Friday, March 29 2013

SARANTIS GROUP

CONSOLIDATED FINANCIAL RESULTS FY 2012

Significant EPS growth of 38% driven by top line growth of 6.6% and operational leverage

Highlights: 12M 2012

- The Group's financial results for the full year of 2012 posted substantial growth compared to last year exceeding the management's expectations.
- Increase by 6.6% 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 € 112.13 million, increased by 6.23% vs last year. 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 and margins driven by top line growth, operational leverage, cost containment and lower financial expenses despite of the negative effect of the currency devaluation.
- Significant increase of the EATAM by 24.84% and substantial EPS growth of 37.69%.
- The Group's foreign countries maintain their high participation in the consolidated Group sales. Their participation stands at 63%.
- The participation of own brands to the Group's turnover stands at 74%.
- Sound capital structure, generation of free cash flows, net cash position, reduction of bank debt.
- Significant improvement in the Group's working capital requirements.

***P&L** (€ mil.)*	***FY '12***	*%*	***FY '11***
Turnover	**236.00**	6.64%	**221.29**
Gross Profit	**112.13**	6.23%	**105.55**
Gross Profit Margin	47.51%		47.70%
EBITDA	**21.17**	7.84%	**19.63**
EBITDA Margin	8.97%		8.87%
EBIT	**17.36**	10.09%	**15.77**
EBIT Margin	7.36%		7.13%
EBT	**15.29**	20.84%	**12.65**
EBT Margin	6.48%		5.72%
Tax	**3.14**	7.61%	**2.91**
Profit After Tax	**12.15**	24.80%	**9.74**
Profit After Tax Margin	5.15%		4.40%
EATAM	**12.15**	24.84%	**9.74**
EATAM Margin	5.15%		4.40%
EPS	**0.3496**	37.69%	**0.2539**

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

The financial results of 12M 2012 will be presented in a conference call on the 2nd April 2013 at **17.00,** local time (GMT+2). Telephone number: 211 – 180 2000.

FY ’12 CONSOLIDATED FINANCIAL RESULTS

Turnover

The consolidated turnover increased by 6.64% versus last year and amounted to €236.00 mil. from €221.29 mil in 12M 2011. This increase is driven by the significant 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 6.15% which was partly offset by adverse currency movements (3.39% average currency devaluation).

Gross Profit

The Gross profit during 12M 2012 has increased by 6.23% to €112.13 mil., from €105.55 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.

The company presented substantial growth versus last year beating the management’s estimates across all profitability lines. Specifically:

- **EBITDA** was up by 7.84% at €21.17 mil., with EBITDA margin at 8.97%.

- **EBIT** was up by 10.09% at €17.36 mil., with EBIT margin at 7.36%.

- **EBT** was up by 20.84% at €15.29 mil., with EBT margin at 6.48%.

- **EATAM** was up by 24.84% at €12.15 mil., with EATAM margin at 5.15%.

FY '12 CONSOLIDATED BALANCE SHEET / CASHFLOW

Sarantis Group exhibits an exceptionally healthy financial position and capital structure.

During 2012 the Group managed to retain and expand its free cash flow generation and as a result de leveraged its balance sheet, reducing its bank debt by circa €8 mil., and achieved a net cash position of approximately €1 mil. by the end of 2012.

Additionally, in an effort to return value to its shareholders, within 2012, the company cancelled its treasury shares that corresponded to 10% of its share capital.

Furthermore, the reduction of the inventory level related to the new brands added in the Group's portfolio since 1/1/12 and the clearing of the seasonal sales during Q4 2012 that is reflected in the drop of the Group's receivables, lead to a significant reduction in the Group's working capital requirements.

Specifically, the Group's working capital settled at €66.76 mil. in FY 2012 from €63.65 mil. in FY 2011, while working capital requirements over sales settled at 28.19% in FY 2012 vs 28.76% in FY 2011.

