

## SARANTIS

### Consolidated Financial Results H1 2010

#### MAJOR HIGHLIGHTS: H1 2010

- During H1 2010, satisfactory top line growth combined with increased A&P expenses and lower Estee Lauder income lead to weaker profitability.
- EE countries' solid top line growth and improved profitability partly offsets the weak performance of the Greek market.
- Sarantis Group's turnover increased by 4.39% to €111.20 mil. from €106.51 mil. in the respective period last year.
- Gross profit margin stood at 49.90% in H1 2010 from 49.48% in last year's first half.
- Earnings before interest and taxes reached €8.48 mil. in H1 2010, reduced by 22.33%.
- EATAM decreased by 20.59% amounting to €6.27 mil. from €7.89 mil. the same period last year. Excluding the one-off tax EATAM settled at €6.71 mil., posting a 14.93% reduction vs the respective prior-year period.
- The Group's own brands maintain their high participation to total Group turnover.
- EE counties posted significant growth in sales, increasing their contribution to total Group sales.
- Solid cash flow generation and low leverage add to the Group's robust financial position.

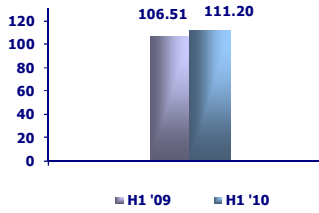
P&L (€ mil.)	H1 '10	%	H1 '09
Turnover	<b>111.20</b>	4.39%	<b>106.51</b>
Gross Profit	<b>55.49</b>	5.28%	<b>52.70</b>
Gross Profit Margin	49.90%		49.48%
EBITDA	<b>10.42</b>	-18.11%	<b>12.72</b>
EBITDA Margin	9.37%		11.95%
EBIT	<b>8.48</b>	-22.33%	<b>10.91</b>
EBIT Margin	7.62%		10.25%
EBT	<b>8.41</b>	-14.99%	<b>9.89</b>
EBT Margin	7.56%		9.29%
Tax	<b>1.69</b>	-15.27%	<b>2.00</b>
EATAM (excl.One-Off Tax)	<b>6.71</b>	-14.93%	<b>7.89</b>
EATAM Margin (excl.One-Off Tax)	6.04%		7.41%
One-off Tax	<b>0.45</b>		<b>0.00</b>
EATAM (incl.One-Off Tax)	<b>6.27</b>	-20.59%	<b>7.89</b>
EATAM Margin (incl. One-Off Tax)	5.64%		7.41%
EPS	<b>0.16</b>	-20.59%	<b>0.21</b>

For more information please refer to <http://ir.sarantis.gr/>

Financial results for H1 2010 can be discussed during the **conference call** which will take place on the 31<sup>st</sup> of August at **17.00 Athens time**. Please check our IR Site under IR Events for dial details.

## H1 '10 Consolidated Financial Results

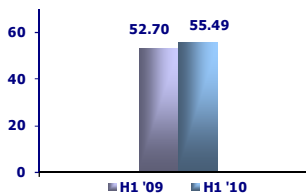
Consolidated Turnover (€ mil)  
4.39%



### Turnover

In H1 2010 consolidated turnover increased by 4.39% reaching €111.20 mil. from €106.51 mil. in the respective period last year. The turnover increase stems predominantly from the improved turnover of the Group's foreign markets which is a result of both organic and FX growth. The Greek market, on the other hand, underperformed during the first half of 2010, influenced by the recently imposed austerity measures. The Greek market's shortfall however, was offset by the foreign markets performance.

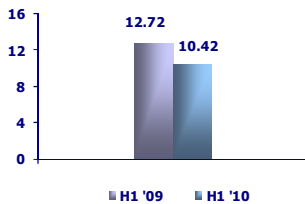
Consolidated Gross Profit (€ mil)  
5.28%



### Gross Profit

Gross profit increased by 5.28% to €55.49 mil. in H1 2010 from €52.70 mil. Gross profit margin settled at 49.90% versus 49.48%, positively affected by the favourable currency movements as well as the high participation of the own brands portfolio.

