Wednesday 29, August 2012

SARANTIS GROUP

CONSOLIDATED FINANCIAL RESULTS H1 2012

Highlights: H1 2012

- Increase by 4.34% of the consolidated turnover driven by significant improvement in the Greek market as well as growth in the foreign countries in local currency.
- Consolidated gross profit amounted to € 55.95 million, increased by 4.31% vs last year's semester results. The gross profit margin settled around last year's level at 47.93%.
- Reduction in the operating profit (EBIT), by 9.38% with a respective decrease of the Group's profitability margins.
- The average currency devaluation of 6.24% observed since last year's first half had an equal negative effect across all profitability lines.
- The Group's foreign countries maintain their high participation in the consolidated Group sales. Their participation stands at 58%.
- The participation of own brands to the Group's turnover stands at 74%.
- Sound capital structure. The increase in working capital requirements is due to seasonality and is temporary.

***P&L** (€ mil.)*	***H1 '12***	***%***	***H1 '11***
Turnover	**116.73**	4.34%	**111.88**
Gross Profit	**55.95**	4.31%	**53.64**
Gross Profit Margin	47.93%		47.94%
EBITDA	**6.41**	-6.79%	**6.88**
EBITDA Margin	5.49%		6.15%
EBIT	**4.49**	-9.38%	**4.95**
EBIT Margin	3.84%		4.43%
EBT	**3.79**	-8.97%	**4.16**
EBT Margin	3.24%		3.72%
Tax	**0.80**	-19.09%	**0.99**
Profit After Tax	**2.99**	-5.82%	**3.17**
Profit After Tax Margin	2.56%		2.84%
EATAM	**2.99**	-5.75%	**3.17**
EATAM Margin	2.56%		2.83%
EPS	**0.0779**	-5.75%	**0.0827**

Further information at: **http://ir.sarantis.gr/**

The financial results of H1 2012 will be presented in a conference call on the 30th August 2012 at **17.00,** local time (GMT+2). Telephone number: 211 – 180 2000.

H1 '12 CONSOLIDATED FINANCIAL RESULTS

Turnover

The consolidated turnover increased by 4.34% versus last year's first semester and amounted to €116.73 mil. from €111.88 mil in H1 2011. This increase is driven by the improved performance in the Greek market as well as the growth in the foreign markets of the Group. The company's subsidiaries had an average increase of sales in local currency by 5.79% which was negatively affected by adverse currency movements.

Gross Profit

The Gross profit during H1 2012 has increased by 4.31% to €55.95 mil., from €53.64 mil last year. The gross profit margin settled close to last year's level at 47.93%.

EBITDA

The EBITDA posted a decrease of 6.79% to €6.41 mil., in H1 12, from €6.88 mil., in H1 2011, mainly influenced by the adverse currency movements versus the first half of 2011.

EBIT

The earnings before interest and taxes reached €4.49 mil., from €4.95 mil., down by 9.38% and the EBIT margin settled from 4.43% in H1 11, at 3.84% in H1 12.

EBT

Profit before tax dropped by 8.97%, from €4.16 mil., in H1 11 to €3.79 mil., and the EBT margin reached 3.24%.

EATAM

The earnings after taxes and minorities reached €2.99 mil., reduced by 5.75% compared to H1 11, while the EATAM margin stood at 2.56% from 2.83% in the respective period last year.

H1 '12 CONSOLIDATED BALANCE SHEET / CASHFLOW

During the first half of 2012 the Group's receivables increased leading to higher working capital requirements over sales. This increase is attributed to the increased participation of seasonal sales mainly as a result of the new business agreement since 1/1/12 for the distribution of the brand VAPONA.

The Group's working capital settled at €80.01 mil. in H1 2012 from €73.88 mil. in H1 2011, while working capital requirements over sales settled at 35.38% vs 33.19% in H1 2011. This increase is not only due to the increased seasonal sales of the brand VAPONA, but also because of an increase in the Group's inventory due to the new brands the company has added in its portfolio of distributed products since 1/1/12.

