

Monday, 28 March 2011

Gr. Sarantis S.A.

Consolidated Financial Results 12M_2010

Highlights: 12M_2010

- Increase in sales by 1.9% compared with 2009.
- 2010's results are consistent with the company's budget.
- Strong expand of the Group's business abroad.
- Consolidated turnover of continuing activities increased by 1.89% to €220.01 million during the 12M 2010, from €215.94 in 2009.
- The affiliates of Eastern Europe posted significant increase in their sales, offsetting the shortfall in sales of the parent, while at the same time they increased their contribution in Group's consolidated sales, and they hold the 64.53% of the total sales of continuing activities.
- The cost containment measures and the working capital's effective management, contributed to mitigating the negative effects due to the unfavorable economic conditions.
- Earnings per Share decreased by 19.20% from € 0.43 to € 0.34 and they are in line to the initial guidance.
- The Management remains committed to its policy of strong cash flows and low leverage.

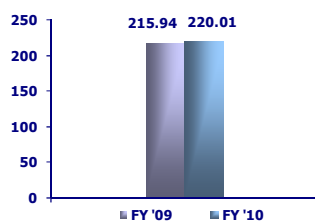
	Continuing Activity FY09	Discontinued Activity FY09	Total FY'09	Continuing Activity FY10	Discontinued Activity FY10	Total FY'10	% Continuing FY'09 Vs FY'10	Guidance '10	Guidance vs Continuing FY'10
Turnover	215.94	4.71	220.65	220.01	3.33	223.34	1.89%	222.9	-1.30%
Gross Profit	108.33	2.25	110.58	108.08	1.59	109.68	-0.23%		
Gross Profit Margin	50.17%	47.76%	50.12%	49.13%	47.85%	49.11%			
EBITDA	26.96	0.12	27.08	21.38	-0.01	21.37	-20.68%	21.6	-1.02%
EBITDA Margin	12.49%	2.58%	12.27%	9.72%	-0.43%	9.57%		9.69%	
EBIT	23.38	0.07	23.44	17.55	-0.06	17.48	-24.94%	17.7	-0.85%
EBIT Margin	10.83%	1.46%	10.63%	7.97%	-1.89%	7.83%		7.94%	
EBT	21.60	-0.12	21.47	16.76	-1.40	15.36	-22.40%	16.7	0.36%
EBT Margin	10.00%	-2.62%	9.73%	7.62%	-42.13%	6.88%		7.49%	
Tax	4.58	0.00	4.59	3.10	0.00	3.10	-32.45%	3.1	0.00%
Profit After Tax (excl. One-Off Tax)	17.01	-0.13	16.89	13.66	-1.40	12.26	-19.69%	13.6	0.44%
Profit After Tax Margin	7.88%	-2.66%	7.65%	6.21%	-42.13%	5.49%		6.10%	
One-off Tax	0.49	0.00	0.49	0.44	0.00	0.44	-10.03%	0.44	0.00%
EATAM (incl. One-Off Tax)	16.52	-0.13	16.40	13.22	-1.40	11.82	-19.97%	13.16	0.46%
EATAM Margin (incl. One-Off Tax)	7.65%	-2.66%	7.43%	6.01%	-42.13%	5.29%		5.90%	
EPS	0.43	0.00	0.43	0.34	-0.04	0.31	-19.20%	0.34	0.00%

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

The financial results of 12M 2010 will be presented in a conference call on the 29th March 2011 (at 17.00, local time - GMT+2). Telephone number: 211 – 180 2000.

12M_10 Consolidated Financial Results

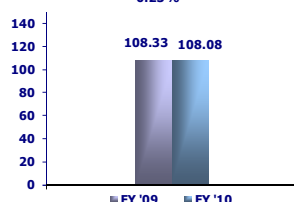
Consolidated Turnover Cont. Act. (€ mil)
1.89%



Turnover

In 12M 2010 consolidated turnover of continuing activities increased by 1.89% reaching €220.01 mil. from €215.94 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, has underperformed during the 12M of 2010. The reason is the austerity measures which have been imposed by the Greek Government, due to the challenging macroeconomic conditions.