BALANCE SHEET (€ mil.)	**FY '12**	**%**	**FY '11**
ASSETS			
Property Plant & Equipment	36.86	-2.65%	37.86
Intangible Assets	16.61	-1.30%	16.82
Goodwill	6.08	-0.99%	6.14
Investments	16.87	-0.04%	16.87
Financial assets available for sale	12.21	93.09%	6.32
Other Long Term Assets	0.43	31.15%	0.33
Deffered Tax	1.42	-11.76%	1.60
Total Non Current Assets	**90.47**	**5.25%**	**85.96**
Inventories	35.74	-4.51%	37.43
Trade Receivables	73.64	2.72%	71.68
Other Receivables	5.01	-20.28%	6.28
Financial assets availabe at fair value through profit or loss	0.36	113.75%	0.17
Cash & Banks	40.48	6.11%	38.15
Other Short Term Receivables	0.98	-5.60%	1.04
Total Current Assets	**156.20**	**0.94%**	**154.75**
Total Assets	**246.67**	**2.48%**	**240.70**
SHAREHOLDER'S EQUITY & LIABILITIES			
L-T Bank Loans	21.00	23.53%	17.00
Deferred Tax Liabilities	0.23	71.99%	0.14
Retirement Benefit Obligations & Other Provisions	3.26	-18.14%	3.99
Total Non Current Liabilities	**24.50**	**15.98%**	**21.12**
Trade Creditors & Other Liabilities	42.62	-6.25%	45.46
Income Taxes and other Taxes Payable	1.60	2.84%	1.55
S-T Bank Loans	31.00	-27.21%	42.59
Other Short Term Liabilities	4.36	26.05%	3.46
Total Current Liabilities	**79.57**	**-14.49%**	**93.06**
Share Capital	53.55	-9.33%	59.06
Share Premium	39.37	0.30%	39.25
Other Reserves	-6.59	-71.70%	-23.27
Minority Interest	0.00		0.00
Retained Earnings	56.27	9.30%	51.49
Shareholders Equity	**142.60**	**12.71%**	**126.53**
Total Liabilities & Equity	**246.67**	**2.48%**	**240.70**

CASH FLOWS (€ mil.)	**12M '12**		**12M' 11**
Operating Activities	**9.59**		**5.46**
Investment Activities	**2.16**		**-7.95**
Financial Activities	**-9.44**		**-6.58**
Cash generated	**2.32**		**-9.07**
Cash & Cash equivalents. beginning	**38.15**		**47.16**
Effect of foreign exchange differences on Cash	**0.01**		**0.05**
Cash & Cash equivalents. end	**40.48**	**6.11%**	**38.15**

CONSOLIDATED SBU ANALYSIS

FY ’12 Turnover Breakdown per Business Activity

SBU Turnover (€ mil)		*12M '12*	*%*	*12M '11*
Cosmetics		**97.96**	**-1.03%**	**98.99**
	% of Total	41.51%		44.73%
Own		**70.67**	**0.21%**	**70.52**
	% of SBU	72.14%		71.24%
Distributed		**27.29**	**-4.13%**	**28.47**
	% of SBU	27.86%		28.76%
Household Products		**107.33**	**9.19%**	**98.29**
	% of Total	45.48%		44.42%
Own		**102.99**	**5.13%**	**97.97**
	% of SBU	95.96%		99.67%
Distributed		**4.33**	**1244.31%**	**0.32**
	% of SBU	4.04%		0.33%
Other Sales		**30.71**	**27.88%**	**24.01**
	% of Total	13.01%		10.85%
Health Care Products		**8.77**	**-23.04%**	**11.39**
	% of SBU	28.55%		47.43%
Selective		**21.94**	**73.83%**	**12.62**
	% of SBU	71.45%		52.57%
Total Turnover		**236.00**	**6.64%**	**221.29**

