Wednesday, November 28 2012

SARANTIS GROUP

CONSOLIDATED FINANCIAL RESULTS 9M 2012

Significant EPS growth of 33% driven by top line growth and cost control

Highlights: 9M 2012

- The Group's financial results for the nine months of 2012 posted significant growth compared to the same period last year and the previous two quarters of 2012.
- Increase by 6.01% of the consolidated turnover driven by significant improvement in the Greek market as well as growth in the foreign countries.
- Consolidated gross profit amounted to € 82.33 million, increased by 5.02% vs last year's nine months. The gross profit margin settled around last year's level at 47.51%, supported by better sourcing in spite of higher oil prices.
- Significant improvement across all profitability lines driven by top line growth, cost containment and lower financial expenses despite of the negative effect of the currency devaluation.
- Significant increase of the EATAM by 19.42% and substantial EPS growth of 32.69%.
- The Group's foreign countries maintain their high participation in the consolidated Group sales. Their participation stands at 61%.
- The participation of own brands to the Group's turnover stands at 74%.
- Sound capital structure and solid net debt position. Working capital requirements starting to normalize.

***P&L** (€ mil.)*	***9M '12***	***%***	***9M '11***
Turnover	**173.28**	6.01%	**163.46**
Gross Profit	**82.33**	5.02%	**78.40**
Gross Profit Margin	47.51%		47.96%
EBITDA	**12.33**	0.31%	**12.29**
EBITDA Margin	7.12%		7.52%
EBIT	**9.47**	0.82%	**9.39**
EBIT Margin	5.47%		5.75%
EBT	**8.42**	15.25%	**7.31**
EBT Margin	4.86%		4.47%
Tax	**1.64**	0.86%	**1.62**
Profit After Tax	**6.78**	19.36%	**5.68**
Profit After Tax Margin	3.91%		3.48%
EATAM	**6.78**	19.42%	**5.68**
EATAM Margin	3.91%		3.47%
EPS	**0.1965**	32.69%	**0.1481**

**9M 2012 EPS is calculated based on the current number of shares.*

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

The financial results of 9M 2012 will be presented in a conference call on the 29th November 2012 at **17.00,** local time (GMT+2). Telephone number: 211 – 180 2000.

9M ’12 CONSOLIDATED FINANCIAL RESULTS

Turnover

The consolidated turnover increased by 6.01% versus last year’s nine months and amounted to €173.28 mil. from €163.46 mil in 9M 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 7.49% which was partly offset by adverse currency movements (5.27% average currency devaluation).

Gross Profit

The Gross profit during 9M 2012 has increased by 5.02% to €82.33 mil., from €78.40 mil last year. Despite higher oil prices and negative currency effect the gross profit margin settled close to last year’s level at 47.51% due to better sourcing.

EBITDA

The EBITDA has recovered compared to the first two quarters of 2012, posting an increase of 0.31% to €12.33 mil., in 9M 12, from €12.29 mil., in 9M 2011, and the EBITDA margin reached 7.12% in 9M 2012.

EBIT

Similarly, the earnings before interest and taxes increased by 0.82% reaching €9.47 mil., from €9.39 mil. and the EBIT margin settled from 5.75% in 9M 11 at 5.47% in 9M 12.

EBT

Significant recovery was observed in the Profit before tax that rose by 15.25%, from €7.31 mil., in 9M 11 to €8.42 mil., and the EBT margin reached 4.86%.

EATAM

The earnings after taxes and minorities reached €6.78 mil., increased by 19.42% compared to 9M 11, while the EATAM margin stood at 3.91% up from 3.47% in the respective period last year.

Earnings per share, based on the current number of shares, posted a considerable growth of 32.69% to 0.1965.

9M ’12 CONSOLIDATED BALANCE SHEET / CASHFLOW

The increase observed in the Group’s working capital during the first half of 2012 started to gradually drop in the third quarter of 2012 due to the clearing of the seasonal sales and the reduction of the inventory level related to the new brands the company has added in its portfolio of distributed products since 1/1/12.
As the clearing of the seasonal sales is expected to be by 90% completed by the end of 2012, the company is expected to further reduce its employed working capital.
The Group’s working capital settled at €78.44 mil. in 9M 2012 from €80.01 mil. in H1 2012, while working capital requirements over sales settled at 33.94% in 9M 2012 vs 35.38% in H1 2012.