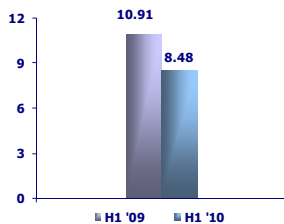
Consolidated EBITDA (€ mil)  
-18.11%



### EBITDA

EBITDA posted a reduction of 18.11% to €10.42 mil. in H1 2010 from €12.72 mil. in H1 2009, influenced mainly by increased A&P expenses and the lower income from the Estee Lauder JV. It is important to mention however, that the increase in A&P expenses that aims to boost sales during the second half of 2010 will normalize in the remainder of the year and therefore it is expected that the annual cost of A&P expenses as a percentage of sales will not exceed the previous year's level. The EBITDA margin stood at 9.37% from 11.95% in the respective prior-year period.

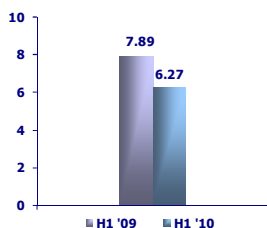
Consolidated EBIT (€ mil)  
-22.33%



### EBIT

Earnings before interest and taxes reached €8.48 mil. from €10.91 mil., down by 22.33% and EBIT margin settled from 10.25% in H1 2009 to 7.62% in H1 2010.

Consolidated EATAM (€ mil)  
-20.59%



### EBT

The Group's financial expenses amounted to c. €65k in H1 2010 from €1.02 mil in H1 2009 mainly due to lower interest expenses and favorable currency movements. Therefore earnings before taxes settled at €8.41 mil. from €9.89 mil. in H1 2009, down by 14.99%.

### EATAM

Earnings after taxes and minorities reached €6.71 mil., reduced by 14.93% compared to H1 2009. Including the one-off tax of €0.45 mil. EATAM settled at €6.27 mil., down by 20.59% compared to the respective prior-year period and the EATAM margin settled at 5.64% from 7.41%.

## H1 '10 Consolidated Balance Sheet / Cash Flow

### Major Highlights

Despite the challenging macroeconomic environment Sarantis Group has successfully continued to generate solid cashflows, a fact attributed largely to management's focus behind the efficient working capital management.

More specifically, the Group's working capital settled at €68.14 mil. in H1 2010 from €64.10 mil. in FY 2009 and €71.17 mil. in FY 2008, while working capital requirements over sales settled at 30.24% vs 29.05% and 27.44% respectively.

At the same time the Group benefits from a healthy capital structure and low leverage. In H1 2010, The Group's net debt settled at €10.7 mil. from €9.14 mil. in 12M 2009.

BALANCE SHEET (€ mil.)	H1 '10	%	FY '09
<b>ASSETS</b>			
Property Plant & Equipment	40.17	-2.22%	41.08
Intangible Assets	11.17	79.44%	6.23
Goodwill	5.88	-1.14%	5.95
Investments	15.53	-15.22%	18.31
Other Long Term Assets	0.30	-25.86%	0.41
Deffered Tax	1.93	6.92%	1.80
<b>Total Non Current Assets</b>	<b>74.99</b>	<b>1.63%</b>	<b>73.79</b>
Inventories	36.46	5.11%	34.68
Trade Receivables	80.00	12.84%	70.90
Other Receivables	7.57	33.15%	5.68
Marketable Securities	5.58	-18.27%	6.83
Cash & Banks	38.53	25.02%	30.82
Other Short Term Receivables	0.79	-0.06%	0.79
<b>Total Current Assets</b>	<b>168.93</b>	<b>12.84%</b>	<b>149.71</b>
<b>Total Assets</b>	<b>243.92</b>	<b>9.14%</b>	<b>223.50</b>
<b>SHAREHOLDER'S EQUITY &amp; LIABILITIES</b>			
L-T Bank Loans	40.75	-18.91%	50.25
Deferred Tax Liabilities	0.15	1353.51%	0.01
Retirement Benefit Obligations & Other Provisions	4.53	35.26%	3.35
<b>Total Non Current Liabilities</b>	<b>45.43</b>	<b>-15.25%</b>	<b>53.61</b>
Trade Creditors & Other Liabilities	48.32	16.47%	41.49
Income Taxes and other Taxes Payable	2.52	4.71%	2.41
S-T Bank Loans	24.25	260.37%	6.73
Other Short Term Liabilities	5.14	39.41%	3.69
<b>Total Current Liabilities</b>	<b>80.23</b>	<b>47.72%</b>	<b>54.31</b>
Share Capital	59.06	0.00%	59.06
Share Premium	39.25	0.00%	39.25
Other Reserves	-17.99	12.94%	-15.93
Minority Interest	0.01	44.23%	0.01
Retained Earnings	37.93	14.28%	33.19
<b>Shareholders Equity</b>	<b>118.27</b>	<b>2.32%</b>	<b>115.59</b>
<b>Total Liabilities &amp; Equity</b>	<b>243.92</b>	<b>9.14%</b>	<b>223.50</b>
<b>CASHFLOW (€ mil.)</b>	<b>H1 '10</b>		<b>H1 '09</b>
Operating Activities	2.08		-2.27
Investment Activities	-2.65		-1.42
Financial Activities	7.99		-7.43
Cash generated	7.43		-11.12
Cash & Cash equivalents, beginning	30.82		23.16
Effect of foreign exchange differences on Cash	0.28		-2.63
Cash & Cash equivalents, end	38.53		9.41