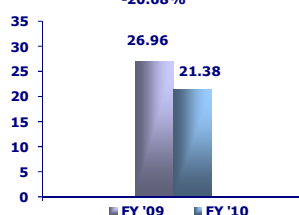
Consolidated Gross Profit Continuing Activities (€ mil)
-0.23%



Gross Profit

The Gross profit of continuing activities, during 12M 2010, has decreased by 0.23%, to €108.08 mil., from €108.33 mil. The gross profit margin of continuing operations has been settled to 49.13% vs 50.17%, which is has been adversely affected by the rapid increase in raw material prices in 2010.

Consolidated EBITDA Continuing Activities (€ mil)
-20.68%



EBITDA

The EBITDA of continuing activities posted a reduction of 20.68% to €21.38 mil. in 12M 2010, from €26.96 mil. in 12M 2009, which are mainly influenced by the increased production cost, the A&P expenses and the expenses related to general cost reduction (severance payments etc.).

EBIT

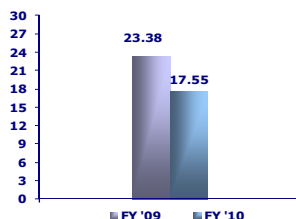
Earnings before interest and taxes of continuing operations reached €17.55 mil., from €23.38 mil., down by 24.94% and EBIT margin has been settled from 10.83% in 12M 2009, to 7.97% in 12M 2010.

EBT

The Group's finance costs of continuing operations amounted to € 0,79 million, considerable low amount, that is attributed to the strong cash flows in 2010.

Consequently, profit before tax of continuing operations amounted to € 16.76 million, from € 21.60 million decreasing by 22.40%.

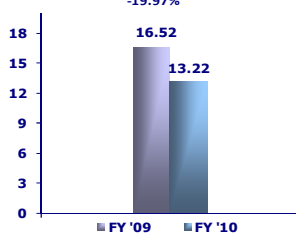
Consolidated EBIT Continuing Activities (€ mil)
-24.94%



EATAM

Earnings after taxes and minorities of continuing activities reached €13.66 mil., reduced by 19.69% compared to 12M 2009; including the windfall tax of €0.44 mil. EATAM from continuing activities settled at €13.22 mil., down by 19.97% compared to the respective prior-year period and the EATAM margin settled at 6.01% from 7.65%.

Consolidated EATAM Continuing Activities (€ mil)
-19.97%



12M '10 Consolidated Balance Sheet / Cash Flow

Highlights

Despite the challenging economic conditions Sarantis Group has successfully continued to generate solid cashflows, a fact attributed to management's focus behind the containment of operating expenses and the efficient working capital management.

The Group's working capital settled at €63.30 mil. in 12M 2010 from €64.10 mil. in FY 2009, while working capital requirements over sales settled at 28.34% vs 29.05% in 2009.

At the same time the Group benefits from a healthy capital structure and low leverage. In 12M 2010, The Group's net debt settled at €-1.15 mil., from €9.14 mil. in 12M 2009, (net cash position).