At the same time the Group benefits from a healthy capital structure and low leverage. In 9M 2012, the Group’s net debt settled at €4.55 mil. (or €18.29 mil. excluding the treasury shares that were cancelled after 30/09/2012).

BALANCE SHEET (€ mil.)	**9M '12**	**%**	**FY '11**
ASSETS			
Property Plant & Equipment	37.00	-2.27%	37.86
Intangible Assets	16.60	-1.33%	16.82
Goodwill	6.03	-1.90%	6.14
Investments	15.23	-9.76%	16.87
Financial assets available for sale	10.02	58.47%	6.32
Other Long Term Assets	0.40	21.69%	0.33
Deffered Tax	1.97	22.71%	1.6
Total Non Current Assets	**87.24**	**1.50%**	**85.96**
Inventories	37.79	0.97%	37.43
Trade Receivables	82.09	14.51%	71.68
Other Receivables	4.75	-24.47%	6.28
Financial assets availabe at fair value through profit or loss	0.76	349.92%	0.17
Cash & Banks	27.39	-28.20%	38.15
Other Short Term Receivables	2.24	115.20%	1.04
Total Current Assets	**155.01**	**0.17%**	**154.75**
Total Assets	**242.25**	**0.64%**	**240.7**
SHAREHOLDER'S EQUITY & LIABILITIES			
L-T Bank Loans	17.00	0.00%	17.0
Deferred Tax Liabilities	0.21	54.65%	0.14
Retirement Benefit Obligations & Other Provisions	3.79	-4.85%	3.99
Total Non Current Liabilities	**21.00**	**-0.56%**	**21.12**
Trade Creditors & Other Liabilities	41.43	-8.86%	45.46
Income Taxes and other Taxes Payable	1.81	16.83%	1.55
S-T Bank Loans	39.46	-7.35%	42.59
Other Short Term Liabilities	6.76	95.60%	3.46
Total Current Liabilities	**89.47**	**-3.86%**	**93.06**
Share Capital	59.06	0.00%	59.06
Share Premium	39.25	0.00%	39.25
Other Reserves	-25.12	7.93%	-23.27
Minority Interest	0.00		0
Retained Earnings	58.59	13.80%	51.49
Shareholders Equity	**131.78**	**4.16%**	**126.53**
Total Liabilities & Equity	**242.25**	**0.64%**	**240.7**

CASH FLOWS (€ mil.)	**9M '12**		**9M' 11**
Operating Activities	-4.30		2.14
Investment Activities	-1.10		-7.94
Financial Activities	-5.27		-4.54
Cash generated	-10.67		-10.34
Cash & Cash equivalents. beginning	38.15		47.16
Effect of foreign exchange differences on Cash	-0.08		0.06
Cash & Cash equivalents. end	**27.39**	**-25.72%**	**36.87**

CONSOLIDATED SBU ANALYSIS

9M '12 Turnover Breakdown per Business Activity

SBU Turnover (€ mil)	*9M '12*	*%*	*9M '11*
Cosmetics	**72.80**	**-0.83%**	**73.41**
% of Total	42.01%		44.91%
Own	**52.62**	**1.64%**	**51.77**
% of SBU	72.28%		70.53%
Distributed	**20.18**	**-6.73%**	**21.64**
% of SBU	27.72%		29.47%
Household Products	**79.53**	**9.07%**	**72.92**
% of Total	45.90%		44.61%
Own	**75.77**	**4.31%**	**72.65**
% of SBU	95.27%		99.62%
Distributed	**3.76**	**1266.59%**	**0.28**
% of SBU	4.73%		0.38%
Other Sales	**20.95**	**22.31%**	**17.13**
% of Total	12.09%		10.48%
Health Care Products	**7.13**	**-17.93%**	**8.69**
% of SBU	34.06%		50.75%
Selective	**13.81**	**63.77%**	**8.44**
% of SBU	65.94%		49.25%
Total Turnover	**173.28**	**6.01%**	**163.46**

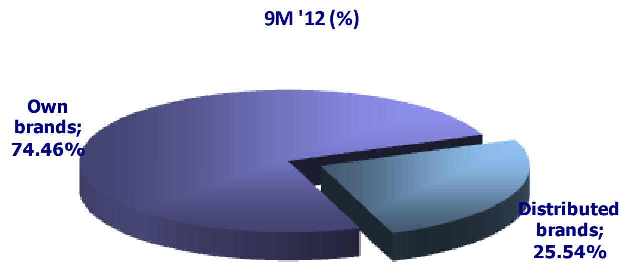
During 9M 2012 total Group sales rose driven by the increase in the sales of household products mostly due to the recent acquisitions (Domet and Topstar) as well as the new agreements (Vapona, Colour Catcher), and the growth in the subcategory of the Selective Products largely as a result of the new agreement with La Prairie.

