Press Release

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

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.

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 from 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.

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%.

EATAM

Earnings after taxes and minorities of continuing activities reached €13.66 mil., reduced by 19.69% compared to 12M 2009; including the one-off 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%

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.

Operating working capital settled at €63.30 mil, compared to €64.10 mil in 2009, as a result of the emphasis that was given on the efficient management of working capital. During 2010 the Group's net debt was further reduced significantly to €-1.15 from €9.20 mil, (net cash position).

1. CONSOLIDATED SBU ANALYSIS

1.1. 12M'10 Turnover Breakdown

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 category of health care were at the same level as last year, while the selective descend by 2.13% or €0.29 millions.

Own versus Distributed Activity Turnover Breakdown

During the 12M of 2010, consolidated revenues of 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 of 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

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**, of 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

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 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, from continuing activities, 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

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 pourer, 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.