an opportunity in our sun care, especially sun care and skin care brands outside of our territory.

OPERATOR: The next webcast question is from John Kalogeropoulos with Beta Securities. And I quote "Any plans for new acquisitions either in Greece or Southeast Europe within 2025? Or should we expect any other acquisitions from 2026 following the full completion of Stella Pack integration in 2025?”

VARSOS C: Thank you, John. Thanks for the question. It's not a matter of timing because as we said in the past, we have identified which companies we would like to buy across the territories with the 3 main categories being that it should be in our territory, in our categories, in our channels, to be able to get synergies out of the integration.

In this respect, we are constantly in the market, in our market to see how this process will move. So, it's not a matter of timing because of Stella Pack. The Stella Pack integration continues as it was this year. It's not relevant to this, but also it is a matter of how any targets, any processes will come in live. So, I wouldn't connect it with Stella.

We are on the market. However, we're looking for acquisitions. We like acquisitions in our area. So, we could see acquisitions in Poland. We'd like to see something potentially with Balkans, Bulgaria and Romania should also be part of this. So however, the actual timing depends not only to us, and Greece, obviously.

OPERATOR: The next webcast question is from with Kostas Adam with Alpha Trust and I quote: "In the case of war coming to an end, how would this affect your company?

BOURAS I: It's going to be positively affecting our company, definitely. It is true that the war has delayed some of our plans regarding the intensity that we wanted to inject in the market in Ukraine. As I said, we are preparing the ground for that. We have done some preliminary work that is having positive results. So definitely, if the war ends, that could be a very positive thing that has not been reflected in our numbers in 2025.

OPERATOR: The next webcast question is from with Thibaut Maissin with Gay Lussac. And I quote, "Can you provide some comments on M&A considering the Group is coming back to net cash position at the beginning of the year?" Thank you.

VARSOS C: I just mentioned about the actual where we're going to buy. Obviously, the strong balance sheet we have and the availability of finance that we have will allow us to actually execute acquisitions in larger scale. As we described, following the Stella Pack acquisition and integration, we're much more confident about acquiring brands, which we have been doing in the past, but also acquiring larger organizations, including factories.

OPERATOR: Thank you. Another webcast question from Marc Saint John Webb with Quaero and I quote, "Could you describe the competitive environment in garbage bags across Eastern Europe?"

BOURAS I: The reality is right now that Sarantis Group is in a way the one and only big, branded player in Eastern Europe. And the major competitor for us is the private label. There are also some other manufacturers in the middle. But at the end of the day, the big difference is ourselves as a brand and the private label as a price fighter, I would say, a price difference.

As we said previously, there are 2 elements that we do and we're working on the garbage bags and all our home care solutions category. One thing is to educate consumers because we see penetration gap in Eastern Europe that Sarantis needs to address and how we address that. We address with innovation, we address with education, with proper representation of the category in store.

And this is why we are working and investing money, both communication and activation in the store. And the second one is to be cost competitive in order to safeguard our future from a profitability point of view. And this is all the acquisition of Stella Pack and all the investments we're doing behind regranulation is securing that. And I think it's inevitable to work in both directions in order to be able to compete in the market.

And we believe by concluding the Capex investments in 2025, together with all the activations that we have and investments we do on the consumer side, creating a very strong foundation and fundamentals to be successful in this category in Eastern Europe.

OPERATOR: The next webcast question is from Thomas Gommenne with LFDE. And I quote: "Given higher revenue than expected in 2024, targeting revenue in 2025 to be in line with the initial business plan means you also expect a lower growth than expected for this year. Is that right? And why?"

BOURAS I: Yes. We project a growth of 4.7% versus 9% organic growth last year. There are a couple of elements here that the one-off impacted the turnover of 2025 regarding some of the non-performing categories that we have in our mix. At the same time regarding the market, the over performance of '24, 9%, which is excellent.

It doesn't mean that the 4.7% is low. It's quite significant if you compare with the category average on what is happening. And we believe it's quite important for our consistency in the market. Last year, we had also some significant impacted sales growth from our sun care business that was impacted also by the weather and all the conditions of last year in South Europe.