The increase in the Group's working capital is temporary and is expected to normalize in the following quarters since the management is committed to generating strong cash flows and the effective management of working capital.

BALANCE SHEET (€ mil.)	**H1 '12**	**%**	**FY '11**
ASSETS			
Property Plant & Equipment	37.39	-1.25%	37.86
Intangible Assets	16.65	-1.05%	16.82
Goodwill	6.07	-1.17%	6.14
Investments	14.02	-16.93%	16.87
Financial assets available for sale	7.19	13.76%	6.32
Other Long Term Assets	0.4	23.04%	0.33
Deffered Tax	1.96	22.04%	1.6
Total Non Current Assets	**83.68**	**-2.65%**	**85.96**
Inventories	39.02	4.25%	37.43
Trade Receivables	87.72	22.37%	71.68
Other Receivables	6.39	1.72%	6.28
Financial assets availabe at fair value through profit or loss	0.45	164.05%	0.17
Cash & Banks	23.88	-37.41%	38.15
Other Short Term Receivables	2.52	142.46%	1.04
Total Current Assets	**159.97**	**3.38%**	**154.75**
Total Assets	**243.65**	**1.22%**	**240.7**
SHAREHOLDER'S EQUITY & LIABILITIES			
L-T Bank Loans	17.0	0.00%	17.0
Deferred Tax Liabilities	0.19	38.54%	0.14
Retirement Benefit Obligations & Other Provisions	3.75	-5.97%	3.99
Total Non Current Liabilities	**20.94**	**-0.88%**	**21.12**
Trade Creditors & Other Liabilities	46.73	2.78%	45.46
Income Taxes and other Taxes Payable	1.9	22.25%	1.55
S-T Bank Loans	41.26	-3.12%	42.59
Other Short Term Liabilities	6.19	79.11%	3.46
Total Current Liabilities	**96.08**	**3.24%**	**93.06**
Share Capital	59.06	0.00%	59.06
Share Premium	39.25	0.00%	39.25
Other Reserves	-25.89	11.24%	-23.27
Minority Interest	0		0
Retained Earnings	54.22	5.30%	51.49
Shareholders Equity	**126.64**	**0.09%**	**126.53**
Total Liabilities & Equity	**243.65**	**1.22%**	**240.7**

CASH FLOWS (€ mil.)	**H1 '12**		**H1' 11**
Operating Activities	-9.82		-4.74
Investment Activities	-1.95		-5.24
Financial Activities	-2.43		-1.2
Cash generated	-14.19		-11.18
Cash & Cash equivalents. beginning	38.15		47.16
Effect of foreign exchange differences on Cash	-0.08		0.31
Cash & Cash equivalents. end	**23.88**	**-34.19%**	**36.28**

CONSOLIDATED SBU ANALYSIS

H1 '12 Turnover Breakdown per Business Activity

SBU Turnover (€ mil)		*H1 '12*	*%*	*H1 '11*
Cosmetics		**49.72**	**-3.83%**	**51.70**
	% of Total	**42.60%**		**46.21%**
Own		36.74	-2.78%	37.79
	% of SBU	73.89%		73.09%
Distributed		12.98	-6.69%	13.91
	% of SBU	26.11%		26.91%
Household Products		**52.20**	**7.48%**	**48.57**
	% of Total	**44.72%**		**43.41%**
Own		49.09	1.48%	48.38
	% of SBU	94.05%		99.61%
Distributed		3.11	1545.51%	0.19
	% of SBU	5.95%		0.39%
Other Sales		**14.81**	**27.55%**	**11.61**
	% of Total	**12.69%**		**10.38%**
Health Care Products		5.17	-14.51%	6.05
	% of SBU	34.95%		52.14%
Selective		9.63	73.38%	5.56
	% of SBU	65.05%		47.86%
Total Turnover		**116.73**	**4.34%**	**111.88**