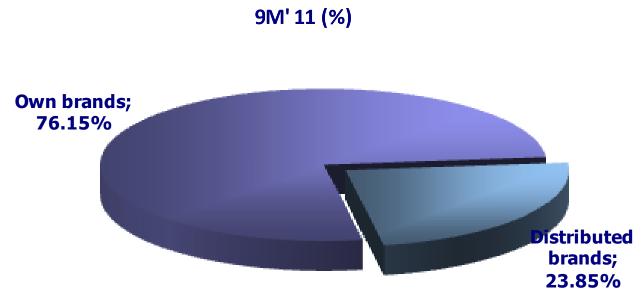
Cosmetics sales drop of 0.83% during the nine months of 2012 was improved compared to the 3.83% drop observed in H1 2012. This was driven by an improvement in the own brands sales that increased by 1.64% versus 9M 2011. Own brands contribution in this SBU's turnover was increased from 70.53% to 72.28%.

Sales of **Household Products** increased 9.07% amounting to € 79.53 million from € 72.92 million in the corresponding period last year. Sales of **own brands** in this category rose by 4.31% while their contribution to this category's sales reached 95.27% from 99.62% in 9M 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 22.31% during 9M 2012, driven mainly by the subcategory of Selective products. This growth is attributed to the new agreements.

Own versus Distributed Activity Turnover Breakdown





During 9M 2012, consolidated revenues of **own** brands (cosmetics and household products) amounted to €129.02 million from €124.48 million in 9M 2011, increased by 3.65%. Furthermore, their contribution to the total group turnover stood at 74.46%.

Consolidated revenues of **distributed** brands during 9M 12 amounted to €44.26 million, from €38.98 million in 9M 11, increasing by almost 14%. Their participation to the total group sales settled at 25.54%.

9M ’12 EBIT SBU Breakdown per Business Activity

SBU EBIT (€ mil)		*9M '12*	*%*	*9M' 11*
Cosmetics		**2.15**	**-28.88%**	**3.02**
	Margin	2.95%		4.11%
	% of EBIT	22.68%		32.15%
Own		**2.11**	**-29.66%**	**3.00**
	Margin	4.01%		5.79%
	% of EBIT	22.27%		31.92%
Distributed		**0.04**	**-79.15%**	**0.02**
	Margin	0.19%		0.10%
	% of EBIT	0.41%		0.23%
Household Products		**5.28**	**27.06%**	**4.15**
	Margin	6.64%		5.70%
	% of EBIT	55.74%		44.23%
Own		**5.12**	**23.08%**	**4.16**
	Margin	6.76%		5.73%
	% of EBIT	54.06%		44.29%
Distributed		**0.16**	**2950.71%**	**-0.01**
	Margin	4.22%		-2.02%
	% of EBIT	1.68%		-0.06%
Other Sales		**0.40**	**-51.13%**	**0.82**
	Margin	1.92%		4.82%
	% of EBIT	4.26%		8.78%
Health Care Products		**-0.13**	**-112.71%**	**1.01**
	Margin	-1.80%		11.62%
	% of EBIT	-1.36%		10.76%
Selective		**0.53**	**386.71%**	**-0.19**
	Margin	3.85%		-2.20%
	% of EBIT	5.61%		-1.97%
Income from Estee Lauder JV		**1.64**	**17.72%**	**1.39**
	% of EBIT	17.32%		14.83%
Total EBIT		**9.47**	**0.82%**	**9.39**
	Margin	**5.47%**		**5.75%**