BALANCE SHEET (€ mil.)	FY '10	%	FY '09
ASSETS			
Property Plant & Equipment	39.43	-4.01%	41.08
Intangible Assets	11.57	85.79%	6.23
Goodwill	4.74	-20.34%	5.95
Investments	17.43	-4.79%	18.31
Financial assets available for sale	5.21	-23.68%	6.83
Other Long Term Assets	0.30	-26.39%	0.41
Deferred Tax	2.12	17.68%	1.80
Total Non Current Assets	80.82	0.25%	80.62
Inventories	33.68	-2.89%	34.68
Trade Receivables	71.87	1.37%	70.90
Other Receivables	5.19	-8.70%	5.68
Financial assets available at fair value through profit or loss	1.93	-	0.00
Cash & Banks	47.16	53.02%	30.82
Other Short Term Receivables	0.97	21.87%	0.79
Total Current Assets	160.80	12.54%	142.88
Total Assets	241.62	8.11%	223.50
SHAREHOLDER'S EQUITY & LIABILITIES			
L-T Bank Loans	39.50	-21.39%	50.25
Deferred Tax Liabilities	0.04	236.74%	0.01
Retirement Benefit Obligations & Other Provisions	4.38	31.01%	3.35
Total Non Current Liabilities	43.92	-18.07%	53.61
Trade Creditors & Other Liabilities	42.25	1.84%	41.49
Income Taxes and other Taxes Payable	2.14	-10.99%	2.41
S-T Bank Loans	24.50	264.21%	6.73
Other Short Term Liabilities	4.58	24.38%	3.69
Total Current Liabilities	73.48	35.31%	54.31
Share Capital	59.06	0.00%	59.06
Share Premium	39.25	0.00%	39.25
Other Reserves	-18.44	15.77%	-15.93
Minority Interest	0.01	64.27%	0.01
Retained Earnings	44.33	33.56%	33.19
Shareholders Equity	124.22	7.47%	115.59
Total Liabilities & Equity	241.62	8.11%	223.50
CASH FLOWS (€ mil.)	12M'10		12M'09
Continuing Operating Activities	8.60		21.94
Discontinued Operating Activities	1.96		0.67
Continuing & Discontinued Operating Activities	10.57		22.61
Continuing Investment Activities	-2.13		0.86
Discontinued Investment Activities	-0.41		-0.01
Continuing & Discontinued Investment Activities	-2.53		0.85
Continuing Financial Activities	8.81		-12.20
Discontinuing Financial Activities	-0.61		-0.49
Continuing & Discontinuing Financial Activities	8.20		-12.69
Cash generated	16.23		10.78
Cash & Cash equivalents, beginning	30.82		23.16
Effect of foreign exchange differences on Cash	0.11		-3.12
Cash & Cash equivalents, end	47.16	53.02%	30.82

1. CONSOLIDATED SBU ANALYSIS

12M'10 Turnover Breakdown			
12M '10 Consolidated Turnover Breakdown per Business Activity			
Continuing Activities			
SBU Turnover (€ mil)	12M '10	%	12M '09
Cosmetics	98.49	4.35%	94.39
% of Total	44.77%		43.71%
Own	66.18	3.78%	63.77
Distributed	67.19%		67.56%
% of SBU	32.31	5.52%	30.62
% of SBU	32.81%		32.44%
Household Products	96.54	0.23%	96.32
% of Total	43.88%		44.60%
Own	96.31	0.71%	95.63
Distributed	99.76%		99.28%
% of SBU	0.23	-66.59%	0.69
% of SBU	0.24%		0.72%
Other Sales	24.98	-0.99%	25.23
% of Total	11.35%		11.68%
Health Care Products	11.41	0.40%	11.36
% of SBU	45.68%		45.05%
Selective	13.57	-2.13%	13.86
% of SBU	54.32%		54.95%
Total Turnover	220.01	1.89%	215.94

During the 12M 2010, an overall growth achieved in consolidated sales of continuing operations, compared to the figures for the corresponding period of 2009. In this growth, contribute the organic growth of foreign markets together with the positive impact of exchange rates.

During 12M 2010 **cosmetics** recorded a sales growth of 4.35% amounting to €98.49 mil. from €94.39 mil. in 12M 2009. In this SBU, own brands demonstrate an increase of 3.78% and their contribution to total turnover settled at 67.19%. A corresponding increase, present also the sales of the distributed brands, at 5.52%.

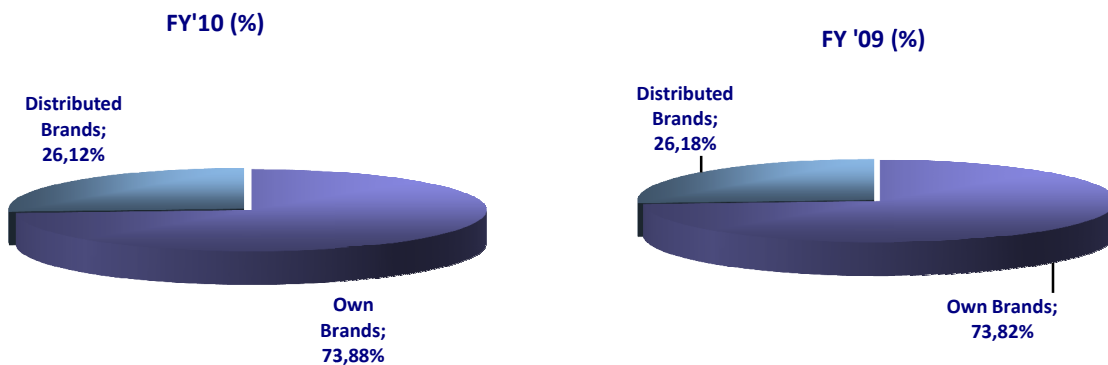
Sales of **household** goods remained at similar levels to last year. At the 12M-2010 showed a marginal increase of 0.23%, reaching € 96.54 million from € 96.32 million in the corresponding period last year.