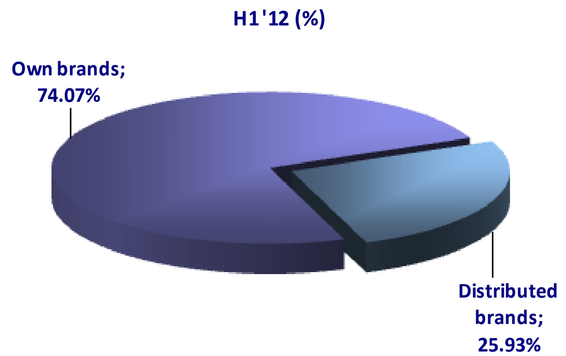
During H1 2012 total Group sales rose driven by the increase in the sales of household products mostly due to the recent acquisitions (Domet and Topstar) as well as the new agreements (Vapona, Colour Catcher), and the growth in the subcategory of the Selective Products largely as a result of the new agreement with La Prairie.

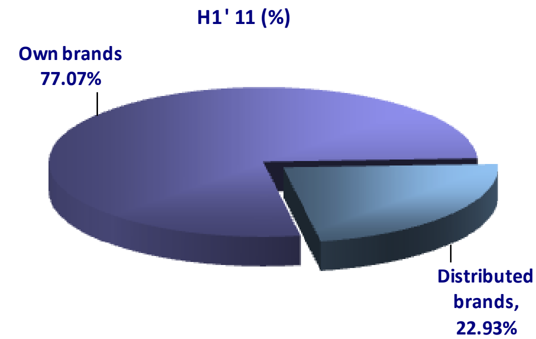
Cosmetics recorded a sales drop of 3.83% amounting to €49.72 mil., from €51.70 mil., in H1 2011.
In this SBU, the **own brands** demonstrate a decrease of 2.78%, thus their contribution in this SBU's turnover was marginally increased from 73.09% to 73.89%.

Sales of **Household Products** increased 7.48% amounting to € 52.20 million from € 48.57 million in the corresponding period last year. Sales of **own brands** in this category rose by 1.48% while their contribution to this category's sales reached 94.05% from 99.61% in 2011. Considerable growth in the category has been posted by the distributed brands, due to the new brands that have been included in the product portfolio.

The category of **Other Sales** exhibited significant increase of 27.55% during H1 2012, driven mainly by the subcategory of Selective products. This growth is attributed to the new agreements.

Own versus Distributed Activity Turnover Breakdown





During H1 2012, consolidated revenues of **own** brands (cosmetics and household products) amounted to €86.46 million from €86.23 million in H1 2011, increased by 0.27%. Furthermore, their contribution to the total group turnover stood at 74.07%.

Consolidated revenues of **distributed** brands during H1 12 amounted to €30.27 million, from €25.66 million in H1 11, increasing by almost 18%. Their participation to the total group sales settled at 25.93%.

