

Consolidated Financial Results H1 2008

Main Points

- Sarantis Group's **turnover** increased by **6.42%** to **€125.74** mil. from € 118.15 mil. in H1 2007.
- **Gross Profit** increased by **9.20%** to €65.23 mil. in H1 2008 from €59.74 mil. in H1 2007
- **Gross profit margin** increased to 51.88% in H1 2008 from 50.56% in H1 2007.
- **EATAM** increased by **21.52%** to €15.32 mil. in H1 2007 from €12.61 mil. in H1 2007.
- Among the Group's major activities, **household products** posted the largest increase on an annual basis, by **11.79%** to **€52.48** mil., followed by **fragrances & cosmetics** that increased by **8.49%** to **€55.65** mil.
- All old countries continue to present significant growth rates increasing at the same time their contribution to total Group turnover.

Financial Highlights (€ mil.)	H1 '08	%	H1 '07
Turnover	125.74	6.42%	118.15
Gross Profit	65.23	9.20%	59.74
Gross Profit Margin	51.88%		50.56%
EBITDA	20.56	11.09%	18.51
EBITDA Margin	16.35%		15.66%
EBIT	18.64	11.24%	16.75
EBIT Margin	14.82%		14.18%
EBT	19.62	19.26%	16.45
EBT Margin	15.60%		13.92%
Tax	4.29	-4.04%	4.47
Profit After Tax	15.32	27.97%	11.97
Profit After Tax Margin	12.19%		10.13%
Minority Interests	0.001		-0.63
EATAM	15.32	21.52%	12.61
EATAM Margin	12.19%		10.67%
EPS	0.40	20.87%	0.33

Financial Results

In H1 2008, consolidated turnover amounted to €125.74 mil., compared to €118.15 mil. in H1 2007, noting an increase of **6.42%**.

It should be noted that during H1 2008 we observe a satisfactory growth in the two basic sectors of activity, the **fragrances & cosmetics** and the **household products**, along with an overall strong activity growth in the Eastern European markets.

Gross Profit increased by 9.20% to €65.23 mil. in H1 2008 from €59.74 mil. in H1 2007. **Gross profit margin** increased to 51.88% from 50.56% in H1 2007 underlying the strategic decision to rebalance the Group's product portfolio by increasing the participation of own products portfolio.

Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) reached €20.56 mil. in H1 2008 an increase of 11.09% from €18.51 mil. in H1 2007 and EBITDA margin increased to 16.35% from 15.66% in H1 2007.

Earnings before Interest and Tax (EBIT) in H1 2008 amounted to €18.64 mil., an increase of 11.24% compared to H1 2007 (€16.75 mil).

Earnings Before Tax for H1 2008 reached €19.62 mil. compared to €16.45 mil. in H1 2007, resulting to an increase of 19.26%.

Earnings After Tax for H1 2008 amounted to €15.32 mil. compared to €11.97 mil. in H1 2007, resulting to an increase of 27.97%, mainly driven by a lower effective tax rate.

The **Earnings after Tax and Minorities (EATAM)** reached €15.32 mil. in H1 2008, compared to €12.61 mil. in H1 2007, an increase of **21.52%**.

Business Activity Analysis

In the categories of Fragrances & Cosmetics and Household Products, "own products" recorded substantial growth rates, a fact that is in line with the management's strategy.

Household products demonstrated a 11.79% growth during the period under consideration, with revenues reaching €52.48 mil. The **own brands** turnover within this SBU increased by 12.07%, whereas **distributed brands** posted a 6.99% increase.

Fragrances and cosmetics (F&C) recorded a satisfactory growth rate of 8.49% during H1 2008, amounting to €55.65 mil. In this SBU, **own brands** demonstrate a growth rate of 13.93%, increasing their contribution to 70.62% from 67.24% during H1 2007. It is noted that own brands sales of this SBU are affected by the weak Q1 2008 figures due to STR8 re launch.

Health & care products as well as **Selective** products demonstrated a decrease of 21.32% and 3.12% respectively as some non profitable contacts were not renewed.

With respect to Earnings Before Interest and Tax, **Fragrances & Cosmetics**, posted an **EBIT growth** rate of 0.77%, compared to H1 2007, contributing by 43.57% versus 41.61% in H1 2007. Own brands EBIT squeeze is driven by higher expenses due to the promotional activities of the new STR8.

