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Consolidated Financial Results 9M 2010

- During 9M 2010, the marginally top line growth combined with the increased A&P expenses and as well all the expenses related to general cost reduction (severance payments etc.), leading to weaker profitability.
- EE countries' solid top line growth and improved profitability partly offsets the weak performance of the Greek market.
- Sarantis Group's turnover increased by 1.75% to €161.28 mil. from €158.50 mil. in the respective period last year.
- Gross profit margin stood at 49.20% in 9M 2010 from 49.87% in last year's first half.
- Earnings before interest and taxes reached €9.02 mil. in 9M 2010, reduced by 43.83%.
- EATAM decreased by 51.42% amounting to €5.62 mil. from €11.58 mil. the same period last year. Excluding the one-off tax EATAM settled at €6.06 mil., posting a 47.63% reduction vs the respective prior-year period.
- The Group's own brands maintain their high participation to the total Group turnover.
- EE counties posted significant growth in sales, increasing their contribution to total Group sales, achieving a 62.20% of all sales.
- Solid cash flow generation and low leverage add to the Group's robust financial position.

P&L (€ mil.)	9M '10	%	9M '09
Turnover	**161.28**	1.75%	**158.50**
Gross Profit	**79.34**	0.37%	**79.05**
Gross Profit Margin	49.20%		49.87%
EBITDA	**11.93**	-36.55%	**18.80**
EBITDA Margin	7.40%		11.86%
EBIT	**9.02**	-43.83%	**16.05**
EBIT Margin	5.59%		10.13%
EBT	**8.52**	-41.46%	**14.56**
EBT Margin	5.28%		9.18%
Tax	**2.46**	-17.34%	**2.98**
EATAM (excl.One-Off Tax)	**6.06**	-47.63%	**11.58**
EATAM Margin (excl.One-Off Tax)	3.76%		7.30%
One-off Tax	**0.44**		**0.00**
EATAM (incl.One-Off Tax)	**5.62**	-51.42%	**11.58**
EATAM Margin (incl. One-Off Tax)	3.49%		7.30%
EPS	**0.15**	-51.42%	**0.30**

Financial Results

In 9M 2010 **consolidated turnover** increased by 1.75% reaching €161.28 mil. from €158.50 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, underperformed during the 9M of 2010, influenced by the recently imposed austerity measures. The Greek market's shortfall however, was partially offset by the foreign markets performance.

Gross profit increased by 0.37% to €79.34 mil. in 9M 2010 from €79.05 mil. Gross profit margin settled at 49.20% versus 49.87%, positively affected by the favourable currency movements as well as the high participation of the own brands portfolio.

Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) posted a reduction of 36.55% to €11.93 mil. in 9M 2010 from €18.80 mil. in 9M 2009, influenced mainly by increased A&P expenses and expenses related to general cost reduction (severance payments etc.). It should be mentioned however, that the increase in A&P expenses that aims to support the sales furthermore, will normalize in the remainder of the year and therefore it is expected that the annual cost of A&P expenses as a percentage of sales will not vary significantly from the previous year's level. The EBITDA margin stood at 7.40% from 11.86% in the respective prior-year period.

Earnings before Interest and Tax (EBIT) reached €9.02 mil. from €16.05 mil., down by 43.83% and EBIT margin settled from 10.13% in 9M 2009 to 5.59% in 9M 2010.

The Group's **financial expenses** amounted to €494k in 9M 2010 from €1.49 mil in 9M 2009 mainly due to lower interest expenses and favorable currency movements. Therefore earnings before taxes settled at €8.52 mil. from €14.56 mil. in 9M 2009, down by 41.46%.

Earnings after taxes and minorities reached €6.06 mil., reduced by 47.63% compared to 9M 2009, including the one-off tax of €0.44 mil. EATAM settled at €5.62 mil., down by 51.42% compared to the respective prior-year period and the EATAM margin settled at 3.49% from 7.30%.

Despite the challenging macroeconomic environment Sarantis Group has successfully continued to generate solid cashflows, a fact attributed largely to management's focus behind the efficient working capital management.
More specifically, the Group's working capital settled at €67.23 mil. in 9M 2010 from €64.10 mil. in FY 2009 and €71.17 mil. in FY 2008, while working capital requirements over sales settled at 30.09% vs 29.05% and 27.44% respectively.
At the same time the Group benefits from a healthy capital structure and low leverage. In 9M 2010, The Group's net debt settled at €4.96 mil. from €9.14 mil. in 12M 2009.

Business Activity Analysis

During the 9M of 2010 the Group presented sales growth in the core business categories though at a lower rate compared to the first semester. This increase is mainly attributed to both organic growth in the Group's foreign markets and favorable currency movements.

