

Monday, 30 May 2011

Sarantis Group
Consolidated Financial Results Q1 2011

Highlights: Q1 2011

- Maintaining the sales levels of Q1 2010. Consolidated sales amounted to € 49.61 million.
- Increased production costs lead to reduced gross profit margin. Consolidated gross profit amounted to € 23.33 million.
- Decrease in profit after tax after minority interest by 30.67%. Profit after tax after minority interests (EATAM) amounted to € 1.96 million.
- The Group's foreign countries maintain their high participation in the consolidated Group sales. Their participation rate is the 60% on the sales of continuing operations.
- The participation of own brands to the Group's turnover further increased.
- Sound capital structure and strong cash flows.
- Positive net debt figures (net cash position).

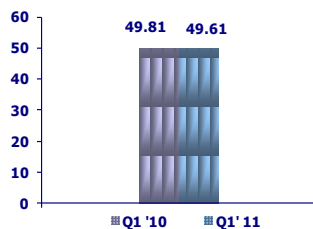
P&L (€ mil.)	Continuing Operations Q1'10	Continuing Operations Q1'11	Cont. Q1'10 Vs Cont. Q1'11
Turnover	49.81	49.61	-0.41%
Gross Profit	25.50	23.33	-8.51%
<i>Gross Profit Margin</i>	<i>51.18%</i>	<i>47.02%</i>	
EBITDA	4.75	3.02	-36.49%
<i>EBITDA Margin</i>	<i>9.55%</i>	<i>6.09%</i>	
EBIT	3.81	2.06	-46.02%
<i>EBIT Margin</i>	<i>7.65%</i>	<i>4.15%</i>	
EBT	3.85	2.34	-39.28%
<i>EBT Margin</i>	<i>7.74%</i>	<i>4.72%</i>	
Tax	0.82	0.38	-53.39%
Profit After Tax (excl. Windfall Tax)	3.04	1.96	-35.50%
<i>Profit After Tax Margin</i>	<i>6.10%</i>	<i>3.95%</i>	
Windfall Tax	0.21	0	
EATAM (incl. Windfall Tax)	2.83	1.96	-30.67%
<i>EATAM Margin (incl. Windfall Tax)</i>	<i>5.67%</i>	<i>3.95%</i>	
EPS	0.074	0.051	-30.67%

Further information at: <http://ir.sarantis.gr/>

The financial results of 1Q 2011 will be presented in a conference call on the 31st May 2011 at **17.00**, local time (GMT+2). Telephone number: 211 – 180 2000.

Q1 '11 Consolidated Financial Results

Consolidated Turnover Continuing Activities (€ mil)
-0.41%

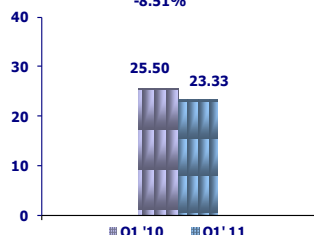


Turnover

The consolidated turnover of continuing operations remained close to the Q1 '10 sales level, marginally lower by 0.41% and in Q1 2011 amounted to € 49.61 million, from € 49.81 mil in Q1 2010.

Greece exhibited a marginal increase in sales, while the Group's foreign markets showed a marginal decline in sales.

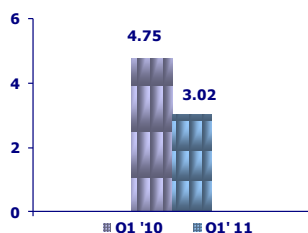
Consolidated Gross Profit Continuing Activities (€ mil)
-8.51%



Gross Profit

The Gross profit of continuing operations, during Q1 2011, has decreased by 8.51%, to €23.33 mil., from €25.50 mil. The gross profit margin of continuing operations settled at 47.02% vs 51.18%, largely affected by the rapid price increase in raw materials.

Consolidated EBITDA Continuing Activities (€ mil)
-36.49%



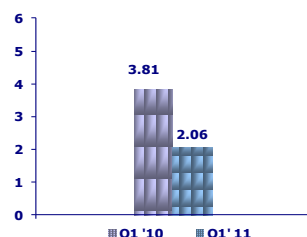
EBITDA

The EBITDA of continuing operations posted a reduction of 36.49% to €3.02 mil. in Q1 2011, from €4.75 mil., in Q1 2010, mainly influenced by the increased production cost.

EBIT

The earnings before interest and taxes of continuing operations reached €2.06 mil., from €3.81 mil., down by 46.02% and EBIT margin settled from 7.65% in Q1 2010, at 4.15% in Q1 2011.