**2012 & 2011 Bulgarian Health Care Products sales reallocated under Cosmetics.*

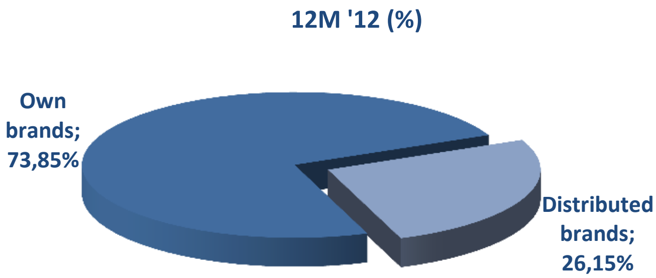
During 12M 2012 total Group sales rose driven by the increase in the sales of household products mostly due to the recent acquisitions (Domet and Topstar) as well as the new agreements (Vapona, Colour Catcher), and the growth in the subcategory of the Selective Products largely as a result of the new agreement with La Prairie.

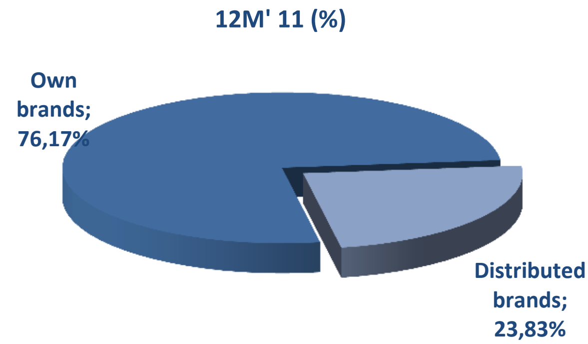
Cosmetics sales dropped by 1.03% during 2012, while the own brands of this category presented a stable performance versus last year. Own brands contribution in this SBU’s turnover was increased from 71.24% to 72.14%.

Sales of **Household Products** increased 9.19% amounting to € 107.33 million from € 98.29 million last year. Sales of **own brands** in this category rose by 5.13% while their contribution to this category’s sales reached 95.96% from 99.67% 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 27.88% during 12M 2012, driven mainly by the subcategory of Selective products. This growth is attributed to the new agreements.

Own versus Distributed Activity Turnover Breakdown





During 12M 2012, consolidated revenues of **own** brands (cosmetics and household products) amounted to €174.28 million from €168.55 million in 12M 2011, increased by 3.40%. Furthermore, their contribution to the total group turnover stood at 73.85%.

Consolidated revenues of **distributed** brands during 12M 12 amounted to €61.71 million, from €52.74 million in 12M 11, increasing by almost 17%. Their participation to the total group sales settled at 26.15%.

FY '12 EBIT SBU Breakdown per Business Activity

SBU EBIT (€ mil)		*12M '12*	*%*	*12M' 11*
Cosmetics		**4.32**	**-11.41%**	**4.87**
	Margin	4.41%		4.92%
	% of EBIT	24.87%		30.91%
Own		**3.88**	**-15.27%**	**4.58**
	Margin	5.50%		6.50%
	% of EBIT	22.37%		29.06%
Distributed		**0.43**	**-49.32%**	**0.29**
	Margin	1.59%		1.02%
	% of EBIT	2.50%		1.84%
Household Products		**7.66**	**32.74%**	**5.77**
	Margin	7.13%		5.87%
	% of EBIT	44.11%		36.58%
Own		**7.46**	**29.00%**	**5.78**
	Margin	7.24%		5.90%
	% of EBIT	42.97%		36.67%
Distributed		**0.20**	**1420.00%**	**-0.01**
	Margin	4.55%		-4.63%
	% of EBIT	1.13%		-0.09%
Other Sales		**1.70**	**80.05%**	**0.94**
	Margin	5.52%		3.92%
	% of EBIT	9.77%		5.97%
Health Care Products		**0.10**	**-91.05%**	**1.09**
	Margin	1.11%		9.55%
	% of EBIT	0.56%		6.90%
Selective		**1.60**	**1191.17%**	**-0.15**
	Margin	7.28%		-1.16%
	% of EBIT	9.21%		-0.93%
Income from Estee Lauder JV		**3.69**	**-11.82%**	**4.18**
	% of EBIT	21.26%		26.54%
Total EBIT		**17.36**	**10.09%**	**15.77**
	Margin	**7.36%**		**7.13%**

**2012 & 2011 Bulgarian Health Care Products EBIT reallocated under Cosmetics.*

The Group's operating earnings increased versus last year exceeding the management's estimates due to cost control and operational leverage.