## 1 CONSOLIDATED SBU ANALYSIS

### 1.1. H1 '10 Turnover Breakdown

H1 '10 Consolidated Turnover Breakdown per Business Activity				
SBU Turnover (€ mil)		H1 '10	%	H1 '09
<b>Cosmetics</b>		<b>49.43</b>	<b>7.68%</b>	<b>45.91</b>
Own	% of Total	44.46%		43.10%
		33.17	5.06%	31.57
Distributed	% of SBU	67.10%		68.78%
		16.26	13.47%	14.33
	% of SBU	32.90%		31.22%
<b>Household Products</b>		<b>47.64</b>	<b>2.89%</b>	<b>46.31</b>
Own	% of Total	42.85%		43.47%
		47.54	3.69%	45.84
Distributed	% of SBU	99.77%		99.00%
		0.11	-76.41%	0.46
	% of SBU	0.23%		1.00%
<b>Other Sales</b>		<b>14.12</b>	<b>-1.29%</b>	<b>14.30</b>
Health Care Products	% of Total	12.70%		13.43%
		5.99	-2.53%	6.15
Selective	% of SBU	42.44%		42.98%
		6.26	4.21%	6.00
	% of SBU	44.31%		41.97%
Oto Top	% of SBU	1.87	-13.08%	2.15
		13.25%		15.05%
<b>Total Turnover</b>		<b>111.20</b>	<b>4.39%</b>	<b>106.51</b>

During the first half of 2010 the Group presented sales growth in the core business categories though at a lower rate compared to the first quarter. This increase is mainly attributed to both organic growth in the Group's foreign markets and favorable currency movements.

More specifically, during H1 2010 **Cosmetics** recorded a sales growth of 7.68% amounting to €49.43 mil. from €45.91 mil. in H1 2009. In this SBU, **own brands** demonstrate an increase of 5.06% and their contribution to total turnover settled at 67.10%.

During H1 2010 the **Household Products** demonstrated growth of 2.89%, reaching €47.64 mil. from €46.31 mil. in the respective prior-year period. **Own brands** within this SBU increased by 3.69% while their participation to the SBU's turnover stood at 99.77%. The weakness of the Household Products during the second quarter of 2010 is predominantly due to the underperformance of the Greek market during the same period.

The category of **Other Sales** dropped by 1.29% during H1 2010 mainly driven by the subcategory of the Health & Care Products.

## Own vs Distributed Activity Turnover Breakdown Update



During the first half of 2010, consolidated revenues from **own brands** (cosmetics and household products) amounted to €80.76 mil. from €77.42 mil. in H1 2009, increased by 4.32%. Furthermore, the own brands participation to total group turnover stood at 72.63%, near the previous year level.

Similarly, revenues from **distributed brands** during H1 2010 reached €30.43 mil. from €29.10 mil. in H1 2009, increased by 4.59%. Their participation to total group sales settled at 27.37%.