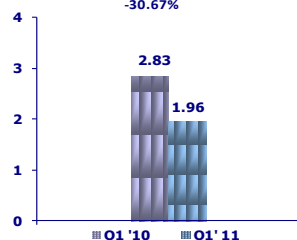
Consolidated EBIT Continuing Activities (€ mil)
-46.02%



EBT

During the first quarter, the group recorded financial income from continuing operations, which amounted to € 0.28 million and attributed to strong cash flows. Consequently, profit before tax of continuing operations amounted to € 2.34 million, from € 3.85 million decreasing by 39.28%.

Consolidated EATAM Continuing Activities (€ mil)
-30.67%



EATAM

The earnings after taxes and minorities of continuing operations reached €1.96 mil., reduced by 35.50% compared to Q1 2010. Including the windfall tax of €0.44 mil. recorded during the first quarter of 2010, EATAM from continuing operations declined by 30.67% compared to the corresponding period last year, while EATAM margin stood at 3.95% from 5.67 %.

Q1 '11 Consolidated Balance Sheet / Cash Flow

Highlights

During the first quarter of 2011 the group continued to generate strong cash flows, due to the containment of operating expenses and the effective management of working capital.

The Group's working capital settled at €66.25 mil. in Q1 2011 from €63.30 mil. in FY 2010, and €64.10 mil. in FY 2009 while working capital requirements over sales of continuing operations, settled at 30.14% vs 28.77% in 2010 and 29.68% in 2009 respectively.

At the same time the Group benefits from a healthy capital structure and low leverage. In Q1 2011, the Group's net debt settled at €-4.69 mil., from €5.80 mil. in Q1 2010 (net cash position).

BALANCE SHEET (€ mil.)	Q1 '11	%	FY '10
ASSETS			
Property Plant & Equipment	38.83	-1.54%	39.43
Intangible Assets	11.68	0.99%	11.57
Goodwill	4.84	2.18%	4.74
Investments	17.20	-1.34%	17.43
Financial assets available for sale	6.08	16.68%	5.21
Other Long Term Assets	0.33	7.88%	0.30
Deffered Tax	2.20	3.49%	2.12
Total Non Current Assets	81.16	0.42%	80.82
Inventories	37.95	12.66%	33.68
Trade Receivables	66.86	-6.98%	71.87
Other Receivables	4.85	-6.60%	5.19
Financial assets available at fair value through profit or loss	3.70	91.56%	1.93
Cash & Banks	46.39	-1.63%	47.16
Other Short Term Receivables	1.57	61.94%	0.97
Total Current Assets	161.31	0.32%	160.80
Total Assets	242.47	0.35%	241.62
SHAREHOLDER'S EQUITY & LIABILITIES			
L-T Bank Loans	0.00	-100.00%	39.50
Deferred Tax Liabilities	0.02	-39.85%	0.04
Retirement Benefit Obligations & Other Provisions	4.02	-8.39%	4.38
Total Non Current Liabilities	4.04	-90.81%	43.92
Trade Creditors & Other Liabilities	38.55	-8.75%	42.25
Income Taxes and other Taxes Payable	2.80	30.66%	2.14
S-T Bank Loans	62.41	154.69%	24.50
Other Short Term Liabilities	7.07	54.15%	4.58
Total Current Liabilities	110.83	50.82%	73.48
Share Capital	59.06	0.00%	59.06
Share Premium	39.25	0.00%	39.25
Other Reserves	-17.58	-4.68%	-18.44
Minority Interest	0.01	11.16%	0.01
Retained Earnings	46.86	5.69%	44.33
Shareholders Equity	127.60	2.73%	124.22
Total Liabilities & Equity	242.47	0.35%	241.62
CASH FLOWS (€ mil.)	Q1'11		Q1'10
Continued Operating Activities	2.30		4.18
Continued Investment Activities	-1.57		-2.34
Continued Financial Activities	-1.69		5.37
Total Continued Operations	-0.95		7.21
Total Discontinued Operations	0.00		0.23
Cash generated	-0.95		7.44
Cash & Cash equivalents, beginning	47.16		30.82
Effect of foreign exchange differences on Cash	0.19		0.49
Cash & Cash equivalents, end	46.39	19.72%	38.75