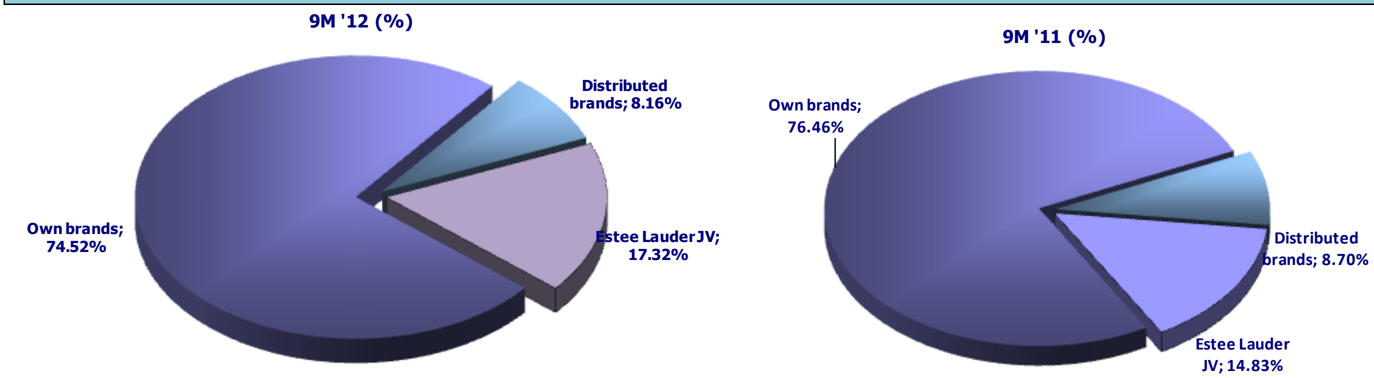
Despite the unfavorable currency movements, the Group’s operating earnings was improved compared to previous quarters and increased versus last year due to top line growth and cost control.

Cosmetics EBIT decreased in 9M 2012 by 28.88% reaching € 2.15 million from €3.02 million in 9M 2011. The Cosmetics EBIT margin during 9M 2012 settled at 2.95% vs 4.11% in 9M 2011. This category’s contribution to total EBIT fell to 22.68% from 32.15% same period last year.
The operating profits of **own brands** within this category decreased by 29.66% standing at €2.11 million from €3.0 million in 9M 2011.

The EBIT of **Household Products** posted a considerable increase of 27.06% during the 9M 2012 to €5.28 million from €4.15 million in 9M 2011. The EBIT margin of the household products stood at 6.64% during 9M 2012 up from 5.70% in 9M 2011. The increase is attributed both to the "**Own Brands**" which present an increase in EBIT of around 23% amounting to € 5.12 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 reduction of 51.13%, 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 €7.06 million in 9M 2012 versus €7.18 million in 9M 2011, decreased by 1.74%. The contribution of **own brands** (cosmetics and household products) to the total EBIT during 9M 2012 stood at 74.52%.

The EBIT of **distributed brands** during 9M 2012 amounted to €0.77 million, from € 0.82 million last year. Their contribution to total EBIT corresponded to 8.16%.
In addition, Estee Lauder JV presented revenues of € 1.64 million, which corresponds to 17.32% of the Group’s EBIT.

CONSOLIDATED REGIONAL ANALYSIS

9M ’12 Turnover Breakdown per Geographic Market

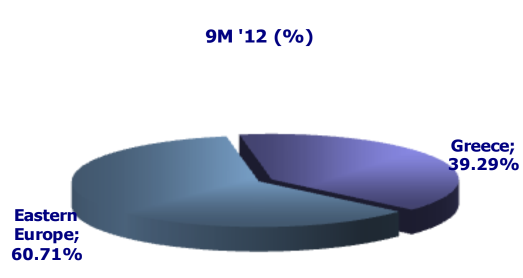
Country Turnover (€ mil)	*9M '12*	*%*	*9M'11*
Greece	**68.08**	**12.46%**	**60.54**
% of Total Turnover	**39.29%**		**37.04%**
Poland	50.10	1.57%	49.32
Romania	24.89	-4.67%	26.11
Bulgaria	6.78	3.75%	6.54
Serbia	10.37	18.18%	8.77
Czech Republic	4.54	2.92%	4.41
Hungary	5.91	2.14%	5.78
FYROM	2.03	2.28%	1.98
Bosnia	0.59		-
Foreign Countries Subtotal	**105.20**	**2.22%**	**102.92**
% of Total Turnover	**60.71%**		**62.96%**
Total Turnover	**173.28**	**6.01%**	**163.46**