## 1.2. H1 '10 EBIT SBU Breakdown

H1 '10 Consolidated EBIT Breakdown per Business Activity				
SBU EBIT (€ mil)		H1 '10	%	H1 '09
<b>Cosmetics</b>		<b>1.51</b>	<b>-25.22%</b>	<b>2.01</b>
	Margin	3.05%		4.39%
	% of EBIT	17.76%		18.45%
	<b>Own</b>	1.39	14.68%	1.21
	Margin	4.18%		3.83%
	% of EBIT	16.36%		11.08%
	<b>Distributed</b>	0.12	-85.26%	0.80
	Margin	0.73%		5.61%
	% of EBIT	1.40%		7.37%
<b>Household Products</b>		<b>3.56</b>	<b>-16.03%</b>	<b>4.25</b>
	Margin	7.48%		9.17%
	% of EBIT	42.06%		38.91%
	<b>Own</b>	3.58	-14.66%	4.19
	Margin	7.52%		9.14%
	% of EBIT	42.20%		38.40%
	<b>Distributed</b>	-0.01	-121.02%	0.05
	Margin	-10.58%		11.87%
	% of EBIT	-0.14%		0.50%
<b>Other Sales</b>		<b>0.39</b>	<b>12.74%</b>	<b>0.34</b>
	Margin	2.75%		2.41%
	% of EBIT	4.58%		3.16%
	<b>Health Care Products</b>	<b>0.95</b>	<b>24.36%</b>	<b>0.76</b>
	Margin	15.83%		12.41%
	% of EBIT	11.19%		6.99%
	<b>Selective</b>	<b>-0.44</b>	<b>-47.34%</b>	<b>-0.30</b>
	Margin	-6.98%		-4.94%
	% of EBIT	-5.15%		-2.72%
	<b>Oto Top</b>	<b>-0.12</b>	<b>-1.32%</b>	<b>-0.12</b>
	Margin	-6.60%		-5.66%
	% of EBIT	-1.46%		-1.12%
<b>Income from Affiliated Companies</b>		<b>3.02</b>	<b>-29.98%</b>	<b>4.31</b>
	% of EBIT	35.60%		39.49%
	<b>Income From Estee Lauder JV</b>	<b>3.02</b>	<b>-29.98%</b>	<b>4.31</b>
	% of EBIT	0.00%		0.00%
<b>Total EBIT</b>		<b>8.48</b>	<b>-22.33%</b>	<b>10.91</b>
	<b>Margin</b>	<b>7.62%</b>		<b>10.25%</b>

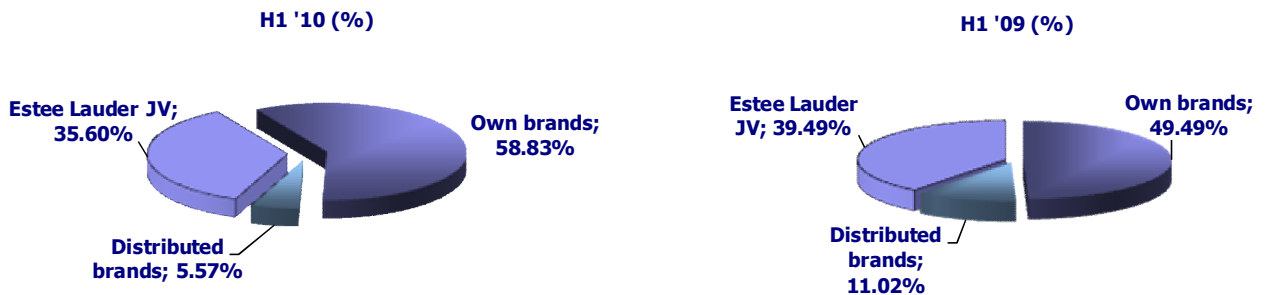
The Group's operating profit is affected negatively by the challenging trading conditions prevailing in the Greek market as well as the increased A&P expenses. Moreover, the income reduction from the Estee Lauder JV adds to the Group's EBIT contraction.