Cosmetics EBIT decreased in 12M 2012 by 11.41%, although during the fourth quarter of 2012 Cosmetics EBIT presented growth of 17%, coming from own brands, thus curbing the declining trend of this category.
The drop of this category is largely attributed to higher A&P expenses behind the brand Kolastyna in Poland and the launch of Bioten in Serbia.
The Cosmetics EBIT margin during 12M 2012 settled at 4.41% vs 4.92% in 12M 2011. This category's contribution to total EBIT fell to 24.87% from 30.91% same period last year. The operating profits of **own brands** within this category decreased by 15.27% standing at €3.88 million from €4.58 million in 12M 2011.

The EBIT of **Household Products** posted a considerable increase of 32.74% during the 12M 2012 to €7.66 million from €5.77 million in 12M 2011. The EBIT margin of the household products stood at 7.13% during 12M 2012 up from 5.87%

in 12M 2011. The increase is attributed both to the "**Own Brands**" which present an increase in EBIT of around 29% amounting to € 7.46 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** reversed the declining trend of the previous quarters recording a growth of 80.05% in 12M 2012, mainly driven by the subcategory of the selective products that presented a significant increase which is attributed to the recent business deals.

The income from the **Estee Lauder JV** is according to the management’s expectations.

Own vs Distributed EBIT Breakdown

The Own brands portfolio, generated income of €11.26 million in 12M 2012 versus €10.40 million in 12M 2011, up by 8.28%. The contribution of **own brands** (cosmetics and household products) to the total EBIT during 12M 2012 stood at 64.84%.

The EBIT of **distributed brands** during 12M 2012 amounted to €2.41 million, from € 1.19 million last year. Their contribution to total EBIT corresponded to 13.91%.
In addition, Estee Lauder JV presented revenues of € 3.69 million, which corresponds to 21.26% of the Group’s EBIT.

CONSOLIDATED REGIONAL ANALYSIS

FY ’12 Turnover Breakdown per Geographic Market

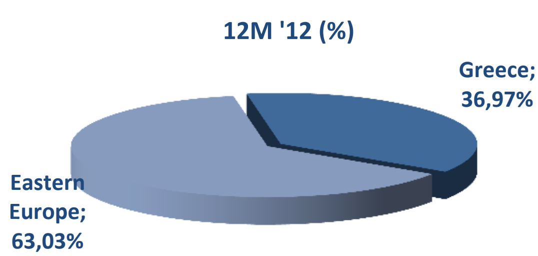
Country Turnover (€ mil)	***12M '12***	***%***	***12M'11***
Greece	**87.25**	**13.99%**	**76.54**
% of Total Turnover	**36.97%**		**34.59%**
Poland	70.33	3.52%	67.94
Romania	34.37	-2.98%	35.42
Bulgaria	10.52	4.80%	10.04
Serbia	14.40	10.03%	13.09
Czech Republic	7.14	-1.52%	7.25
Hungary	8.45	1.65%	8.31
FYROM	2.65	-1.48%	2.69
Bosnia	0.88		-
Foreign Countries Subtotal	**148.75**	**2.76%**	**144.75**
% of Total Turnover	**63.03%**		**65.41%**
Total Turnover	**236.00**	**6.64%**	**221.29**

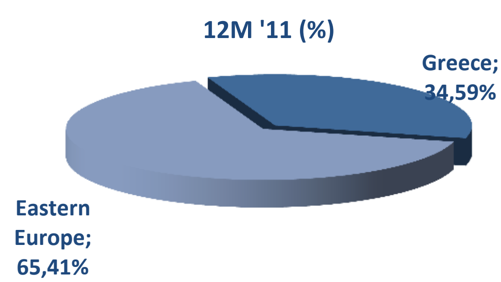
The Group’s consolidated turnover’s increase was supported by both the Greek and the Foreign markets.