1. CONSOLIDATED SBU ANALYSIS

Q1'11 Turnover Breakdown

Q1 '11 Consolidated Turnover Breakdown per Business Activity				
Continuing Activities				
SBU Turnover (€ mil)		Q1 '11	%	Q1 '10
Cosmetics		23.62	8.05%	21.86
	% of Total	47.60%		43.88%
Own		16.57	12.55%	14.72
	% of SBU	70.17%		67.36%
Distributed		7.05	-1.24%	7.13
	% of SBU	29.83%		32.64%
Household Products		20.98	-5.84%	22.28
	% of Total	42.29%		44.73%
Own		20.91	-6.00%	22.24
	% of SBU	99.67%		99.84%
Distributed		0.07	96.58%	0.04
	% of SBU	0.33%		0.16%
Other Sales		5.01	-11.64%	5.67
	% of Total	10.11%		11.39%
Health & Care		2.55	-17.33%	3.09
	% of SBU	50.87%		54.37%
Selective		2.46	-4.86%	2.59
	% of SBU	49.13%		45.63%
Total Turnover of Continuing Activities		49.61	-0.41%	49.81

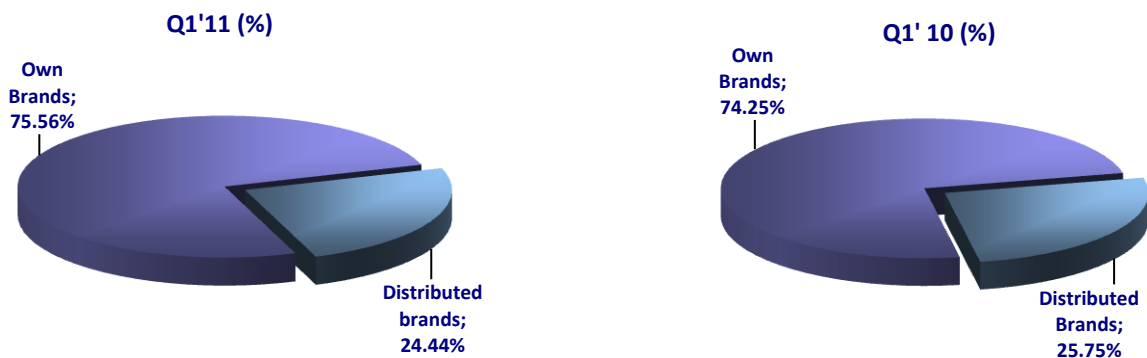
During Q1 2011, sales from continuing operations stood at the previous year's level.

Cosmetics recorded a sales growth of 8.05% amounting to €23.62 mil., from €21.86 mil., in Q1 2010. In this SBU, the **own brands** demonstrate an increase of 12.55%, thus their contribution to total turnover was increased from 67.36% to 70.17%.

Sales of **Household Products** fell by 5.84% reaching € 20.98 million from € 22.28 million in the corresponding period last year. Sales of **own brands** in this category decreased by 6% while their contribution to group sales amounted to 99.67%.

The category of **Other Sales** showed an overall decrease of 11.64% during Q1 2011, mainly driven by the subcategory of Health & Care products.

Own versus Distributed Activity Turnover Breakdown



During Q1 2011, consolidated revenues from continuing activities of **own** brands (cosmetics and household products) amounted to €37.49 millions from €36.99 million in Q1 2010, increased by 1.36%. Furthermore, their contribution to the total group turnover stood at 75.56%, considerably increased in comparison to the previous year's level.

Consolidated revenues from continuing activities of **distributed** brands during Q1 2011 reached €12.12 million, from €12.83 million in Q1 2010, decreasing by 5.49%. Their participation to the total group sales of continuing activities settled at 24.44%.

1.2. Q1 '11 EBIT SBU Breakdown

Q1 '11 Consolidated EBIT Breakdown per Business Activity Continuing Activities				
SBU EBIT (€ mil)		Q1'11	%	Q1 '10
Cosmetics		1.76	50.04%	1.17
	Margin	7.43%		5.35%
	% of EBIT	85.34%		30.70%
Own		1.70	59.53%	1.06
	Margin	10.24%		7.23%
Distributed	% of EBIT	82.49%		27.91%
		0.06	-44.97%	0.11
	Margin	0.83%		1.49%
	% of EBIT	2.84%		2.79%
Household		0.35	-78.95%	1.68
	Margin	1.68%		7.53%
	% of EBIT	17.17%		44.02%
Own		0.36	-79.04%	1.70
	Margin	1.70%		7.62%
Distributed	% of EBIT	17.28%		44.49%
		0.00	87.25%	-0.02
	Margin	-3.27%		-50.36%
	% of EBIT	-0.11%		-0.47%
Other Sales		0.18	154.72%	0.07
	Margin	3.64%		1.26%
	% of EBIT	8.88%		1.88%
Health & Care		0.37	-30.67%	0.53
	Margin	14.51%		17.30%
Selective	% of EBIT	17.99%		14.01%
		-0.19	59.44%	-0.46
	Margin	-7.61%		-17.85%
	% of EBIT	-9.11%		-12.13%
Income from Associated Companies		-0.23	-126.26%	0.89
	% of EBIT	-11.38%		23.40%
Income From Estee Lauder JV		-0.23	-126.26%	0.89
	% of EBIT	-11.38%		23.40%
Total EBIT of Continuing Activities		2.06	-46.02%	3.81
	Margin	4.15%		7.65%