H1 ’12 EBIT SBU Breakdown per Business Activity

SBU EBIT (€ mil)		H1 '12	%	H1 '11
Cosmetics		**0.85**	-48.13%	**1.64**
	Margin	1.71%		3.17%
	% of EBIT	18.93%		33.07%
Own		0.84	-49.00%	1.64
	Margin	2.28%		4.35%
		18.67%		33.17%
Distributed		0.01	342.46%	0.00
	Margin	0.09%		-0.03%
	aidi@% of EBIT	0.26%		-0.10%
Household Products		**3.10**	37.07%	**2.26**
	Margin	5.95%		4.66%
	% of EBIT	69.18%		45.73%
Own		3.06	34.90%	2.27
	Margin	6.22%		4.68%
	% of EBIT	68.09%		45.74%
Distributed		0.05	23151.54%	0.00
	Margin	1.58%		-0.11%
	% of EBIT	1.09%		0.00%
Other Sales		**0.41**	-32.41%	**0.60**
	Margin	2.76%		5.20%
	% of EBIT	9.09%		12.19%
Health Care Products		**-0.13**	-117.60%	**0.74**
	Margin	-2.50%		12.16%
	% of EBIT	-2.89%		14.86%
Selective		**0.54**	505.98%	**-0.13**
	Margin	5.58%		-2.38%
	% of EBIT	11.98%		-2.67%
Income from associated Companies		**0.13**	-71.84%	**0.45**
	% of EBIT	2.80%		9.01%
Income From Estee Lauder JV		**0.13**	-71.84%	**0.45**
	% of EBIT	2.80%		9.01%
Total EBIT		**4.49**	-9.38%	**4.95**
	Margin	**3.84%**		**4.43%**

The Group’s operating earnings decreased during the H1 2012 by 9.38%, mainly due to the currency movements since last year’s first half.

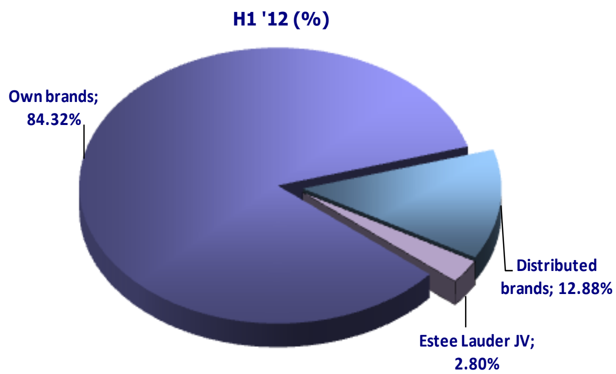
Cosmetics EBIT decreased in H1 2012 by 48.13% reaching € 0.85 million from €1.64 million in H1 2011. The Cosmetics EBIT margin during H1 2012 settled at 1.71% vs 3.17% in H1 2011. This category’s contribution to total EBIT fell to 18.93% from 33.07% same period last year.
The operating profits of **own brands** within this category decreased by 49% standing at €0.84 million from €1.64 million in H1 2011.

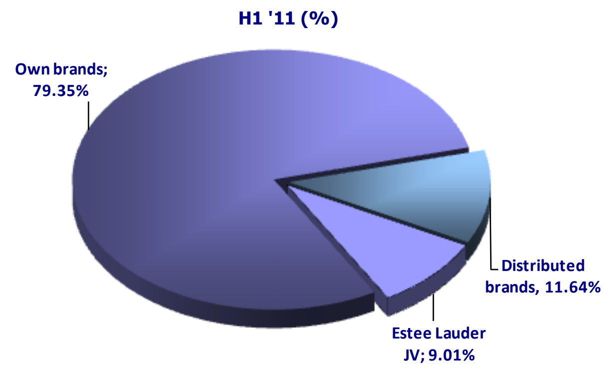
The EBIT of **Household Products** posted a considerable increase of 37.07% during the H1 2012 to €3.10 million from €2.26 million in H1 2011. The EBIT margin of the household products stood at 5.95% during H1 2012 from 4.66% in H1

2011. The increase is attributed both to the "**Own Brands**" which present an increase in EBIT of around 35% amounting to to € 3.06 million, and the "Distributed brands". This growth is driven largely by the recent acquisitions (Domet and Topstar) and the new business deals.

The EBIT of the category **Other Sales** recorded a decline of 32.41%, negatively influenced by the health care products that have been affected by the market downturn in the pharmacy channel, whereas the subcategory of the selective products presents a significant increase which is attributed to the recent business deals.

Own vs Distributed EBIT Breakdown





The Own brands portfolio, generated income of €3.78 million in H1 2012 versus €3.93 million in H1 2011, decreased by 3.71%. The contribution of **own brands** (cosmetics and household products) to the total EBIT during H1 2012 stood at 84.32%.