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 13.99%, at €87.25 million, from €76.54 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 2.76% to €148.75 mil from €144.75 mil in 12M 2011. The foreign countries presented an average sales growth in local currencies by 6.15%, while the average effect of the currencies devaluation was 3.39%.

Greek and Eastern European Market Turnover breakdown Analysis





During 12M 2012 the foreign countries' contribution, into the Group’s sales stood at 63.03%, from 65.41% in 12M 2011.

FY ’12 EBIT Breakdown per Geographic Market

Country EBIT (€ mil)	*12M '12*	*%*	*12M '11*
Greece	**10.67**	28.22%	**8.32**
% of Total Ebit	**61.48%**		**52.79%**
Poland	3.23	-13.60%	3.74
Romania	1.60	10.61%	1.45
Bulgaria	0.61	3.19%	0.60
Serbia	1.41	-18.81%	1.74
Czech Republic	-0.08	68.83%	-0.24
Hungary	-0.47	-27.75%	-0.37
FYROM	0.46	-12.20%	0.53
Bosnia	-0.10		0.00
Foreign Countries Subtotal	**6.69**	**-10.17%**	**7.44**
% of Total Ebit	**38.52%**		**47.21%**
Total EBIT	**17.36**	**10.09%**	**15.77**

The **Greek** EBIT in 12M 2012 increased by 28.22% to €10.67 mil., from €8.32 mil in 12M 2011.
Excluding the income from the Estee Lauder JV, Greek EBIT during 12M 2012 amounted to €6.98 mil from €4.14 mil., up by 68.69%.
Greek EBIT margin, excluding Estee Lauder JV, stood at 8.0% from 5.41% in 2011.

The **foreign countries** posted a decrease in EBIT of 10.17% during 12M 2012, amounting to €6.69 mil., from €7.44 mil. The foreign countries EBIT margin stood at 4.50%.
The foreign countries EBIT is negatively influenced by higher A&P expenses behind the brand Kolastyna in Poland and the launch of Bioten in Serbia.
It is worth to note however, the foreign countries EBIT has shown a considerable improvement during the last quarter of 2012 rising by 27% in Q4 2012 vs Q4 2011, with the Q4 2012 EBIT margin settling at 8.87%.

NEWS FLOW UP TO THE RELEASE DATE OF THE FY 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 full year of 2012 present a substantial growth compared to 2011, above management's expectations.

Despite the adverse economic environment and the drop in the retail sales, Group sales exhibited significant increase which was driven by both the Greek market and the foreign markets.
On the profitability front, despite the currency devaluation, cost control, operational leverage and lower financial expenses resulted in a significant increase across all profitability lines and improved margins both with respect to last year's figures and the management's estimates.

More specifically, EBIT rose by 10% vs last year and the EBIT margin reached 7.36%.
Bottom line, EATAM showed a considerable increase of 24,84% versus last year, with the EATAM margin settling at 5.15%. EPS posted a remarkable growth of 38%.

Amidst the challenging operating environment, the Group managed to maintain its working capital requirements at a low level and expand its free cash flow generation having at year end a net cash position.
The company's robust financial position has enabled the management to implement its strategy of growth through investments behind its own brands, new exclusive distribution agreements and the creation of a new subsidiary in Bosnia. What is more, the management decided to return value to its shareholders by cancelling its treasury shares that corresponded to 10% of the Group's share capital.

The management expects 2013 to be yet again a tough year for all operations in Greece.
Going forward the management will stay focused on maintaining a cost structure that best fits the expected revenues and continuously adjusting the brand portfolio according to the consumer trends.
At the same time, as always, emphasis will be given to the efficient management of working capital needs, the containment of operating cost, the generation of free cashflows and a low net debt position.
Finally, the support and expansion of our brand portfolio, through either organic growth or acquisitions, will remain one of the management's top priorities.