Operating earnings were partly affected by the sales drop in the category of household products as well as the increased production costs and the loss presented by the affiliated company Estee Lauder JV.

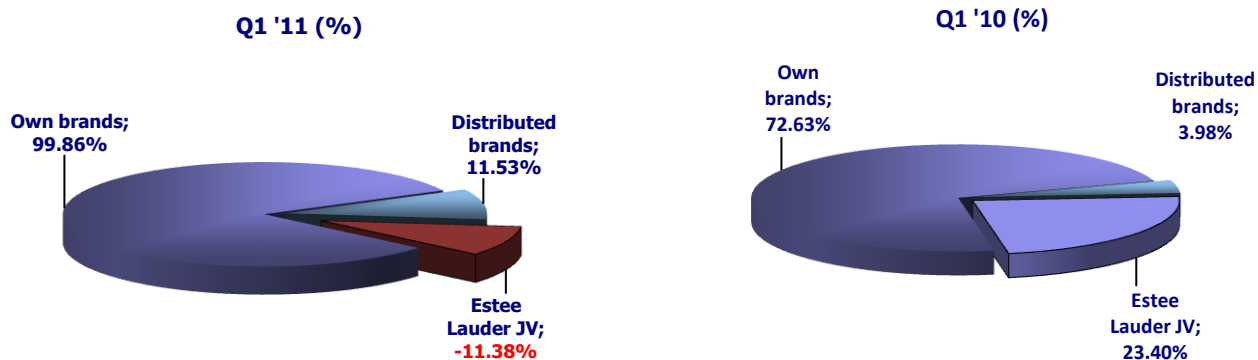
Cosmetics EBIT increased in Q1 2011 by 50.04% reaching € 1.76 million from €1.17 million. The Cosmetics EBIT margin during Q1 2011 settled at 7.43% vs 5.35% in Q1 2010. This category's contribution to total EBIT rose to 85.34% from 30.70% same period last year.

The operating profits of **own brands** within this category increased by 59.53% during Q1 2011 standing at €1.70 million from €1.06 million in Q1 2010.

The EBIT of **Household Products** reduced by 78.95% to €0.35 million from €1.68 million in Q1 2010 affected by the significant increase of production cost, due to the price increase of the raw materials. The EBIT margin of the household

products stood at 1.68% from 7.53%. The **own brands** of this category presented a declining EBIT of 79.04% reaching €0.36 million.

Own vs Distributed EBIT Breakdown



The **Own brands** portfolio, generated income of €2.05 million in Q1 2011 versus €2.77 million in Q1 2010, reduced by 25.79%. The contribution of **own brands** (cosmetics and household products) to the total EBIT of continuing operations during Q1 2011 stood at 99.86%.

EBIT of **distributed brands**, of continuing operations in the Q1 2011 amounted to €0.24 million, from € 0.15 million in the corresponding period last year, posting a 56.45% increase. Their contribution to total EBIT corresponded to 11.53% from 3.98%. In addition, Estee Lauder JV presented EBIT of € -0,23 million, compared to € 0,89 million in Q1 2010.

2. CONSOLIDATED REGIONAL ANALYSIS

2.1. Q1 '11 Turnover Breakdown

Q1 '11 Consolidated Turnover Breakdown per Geographic Market Continuing Activities			
Country Turnover (€ mil)	Q1'11	%	Q1'10
Greece	19.91	0.08%	19.89
% of Total Turnover	40.14%		39.94%
Poland	13.93	3.69%	13.43
Romania	7.96	-8.55%	8.71
Bulgaria	1.99	-11.74%	2.26
Serbia	2.47	-2.96%	2.55
Czech Republic	1.33	28.95%	1.03
Hungary	1.44	5.07%	1.37
FYROM	0.58	0.52%	0.57
Foreign Countries Subtotal	29.70	-0.73%	29.92
% of Total Turnover	59.86%		60.06%
Total Turnover of Continuing Activities	49.61	-0.41%	49.81

The Group's regional sales during the first quarter of 2011 were maintained at the previous year's level. The marginal increase presented by the Greek market is offset by the marginal reduction of the Group's foreign markets. It is also worth to note that the currency movements had a small negative impact in the Foreign Countries turnover during the current period. (drop by 0.29% in local currency and c. 0.44% currency devaluation). Sales from Foreign Countries decreased to € 29,70 million in Q1'11 from € 29,92 million in Q1 '10. The Greek market's turnover was positively influenced mainly by the subcategory of fragrances & cosmetics.