The **Household products** EBIT reduced by 16.03% to €3.56 mil. from €4.25 mil. in H1 2009, mainly affected by increased A&P expenses in Greece. Their contribution to total EBIT increased though from 38.91% in H1 2009 to 42.06% in H1 2010, while

their EBIT margin settled at 7.48% from 9.17%. Own brands of this category posted an EBIT decline of 14.66% during H1 2010, reaching €3.58mil.

**Cosmetics** EBIT decreased in H1 2010 by 25.22% reaching € 1.51 mil. from €2.01 mil. The Cosmetics EBIT margin during H1 2010 settled at 3.05% vs 4.39% in H1 2009. However, the operating profits of own brands within this category increased by 14.68% during H1 2010 standing at €1.39 mil. from €1.21 mil. in H1 2009.

#### Own vs Distributed EBIT Breakdown Update



**Own brand** portfolio generated income of €4.99 mil. in H1 2010 versus €5.40 mil. in H1 2009, reduced by 7.66%. The contribution of **own brands** (cosmetics and household products) to the total EBIT during H1 2010 stood at 58.83% in comparison to 49.49% in H1 2009.

The **distributed brands** EBIT during H1 2010 reached €0.47 mil. from €1.20 mil. in H1 2009, reduced by 60.76%. Their contribution to total EBIT reached 5.57% in H1 2010 from 11.02% in H1 2009.

The income from the **Estee Lauder JV** during H1 2010 contributed 35.60% to the total EBIT from 39.49% in H1 2009.

## 2. CONSOLIDATED REGIONAL ANALYSIS

### 2.1. H1 '10 Turnover Breakdown

H1 '10 Consolidated Turnover Breakdown per Geographic Market			
Country Turnover (€ mil)	H1 '10	%	H1 '09
Greece	45.39	-7.69%	49.17
% of Total Turnover	40.82%		46.17%
Poland	28.99	29.32%	22.41
Romania	19.02	8.80%	17.48
Bulgaria	5.62	-15.07%	6.62
Serbia	5.27	13.76%	4.63
Czech Republic	2.37	3.76%	2.28
Hungary	3.24	14.95%	2.82
FYROM	1.30	18.75%	1.09
Foreign Countries Subtotal	65.80	14.76%	57.34
% of Total Turnover	59.18%		53.83%
<b>Total Turnover</b>	<b>111.20</b>	<b>4.39%</b>	<b>106.51</b>

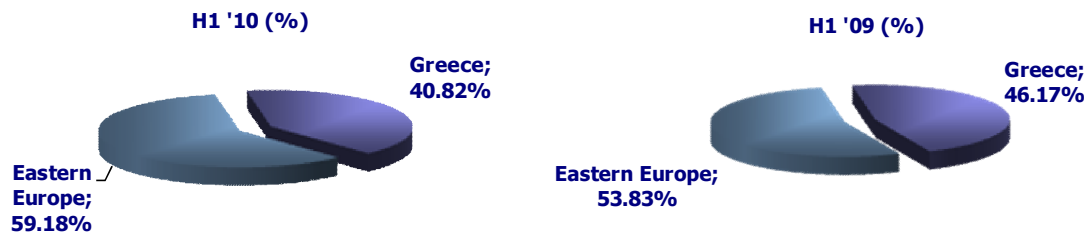
The 2010 first quarter performance of the Group's **foreign markets** is maintained during the second quarter of 2010 thanks to improved trends in the countries' consumer spending as well as favorable foreign exchange rates.

More specifically, during H1 2010 the turnover in the Group's foreign markets increased by 14.76% vs the respective prior-year period, which consists of a c. 9% growth in local currency and a c. 6% average currency appreciation.

As far as the **Greek market** is concerned, we notice a reduction of 7.69% driven by a weakness across all business units which is largely a result of the recently imposed austerity measures by the Greek government. The management remains cautious towards the Greek consumer spending and expects an improvement during the second half of 2010 on the back of the increased brand support that took place during the first half of 2010.



## Greece and Eastern European Market Turnover breakdown Analysis



Turnover contribution from the foreign markets during H1 2010 increased significantly to 59.18% from 53.83% in H1 2009.