EBIT of **distributed brands** during H1 2012 amounted to €0.58 million, close to last year level. Their contribution to total EBIT corresponded to 12.88% from 11.64%.
In addition, Estee Lauder JV presented revenues which amounted to € 0.13 million and are in line with the budget.

CONSOLIDATED REGIONAL ANALYSIS

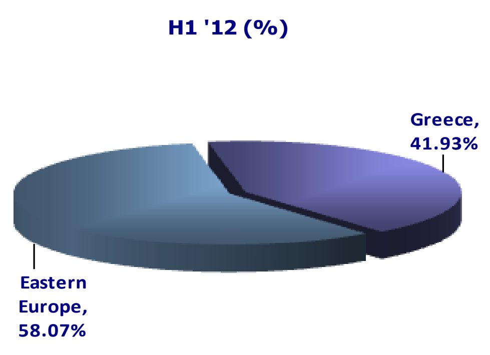
H1 ’12 Turnover Breakdown per Geographic Market

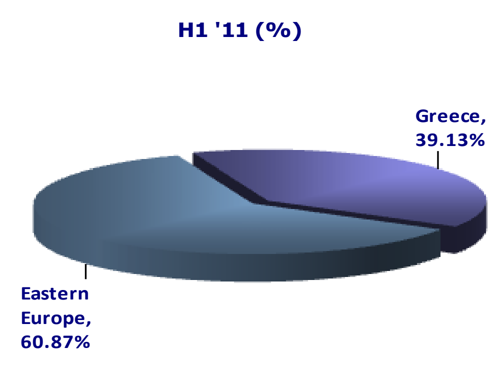
Country Turnover (€ mil)-	H1 '12	%	H1 '11
Greece	**48,94**	11,79%	**43,78**
% of Total Turnover	**41,93%**		**39,13%**
Poland	32,38	-3,05%	33,40
Romania	15,82	-8,82%	17,35
Bulgaria	4,36	-3,51%	4,52
Serbia	6,86	28,05%	5,36
Czech Republic	2,88	6,73%	2,70
Hungary	3,81	10,35%	3,45
FYROM	1,34	1,57%	1,32
Bosnia	0,34		0,00
Foreign Countries Subtotal	**67,79**	-0,45%	**68,10**
% of Total Turnover	**58,07%**		**60,87%**
Total Turnover	**116,73**	4,34%	**111,88**

The Group’s consolidated turnover’s increase was supported mainly by the Greek market and is attributed largely to the company’s new business deals.
Despite the adverse economic environment in Greece and the drop in the Greek retail sector sales, Sarantis Group managed to increase the local sales by 11.79%, at €48.94 millions, from €43.78 million last year.

As far as the foreign markets of the Group are concerned, turnover was marginally down by 0.45% to €67.79 mil from €68.10 mil in H1 2011. However, the countries presented an average sales growth in local currencies by 5.79%, while the average effect of the currencies devaluation was 6.24%.

Greek and Eastern European Market Turnover breakdown Analysis





During H1 2012 the foreign countries' contribution, into the Group’s sales stood at 58.1%, from 60.9% in H1 2011.

H1 ’12 EBIT Breakdown per Geographic Market

Country EBIT (€ mil) – Cont. Activities	H1 '12	%	H1 '11
Greece	**3,78**	15,32%	**3,28**
% of Total Ebit	84,28%		66,23%
Poland	0,33	-63,27%	0,89
Romania	0,44	-30,27%	0,64
Bulgaria	0,08	394,48%	0,02
Serbia	0,44	-12,25%	0,50
Czech Republic	-0,22	37,95%	-0,36
Hungary	-0,49	-114,26%	-0,23
FYROM	0,19	-17,72%	0,23
Bosnia	-0,05		0,00
Foreign Countries Subtotal	**0,71**	-57,83%	**1,67**
% of Total Ebit	15,72%		33,77%
Total EBIT	**4,49**	-9,38%	**4,95**

The Group’s operating profit decreased by 9.38% during the H1 2012.
The **Greek** EBIT in H1 2012 increased by 15.32% to €3.78 mil., from €3.28 mil in H1 2011.
Excluding the income from the Estee Lauder JV, Greek EBIT during H1 2012 amounted to €3.66 mil from €2.83 mil., up by 29%.
Greek EBIT margin, excluding Estee Lauder JV, stood at 7.47% from 6.47% in the respective period of 2011.