Sales of own goods in the same category also rose marginally 0.71% while their contribution to group sales amounted to 99.76%.

Overall, in 12M 2010, the continuing operations of the category **other sales** recorded a total decrease by 0.99% compared to 12M in 2009. The total sales of the category, from continuing operations, were €24.98mil from €25.23 millions in 12M 2009.

The sales in the subcategory of health care were at the same level as last year, while the subcategory of the selective descends by 2.13% or €0.29 millions.

Own versus Distributed Activity Turnover Breakdown



During the 12M of 2010, consolidated revenues from continuing activities of **own** brands (cosmetics and household products) amounted to €162.55 mil. from €159.40 mil. in 12M 2009, increased by 1.98%. Furthermore, their contribution to the total group turnover stood at 73.88%, marginally increased in comparison to the previous year's level.

Consolidated revenues from continuing activities of **distributed** brands during 12M 2010 reached €57.46 mil., from €56.54 mil. in 12M 2009, increased by 1.62%. Their participation to the total group sales of continuing activities settled at 26.12%.

1.2. 12M'10 EBIT SBU Breakdown

12M '10 Consolidated EBIT Breakdown per Business Activity Continuing Activities			
SBU EBIT (€ mil)	12M'10	%	12M '09
Cosmetics	3.66	-10.25%	4.08
Margin	3.72%		4.33%
% of EBIT	20.89%		17.47%
Own	2.77	-17.26%	3.35
Margin	4.19%		5.26%
% of EBIT	15.81%		14.35%
Distributed	0.89	21.94%	0.73
Margin	2.75%		2.38%
% of EBIT	5.07%		3.12%
Household Products	7.22	-35.06%	11.11
Margin	7.48%		11.54%
% of EBIT	41.13%		47.55%
Own	7.24	-34.58%	11.06
Margin	7.52%		11.57%
% of EBIT	41.25%		47.33%
Distributed	-0.02	-141.45%	0.05
Margin	-9.03%		7.28%
% of EBIT	-0.12%		0.22%
Other Sales	1.43	-28.48%	2.00
Margin	5.74%		7.95%
% of EBIT	8.17%		8.58%
Health Care Products	2.06	12.83%	1.82
Margin	18.03%		16.04%
% of EBIT	11.72%		7.80%
Selective	-0.62	-442.45%	0.18
Margin	-4.59%		1.31%
% of EBIT	-3.55%		0.78%
Income from Associates	5.23	-15.28%	6.17
% of EBIT	29.81%		26.41%
Income From Estee Lauder JV	5.23	-15.28%	6.17
% of EBIT	29.81%		26.41%
Total EBIT	17.55	-24.94%	23.38
Margin	7.98%		10.83%

The Group's operating profit has been affected negatively by the challenging trading conditions prevailing in the Greek market. Also the increased production cost, the increased advertising and promotion costs and as well all costs associated with the overall cost reduction led the Group to weaker profitability.

Cosmetics EBIT decreased in the 12M 2010 by 10.25% reaching € 3.66 mil. from €4.08 mil. The Cosmetics EBIT margin during the 12M 2010 settled at 3.72% vs 4.33% in 12M 2009. However, category's contribution to total EBIT rose to 20.89% in 2010 from 12M 17.47 12M% in 2009.