Greek and Eastern European Market Turnover breakdown Analysis



During Q1 2011, the foreign countries contribution to the Group's sales stood at 59.86%, near the previous year's level.

2.2. Q1'11 EBIT Breakdown

Q1 '11 Consolidated EBIT Breakdown per Geographic Market Continuing Activities			
Country EBIT (€ mil)	Q1 '11	%	Q1 '10
Greece	2.10	-25.77%	2.83
% of Total Ebit	101.98%		74.15%
Poland	0.01	-98.34%	0.68
Romania	0.01	-98.04%	0.47
Bulgaria	-0.05	-463.25%	0.01
Serbia	0.27	-15.91%	0.32
Czech Republic	-0.20	34.24%	-0.31
Hungary	-0.20	40.69%	-0.34
FYROM	0.12	-14.94%	0.14
Foreign Countries Subtotal	-0.04	-104.12%	0.99
% of Total Ebit	-1.98%		25.85%
Total EBIT of Continuing Activities	2.06	-46.02%	3.81

During Q1 2011 the Group's operating profit was influenced by the significant increase in production costs, which is reflected both in Greece and Eastern Europe, and the negative performance of the Estee Lauder JV.

The **Greek** EBIT in Q1 2011 was reduced by 25.77% to €2.1 mil., from €2.83 mil, in Q1 2010.

Excluding the loss of the Estee Lauder JV, Greek EBIT during Q1 2011 amounted to €2.33 mil from €1.93 mil, increased by 20.56%.

Greek EBIT margin, excluding losses from Estee Lauder JV, stood at 11.71% from 9.72% in the respective period of 2010.

The **foreign countries** posted a decrease of EBIT, which is mainly due to Poland, Romania and Bulgaria. The main reason for this decrease is the rise in production costs that was due to the significant price increase of raw materials, which, in turn, affected negatively the gross profit margin.

As a result, EE countries had an overall EBIT € -0.04 million from € 0.99 million at the corresponding period of 2010.

3. News flow during Q1 2011

- Sarantis Group corporate presentation was realized on April 8, 2011 at the Association of Greek Institutional Investors, whereby the management's strategy and assessments regarding the Group's financials for 2011 were presented. In particular, according to the Management's estimates, turnover from continuing operations will reach €223.40 mil. by the end of 2011, versus €220.01mil. at the end of 2010.

EBITDA from continuing operations is expected to increase into 2011 to €22.30 mil. from €21.38 million in 2010. EBIT from continuing operations is estimated to reach €18.20 mil. in 2011 from €17.55 mil. in 2010, while the related EBT is expected to reach €16.90 mil into 2011, from €16.76 mil in 2010. Finally, EAT and EATAM are expected to settle at €13.57 mil. in 2011.

4. Objectives and Prospects

The Group's financial results for the first quarter of 2011 are in accordance to the budget.

The increase in production costs due to increased prices of raw materials affected significantly the profitability of the group.

The first quarter results show a shift of the market towards "mass market" cosmetics due to their lower price. The management had been waiting this turn and has already invested in this segment with new quality products (new product series Bioten), that have recently been launched in the Greek market and their sales will affect the current year's figures.

As expected, the adverse conditions in the economic environment remained during the first quarter of 2011, while the situation is not expected to improve in the foreseeable future. Therefore, the management focuses on aligning the cost structure with the expected revenues, and adjusts the product portfolio with the consumer trends.

The management remains dedicated to its policy, for sound capital structure, low net debt, containment of operating cost and in general for efficient management of working capital, with the objective to further enhance the Group's financial position.

At the same time, the management, as always, remains focused on its strategic objectives that support and secure a profitable outlook for Sarantis Group and specifically on the following:

- Organic growth of the core business activities and emphasis on Sarantis own brands portfolio.
- Increase of the existing market shares of own brands.
- Continuous examination of the situation in the economies of the Group's countries and modification of the business where deemed necessary according to the new market conditions.
- Examine possible acquisition targets in the Group's foreign countries, as long as market share, profitability and cost structure allow for synergies. The Group's management considers that current conditions are in favor of exploring possible new acquisitions.