More specifically, during 9M 2010 **Cosmetics** recorded a sales growth of 5.28% amounting to €71.62 mil. from €68.03 mil. in 9M 2009. In this SBU, **own brands** demonstrate an increase of 3.15% and their contribution to total turnover settled at 66.17%.

During 9M 2010 the **Household Products** demonstrated slight decrease of 0.24%, reaching €70.39 mil. from €70.56 mil. in the respective prior-year period. **Own brands** within this SBU increased minor by 0.36% while their participation to the SBU's turnover stood at 99.77%. The weakness of the Household Products during the third quarter of 2010 is predominantly due to the underperformance of the Greek market during the same period.

The category of **Other Sales** dropped by 3.25% during 9M 2010 mainly driven by the subcategory of the Health & Care Products.

The Group's operating profit is affected negatively by the challenging trading conditions prevailing in the Greek market as well as the increased A&P expenses and also the increased expenses for cost cutting purposes.

The **Household products** EBIT reduced by 36.15% to €5.22 mil. from €8.17 mil. in 9M 2009, mainly affected by increased A&P expenses in Greece. Their contribution to total EBIT increased though from 50.92% in 9M 2009 to 57.88% in 9M 2010, while their EBIT margin settled at 7.41% from 11.58%. Own brands of this category posted an EBIT decline of 35.40% during 9M 2010, reaching €5.24mil.

Cosmetics EBIT decreased in the 9M 2010 by 59.25% reaching € 1.59 mil. from €3.89 mil. The Cosmetics EBIT margin during the 9M 2010 settled at 2.21% vs 5.72% in 9M 2009. The operating profits of own brands within this category decreased by 46.20% during 9M 2010 standing at €1.40 mil. from €2.60 mil. in 9M 2009.

Geographic market Analysis

Looking at the geographical analysis, The 2010 first semester's performance of the Group's **foreign markets** is maintained during the third quarter of 2010 thanks to improved trends in the most of the countries' consumer spending as well as favorable foreign exchange rates.
More specifically, during 9M 2010 the turnover in the Group's foreign markets increased by 11% vs the respective prior-year period, which consists of a 7% growth in local currency and a 4% average currency appreciation. The management estimates that the foreign markets will maintain their growth until the end of the year.

As far as the **Greek market** is concerned, we notice a reduction of 10.52% driven by a weakness across all business units which is largely a result of the recently imposed austerity measures by the Greek government. The management estimates that this performance is not expected to alter significantly until the end of the year.

As far as **EBIT** is concerned, The Greek operating profit is affected largely by increased A&P expenses, and expenses related to cost cutting purposes (severance payments etc.). The Greek EBIT during 9M 2010 was reduced by 62.47% to €4.28 mil. from €11.39 mil. Excluding the Estee Lauder JV income, the Greek EBIT reached €2.40 mil. in 9M 2010 from €7.82 mil. in 9M 2009 down by 69.30%. The Greek EBIT margin, excluding the EL JV income, stood at 3.94% in 9M 2010 from 11.48% last year.

The foreign countries on the other hand had a positive performance driven by top line growth as well as containment of expenses in some countries. In particular, EE countries EBIT increased by 1.75% to €4.74 mil in 9M 2010 from €4.66 mil in 9M 2009. The foreign countries EBIT margin settled at 4.73% in 9M 2010 vs 5.15% in 9M 2009.

Sarantis Group consolidated turnover during the 9M of 2010 was relatively satisfactory mostly supported by the Group's foreign markets organic growth and favorable currency movements. However, increased A&P expenses, particularly in the Greek market, and as well expenses related to cost cutting purposes, hurt the Group's operating margins.
Due to the challenging economic situation the management of Sarantis Group announced on the October 2010 a revised guidance updating the corporate presentation which was realized on March 24th 2010 at the Association of Greek Institutional Investors whereby the management's strategy and estimates for 2010 were presented. In particular, according to the management's recent estimates, turnover will reach €222.20 mil. by the end of 2010, versus €220,65mil. in the end of 2009. EBITDA is expected to decrease to 21,60 mil. from €27,08 million in 2009. EBIT is estimated to reach €17.70 mil. in 2010 from €23,44 mil. in 2009, while 2010 EBT is expected to reach €16.70 mil. Finally, EAT and EATAM are expected to settle at €13.60 mil and €13.16 mil accordingly. in 2010.
The management remains cautious towards the challenging operating environment. What is more, in case it is deemed necessary, the management plans to undertake further cost cutting initiatives in order to protect the Group's profitability. Lastly, it is important to highlight the management's successful implementation on keeping low leverage and generating free cashflows for the Group.

At the same time the Group remains focused on its strategic pillars of growth that consist of organic growth of the core business activities and emphasis on Sarantis own brands portfolio, increase of the existing market shares of own brands in the region, 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 and finally emphasis on the examination of possible acquisition targets in the old countries of operation, as long as market share, profitability and cost structure allow for synergies.