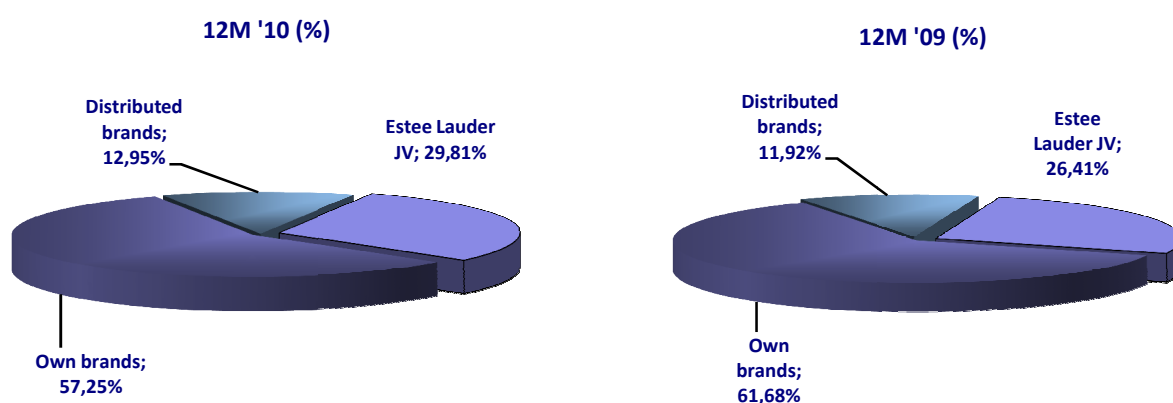
The operating profits of **own brands** within this category decreased by 17.26% during 12M 2010 standing at €2.77 mil. from €3.35 mil. in 12M 2009.

The EBIT of **household goods** has been reduced by 35.06% to € 7.22 million of €11.11 million in 12M 2009 affected

by the increase of production cost, due to the price increase of the raw materials. The EBIT margin of the household goods stood at 7.48% from 11.54%. The **own brands** of this category presented a declining EBIT of around 34.58% reaching to € 7.24 million.

The EBIT of the category of **other sales**, from continuing operations, decreased by 28.48% or €0.57 million

Own vs Distributed EBIT Breakdown



Own brand portfolio generated income of €10.04 mil. in 12M 2010 versus €14.42 mil. in 12M 2009, reduced by 30.33%. The contribution of **own brands** (cosmetics and household products) to the total EBIT of continuing operations during 12M 2010 stood at 57.25% in comparison to 61.68% in 12M 2009.

EBIT of **distributed brands** of continuing operations in the 12M 2010 amounted to € 2.27 million, from € 2.79 million in the corresponding period last year, posting a 18.45% decline. Their contribution to total EBIT corresponded to 12.95% from 11.92%.

2. CONSOLIDATED REGIONAL ANALYSIS

2.1. 12M'10 Turnover Breakdown

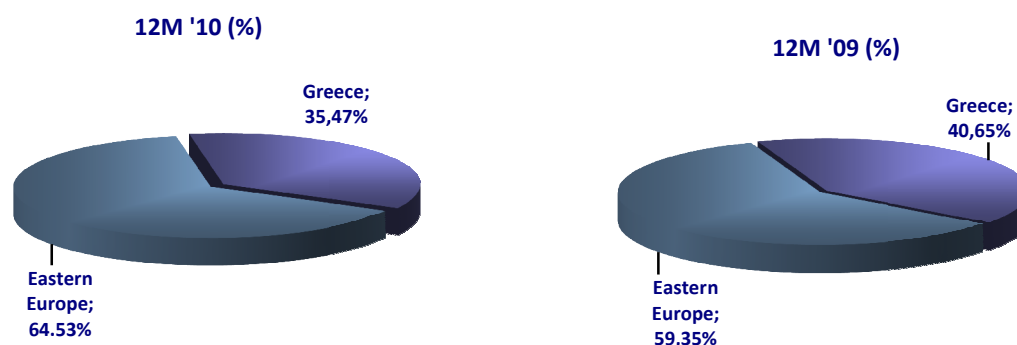
12M '10 Consolidated Turnover Breakdown per Geographic Market Continuing Activities			
Country Turnover (€ mil)	12M'10	%	12M'09
Greece	78.03	-11.10%	87.77
% of Total Turnover	35.47%		40.65%
Poland	66.29	25.69%	52.74
Romania	37.67	-0.77%	37.97
Bulgaria	11.65	-9.87%	12.92
Serbia	11.07	8.61%	10.19
Czech Republic	6.04	7.54%	5.61
Hungary	6.61	2.61%	6.44
FYROM	2.64	15.80%	2.28
Foreign Countries Subtotal	141.98	10.78%	128.16
% of Total Turnover	64.53%		59.35%
Total Turnover	220.01	1.89%	215.94

The generally positive performance of the affiliates was maintained during the 12 months of 2010, both because of improved sales in most of them, and also because of the favorable currency fluctuations.