The **foreign countries** posted a decrease in EBIT of 57.83% during H1 2012, amounting to €0.71 mil., from €1.67 mil. This is as a result of the adverse currency movements versus the first half of 2011.

NEWS FLOW UP TO THE RELEASE DATE OF THE 3M 2012 CONSOLIDATED FINANCIAL RESULTS

- On 03/01/2012 Sarantis Group proceeded to the announcement of the exclusive distribution of La Prairie Switzerland in Greece. La Prairie has a history of 80 years, while its products are among the leading products for personal care and treatment. With this deal Sarantis Group anticipates an increase in turnover of about eight to ten million euro annually, as well as enhanced profitability in the channel of selective distribution.

- On 07/02/2012 Sarantis Group announces the establishment of the 100% subsidiary company in Bosnia-Herzegovina named SARANTIS BANJA LUKA and located in Banja Luka of Bosnia. The share capital of the newly established subsidiary amounts to 357,904 euro. SARANTIS BANJA LUKA was established with the aim to further strengthen the presence of the recently acquired Serbian household products brand TOPSTAR in the Bosnian market.
  It is reminded that TOPSTAR is present in the cleaning tools category and its product portfolio includes scourers, mops, wipes, gloves, garbage bags, etc. Apart from TOPSTAR, Sarantis newly established subsidiary in Bosnia will distribute the own cosmetics STR8, BU and C-THRU.

- Sarantis Group corporate presentation was realized on the April 18th, 2012 at the Association of Greek Institutional Investors, whereby the management's strategy and assessments regarding the Group's financials for 2012 were presented. In particular, according to the Management's estimates, turnover will reach €236.00 mil by the end of 2012, versus €221.29mil in the end of 2011. EBITDA is expected to increase into 2012 to €20.00 mil from €19.63 million in 2011. EBIT is estimated to reach €16.00 mil in 2012 from €15.77 mil in 2011, while the related EBT is expected to reach €13.00 mil into 2012, from €12.65 mil in 2011. Finally, EAT and EATAM are expected to settle at €10.40 mil in 2012, from €9.74 mil in 2011.

- Sarantis Group undertakes from Monday, May 14th, 2012 the distribution of the brands "Colour Catcher" and "Keep it White" in Greece. These brands belong to the Spotless Group with which Sarantis Group cooperates on the distribution and representation of Vapona. Colour Catcher is the leader in its segment in Europe. The net sales of both brands during 2011 in Greece, amounted to 2.5 million €, while market share rose to 72.4%. With this deal, Sarantis Group apart from an increase in turnover anticipates an enhanced profitability in the mass market distribution channel.

OBJECTIVES AND PROSPECTS

The Group's financial results for the first half of 2012 are generally in accordance to the budget.
The consolidated sales of the parent showed an increase of 11.8% as expected, while the negative exchange rate movements substantially outweigh the sales increase of the subsidiaries. This resulted in an overall increase in turnover by 4.34%, compared with the first half of 2011.
The average currency devaluation of 6.24% observed since last year’s first half had an equal negative effect across all profitability lines.

As expected, the adverse conditions in the economic environment remained during the first semester of 2012, 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 pillars of growth that support and secure a profitable outlook for Sarantis Group and specifically on the following:

- Organic growth of the core business activities.
- Increase of the existing market shares.
- 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.