But overall, yes, we are expecting that. But for us, it is important to be consistent and reliable whenever we go forward with our categories. 4.7% is what we see right now. And compared to what we see, we are very happy to achieve that, as it's one of the best in the category that we operate.

OPERATOR: The next webcast question is from Thibaut Maissin with Gay Lussac. "Considering the SCF target of EUR68 million, the EUR40 million Capex and the EUR92 million EBITDA and the EUR22 million from the ELCA JV, this leaves with some significant working capital inflow next year, even bigger than initially expected. Can you provide some comments on that?"

VARSOS C: Yes, sure. This year, the year 2024 and when we came out and actually gave the free cash flow targets was the year that we actually integrated Stella. So, when we came out, we were actually taking assumptions how we're going to perform as we move forward.

Now that we know and we have the full Group and fully integrated, we're actually putting additional focus on our working capital management in all the categories and in both inventories and receivables and payables.

And actually, we're taking actions in a much more in a strong manner with regards to the working capital. So, in this respect, I believe that this plan and the road map we have on the improvement of working capital will actually materialize and will be better compared to the initial expectations a year ago.

OPERATOR: A follow-up question from Mr. Thibaut Maissin with Gay Lussac. And I quote: "Can you give us some examples of the work you've done on the partnerships, the ones terminated, the new ones launched?"

BOURAS I: Actually, I don't think we have terminated anything significant in 2024. And in reality, all this HERO Philosophy that we have launched in Sarantis Group since 3 or 4 years ago, this is also what we communicate and share with our partners.

And I think this is also impacting the growth we have with them. And also, we put them in the position to have proper meaningful and fewer and bigger launches in their portfolio.

So, in reality, this is working quite well, and we have some good examples from existing partners that they are launching or relaunching products they have in their portfolio and focusing their funds and the investments behind the winners that is resulting very positive sales growth.

So, in reality, we don't have any movements from the partners, significant ones. So, the big partnerships remain. We are building further relationships. We're working together with them to build their brands on their behalf in our markets, and we put the money behind the winners. All these things will be continued in also 2025.

OPERATOR: The next webcast question is a follow-up from Mr. Kostas Adam with Alpha Trust. And I quote: "Follow-up on my previous question, could you provide order of magnitude or some level of quantification?"

VARSOS C: With regard to the question, I suppose, yes, but was the previous question.

BOURAS I: Not 100% sure. The previous question? The company, it's very difficult at this moment in time to do a quantification of the impact of the stop of the war because to be honest, when we speak about consumer goods, even if the worst of today, you need some time to see where the market is going.

There is a lot of things will happen, but there will be other priorities in the country rather than improving the demand for consumer goods products. What we expect, though, is the market, there are different things that will happen. Population will come back to Ukraine, funds will flow through to the market for the rebuild.

And definitely, this one, these things will have an impact. We don't expect an impact for the First Half or Nine Months of 2024, even if the world stops today. But definitely, this will create a different landscape in the market and definitely will be positive for us.

OPERATOR: Thank you. Ladies and gentlemen, there are no further questions at this time. I will now turn the conference over to Management for any closing comments. Thank you.

BOURAS I: Nothing special. Thank you again for participating in the call. 2024 has been a very good year for Sarantis Group. Personally, I would like to thank all my team here working very hard behind all these initiatives and also the whole Sarantis Group people, around 3,000 people around the Group working very hard on 2024 to make things happen.

A lot of projects are going on. And of course, 2025 is extremely busy as well from both sides, from the growth side and of course, the investment side. So, we're working for today, we're working for our numbers, but also we're working for the future of the Group to continue the momentum of the delivery of the results.

The whole team is behind all the 5-year plan we have presented. Of course, we are ready for all the challenges to take on. Agility is one of the things that we are building on. And of course, significant investments behind system and infrastructure helping us to deliver our commitments.

Thank you again for participating. And of course, we are always available for any further questions if you have any, to myself or Christos for any specifics that you have. Thank you again.

VARSOS C: Thank you. Thank you very much. Thanks for attending.