More specifically, during 12M 2010 the turnover in the Group's foreign markets of continuing operations increased by 10.78%, vs the respective prior-year period, which consists of a 6.8% growth in local currency and a 4% average currency appreciation. Sales of affiliates, of continuing operations, have been increased to € 141.98 million from €128.16mil. in 2009.

As regards to the Greek market, the Group experienced a drop in sales of all business units mainly due to the implementation of the fiscal austerity measures.

Greek and Eastern European Market Turnover breakdown Analysis



During FY 2010, the percentage of affiliates' sales of continuing operations towards the Group's overall sales increased significantly to 64.53% from 59.35% the respective FY of 2009.

2.2. 12M'10 EBIT Breakdown

12M '10 Consolidated EBIT Breakdown per Geographic Market Continuing Activities			
Country EBIT (€ mil)	12M '10	%	12M '09
Greece	9.73	-40.85%	16.45
% of Total Ebit	55.45%		70.36%
Poland	3.98	7.02%	3.71
Romania	2.64	16.72%	2.26
Bulgaria	0.50	-20.48%	0.63
Serbia	1.22	-4.53%	1.27
Czech Republic	-0.37	30.45%	-0.54
Hungary	-0.71	21.83%	-0.90
FYROM	0.56	15.84%	0.48
Foreign Countries Subtotal	7.82	12.84%	6.93
% of Total Ebit	44.55%		29.64%
Total EBIT	17.55	-24.94%	23.38

The operating profit of the **parent company** has been affected by the decrease of sales, increased production cost, increased advertising and promotion expenses, as well as by increased expenses related to the general reduction of cost.

The EBIT of the parent company of continuing operations in 2010 has been reduced by 40.85% to €9.73 mil., from €16.45 mil, in 12M 2009.

Excluding the income from the associate company Estee Lauder JV, Greece's EBIT of continuing operations during 2010 amounted to €4.50 mil from €10.27 mil, decreased by 56.22%.

The Greek EBIT margin, of continuing operations, excluding the EL JV income, settled at 5.76% in 12M 2010 from 11.71% last year.

In contrast, the **affiliates** posted a significant increase of EBIT due to increased sales and also due to the containment of expenses in some of them.

In particular, EE countries EBIT of continuing operations increased by 12.84% to €7.82 mil in 12M 2010 from €6.93 mil in 12M 2009.

The EBIT margin of the affiliates posted a marginal increase and settled at 5.51% during 2010 compared to 5.41% during 2009.

3. News flow during 12M 2010

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

- December 23rd: The sale of Gr.Sarantis' participation in K. Theodoridis SA has been announced. The Group's management decided this because of the negative developments in the automotive market, the poorer, than expected Company's performance and the Group's overall strategy for the disposal of non-core business activities.
- July 1st: The acquisition of the Polish brand KOLASTYNA has been announced. KOLASTYNA's product range includes face and body care cosmetics as well as sun protection products.
- March 17th: The establishment of the company "THRACE-SARANTIS S.A." for the production of garbage bags has been announced. The newly founded company is a joint venture between THRACE PLASTICS S.A. and SARANTIS GROUP, each holding a participation of 50%.
- February 3rd: The agreement with the Turkish company EVYAP for the exclusive distribution of its products in Romania and Poland has been announced. EVYAP is one of the leading soap and personal care products manufacturers.

4. Objectives and Prospects

The Group's financial results for the period 1/1-31/12/2010 (excluding the effect from the sale of the participation in K. Theodoridis S.A.) are in line with management's estimations and reflect the decline in the consumer market. The drop of the parent's sales was offset largely by the increase of sales from affiliates. However, increased production cost, due to the price increase of the raw materials, increased advertising and promotion expenses, together with expenses for the general reduction of operating cost significantly affected the group's profitability. The sale of the participation in K. Theodoridis was considered a necessary action under the current circumstances.

As uncertainty in the market persists, the Group's management expects that the adverse conditions in the economic environment will continue throughout 2011 as well and continues to emphasize on bringing its cost base in line with the expected revenue.

Management remains dedicated to its policy, for strong capital structure, low 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, as always, the Group remains focused on 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 old countries of operation, 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.