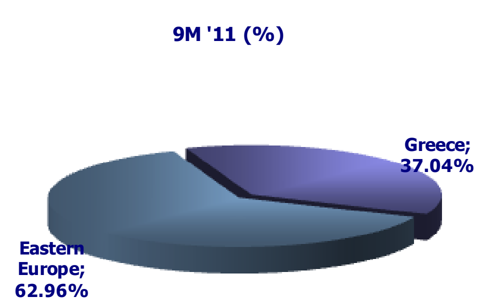
The Group’s consolidated turnover’s increase was supported by both the Greek and the Foreign markets.

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 12.46%, at €68.08 million, from €60.54 million last year, largely driven by the company’s new business deals.

As far as the foreign markets of the Group are concerned, turnover was up by 2.22% to €105.20 mil from €102.92 mil in 9M 2011. The foreign countries presented an average sales growth in local currencies by 7.49%, while the average effect of the currencies devaluation was 5.27%.

Greek and Eastern European Market Turnover breakdown Analysis





During 9M 2012 the foreign countries' contribution, into the Group’s sales stood at 60.71%, from 62.96% in 9M 2011.

9M ’12 EBIT Breakdown per Geographic Market

Country EBIT (€ mil)	*9M '12*	*%*	*9M '11*
Greece	**6.65**	**33.02%**	**5.00**
% of Total Ebit	**70.18%**		**53.19%**
Poland	1.26	-39.32%	2.07
Romania	0.98	-11.09%	1.10
Bulgaria	0.25	20.27%	0.21
Serbia	0.86	-26.31%	1.16
Czech Republic	-0.27	4.85%	-0.29
Hungary	-0.53	-108.71%	-0.25
FYROM	0.35	-11.09%	0.40
Bosnia	-0.07		-
Foreign Countries Subtotal	**2.82**	**-35.77%**	**4.40**
% of Total Ebit	**29.82%**		**46.81%**
Total EBIT	**9.47**	**0.82%**	**9.39**

The **Greek** EBIT in 9M 2012 increased by 33.02% to €6.65 mil., from €5.00 mil in 9M 2011.
Excluding the income from the Estee Lauder JV, Greek EBIT during 9M 2012 amounted to €5.01 mil from €3.60 mil., up by 38.94%.
Greek EBIT margin, excluding Estee Lauder JV, stood at 7.35% from 5.95% in the respective period of 2011.

The **foreign countries** posted a decrease in EBIT of 35.77% during 9M 2012, amounting to €2.82 mil., from €4.40 mil.

NEWS FLOW UP TO THE RELEASE DATE OF THE 9M 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.

- The A’ Repeated Extraordinary General Meeting of the Company’s shareholders, held on October 09, 2012, decided, inter alia, to decrease the Company’s share capital by the amount of 5,905,835.32 euro through the reduction of the company’s total number of shares from 38,350,940 to 34,515,982 due to the cancellation of 3,834,958 treasury shares. The aforementioned 3,834,958 shares were acquired by the Company from 25/07/2008 to 05/09/2012, by virtue of the resolution of the Company’s General Shareholders’ Meeting dated 02/06/2008, as this was updated by the General Shareholders’ Meeting of 30/06/2010 and modified by the General Shareholders Meeting of 21/06/2012. Following the aforementioned share capital reduction, which was realized on 07/11/2012, the Company’s share capital amounts to 53,154,612.28 euro divided by 34,515,982 common registered shares of nominal value 1.54 each.

OBJECTIVES AND PROSPECTS

The Group's financial results for the nine months of 2012 present a significant improvement compared to the same period last year and the first half of 2012 and are generally in accordance to the budget.
Group sales growth was driven by both the Greek market and the foreign markets growth.
The currency devaluation that affected the profitability of the Group was more than offset by top line growth, cost containment and lower financial expenses. Therefore, a significant increase was observed across all profitability lines.
More specifically, bottom line, EATAM showed a considerable increase of 19,42% versus last year’s nine month period, with the EATAM margin getting closer to the budget target, and EPS posted a remarkable growth of 33%.

As expected, the adverse conditions in the economic environment remained during the nine months 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.