### 2.2. H1 '10 EBIT Breakdown

H1 '10 Consolidated EBIT Breakdown per Geographic Market			
Country EBIT (€ mil)	H1 '10	%	H1 '09
Greece	5.97	-38.94%	9.78
% of Total Ebit	70.46%		89.62%
Poland	1.06	93.30%	0.55
Romania	1.36	209.42%	0.44
Bulgaria	0.15		-0.05
Serbia	0.50	-21.01%	0.63
Czech Republic	-0.41	-40.84%	-0.29
Hungary	-0.48	-15.75%	-0.41
FYROM	0.32	21.47%	0.26
Foreign Countries Subtotal	2.50	121.03%	1.13
% of Total Ebit	29.54%		10.38%
<b>Total EBIT</b>	<b>8.48</b>	<b>-22.33%</b>	<b>10.91</b>

The Greek operating profit is affected largely by increased A&P expenses. The Greek EBIT during H1 2010 was reduced by 38.94% to €5.97 mil. from €9.78 mil. Excluding the Estee Lauder JV income, the Greek EBIT reached €2.95 mil. in H1 2010 from €5.47 mil. in H1 2009 down by 45.99%. The Greek EBIT margin, excluding the EL JV income, stood at 6.51% in H1 2010 from 11.13% last year.

The foreign countries on the other hand had a positive performance driven by top line growth as well as containment of expenses in some countries. In particular, EE countries EBIT increased by 121.03% to €2.50 mil in H1 2010 from €1.13 mil in H1 2009. The foreign countries EBIT margin settled at 3.81% in H1 2010 vs 1.98% in H1 2009.

### 3. News flow during H1 2010

Since the beginning of the year the following corporate and growth activities have been completed:

- Sarantis Group announced the agreement with the Turkish company EVYAP for the exclusive distribution of its products in Romania and Poland. EVYAP is one of the leading soap and personal care products manufacturers.
- Sarantis Group announced the establishment of the company "THRACE-SARANTIS S.A." for the production of garbage bags. The newly founded company is a joint venture between THRACE PLASTICS S.A. and SARANTIS GROUP, each holding a participation of 50%.
- Following the roll out in the parent company last year, this year, from 01/01/2010, the successful implementation and "go live" of SAP in the Group's subsidiaries in Poland and Romania was completed.
- Sarantis Group corporate presentation was realized on March 24<sup>th</sup> 2010 at the Association of Greek Institutional Investors whereby the management's strategy and estimates for 2010 were presented. In particular, according to the management's estimates, turnover will reach €230 mil. by the end of 2010, versus €220,65mil. in the end of 2009. EBITDA is expected to increase to 28,75 mil. from €27,08 million in 2009. EBIT is estimated to reach €25,05 mil. in 2010 from €23,44 mil. in 2009, while 2010 EBT is expected to reach €22 mil. Finally, EAT and EATAM are expected to settle at €17,82 mil. in 2010.
- Sarantis Group announced the acquisition of the Polish brand KOLASTYNA. KOLASTYNA's product range includes face and body care cosmetics as well as sun protection products.

### 4. Objectives and Prospects

Sarantis Group consolidated turnover during the first half of 2010 was satisfactory mostly supported by the Group's foreign markets organic growth and favorable currency movements. However, increased A&P expenses, particularly in the Greek market, hurt the Group's operating margins. It should be mentioned, however, that the increase in A&P expenses, that aims to boost sales during the second half of 2010 will normalize during H2 2010 and therefore it is expected that the annual cost of A&P expenses as a percentage of sales will not exceed the previous year's level.

The management remains cautious towards the challenging operating environment. What is more, in case it is deemed necessary, the management plans to undertake further cost cutting initiatives in order to protect the Group's profitability. Lastly, it is important to highlight the management's successful implementation on keeping low leverage and generating free cashflows for the Group.

Particular focus is given on the Group's strategic drivers of growth that support its profitable course and constitute of:

1. Organic growth of the core business activities and emphasis on Sarantis own brands portfolio.
2. Increase of the existing market shares of own brands in the region.
3. 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.
4. Examine possible acquisition targets in the old countries of operation, as long as market share, profitability and cost structure allow for synergies.