Household products, posted an EBIT increase by 17.95%. Their contribution to total EBIT reached 25.88% in H1 2008 from 21.11% in H1 2007. Own products posted EBIT increase by 20.22% reaching €4.76 mil. compared to €3.96mil. in H1 2007.

Own brand portfolio generated income of €11.31 mil. in H1 2008 versus €10.57 mil. in H1 2007, increased by 7.04%. Consequently, the contribution of **own brands** (fragrances & cosmetics and household products) to the total EBIT during H1 2008 accounted for 60.70% in comparison to 54.58% in H1 2007.

Geographic market Analysis

Looking at the geographical analysis, the **Greek** market succeeded a turnover increase of 2.21% at €58.83 mil. The **Old Countries** recorded growth of 13.80%, increasing their contribution to total sales up to 52.80% in H1 2008 from 49.38% in H1 2007.

With respect to the new Countries of operation, it is worth to note that revenues are affected by the destocking process of the old STR8 during Q1 2008.

As far as EBIT is concerned, all restructuring costs related to the New Countries business model change, were absorbed by 9M 2007. Consequently, according to the management's guidance, all new countries of operation are free of costs in 6M 2008.

It is worth to note that the old counties of operation reversed the negative results of Q1 2008, noting an EBIT increase of 12.36% to €5.59 mil. in H1 2008 from €4.98 mil in H1 2007.

Additionally, Greek EBIT is substantially affected by the increased promotional expenses due to the STR8 relaunch as well as the exit from non profitable contracts within the Health & Care SBU that were not renewed.

Guidance

In light of the current economic outlook and consumer market conditions, Sarantis Group proceeds to the revision of its estimates for the years 2008 and 2009 according to the following table:

Sarantis Group IFRS	2006 (A)	2007 (A)	PREVIOUS GUIDANCE		NEW GUIDANCE	
			2008 (E)	2009 (E)	2008 (E)	2009 (E)
Net Sales	215.34	241.59	271.50	306.00	266.00	300.00
%		12.2%	12.4%	12.7%	10.1%	12.8%
EBITDA	32.84	37.46	45.20	52.00	45.20	52.00
Margin	15.2%	15.5%	16.6%	17.0%	17.0%	17.3%
%		14.1%	20.7%	15.0%	20.7%	15.0%
EBIT	29.29	33.94	41.50	48.00	41.50	48.00
Margin	13.6%	14.0%	15.3%	15.7%	15.6%	16.0%
%		15.9%	22.3%	15.7%	22.3%	15.7%
EBT	29.29	31.56	40.50	49.00	40.50	49.00
Margin	13.6%	13.1%	14.9%	16.0%	15.2%	16.3%
%		7.8%	28.3%	21.0%	28.3%	21.0%
TAXES	7.28	7.06	8.10	9.31	8.10	9.31
% on EBT	24.9%	22.4%	20.0%	19.0%	20.0%	19.0%
%		-3.0%	14.7%	14.9%	14.7%	14.9%
EAT	22.01	24.50	32.40	39.69	32.40	39.69
Margin	10.2%	10.1%	11.9%	13.0%	12.2%	13.2%
%		11.3%	32.2%	22.5%	32.2%	22.5%
MINORITIES	-0.66	-1.05	0.00	0.00	0.00	0.00
Margin	-0.3%	-0.4%				
%		58.5%				
EATAM	22.67	25.54	32.40	39.69	32.40	39.69
Margin	10.5%	10.6%	11.9%	13.0%	12.2%	13.2%
%		12.7%	26.9%	22.5%	26.9%	22.5%

More specifically, according to the revised guidance, Group sales in 2008 are expected to reach 266 mil euros, increased by 10.1% compared to 2007, while in 2009 Group sales are seen at 300 mil. euros, posting an increase of 12.8% with respect to 2008.

The reduction in the Group's estimates is driven by the revision in the New Countries turnover, the adoption of a more conservative stance against the proceeds coming from the US and finally the slowdown expected in the business units of Selective, Health & Care products and OTOTOP.

It is worth to note that none of the aforementioned revisions have an impact on the Group's profitability and hence, based on the new guidance, the Group shows improved profitability margins.

With respect to the parent company, it is noted that the Company's sales in 2008 will settle between 115 and 120 mil. euros. The net profit before tax in 2008 is expected to stand between 20 and 23 mil. euros, while the net profit after tax will settle between 16 and 18,5 mil. euros. In 2009, the company expects sales between 120.75 and 126 mil. euros, profit before tax between 21 and 24.15 mil. euros and profit after tax between 16.8 and 19.43 mil. euros.