

# KORRES GROUP FY 2016 FINANCIAL RESULTS



## FY 2016 Major Highlights

- Marginal growth in Total Consolidated Sales
- +4% growth in Sales in Greece
- +18% Growth in Key international markets: Germany, Norway and UK
- Further growth in the US in Sephora, Sephora in JcPenny and Korres Us.com
- Lower sales at HSN and change of route to market in Canada from direct to distributor.
- Marginal growth in Total Consolidated Sales
- Gross Profit margin improvement by 80bps
- Operating cash flow of 5.2m euro
- Continuous R&D investment in new innovative products based on Greek herbs.

Focusing in the following strategic categories:

### Face/Anti ageing

- the new global innovation **Castanea Arcadia collection**
- the new **Golden Krocus** ageless Saffron Elixir.

### Hair

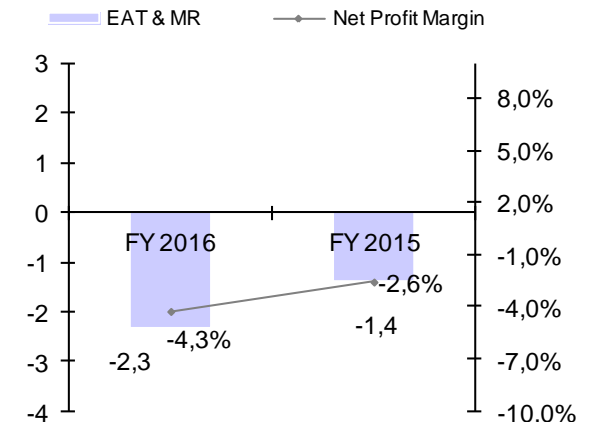
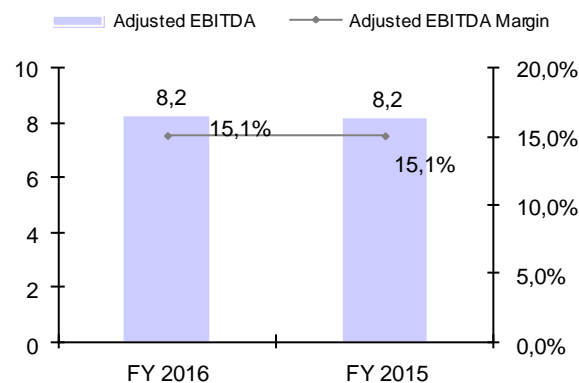
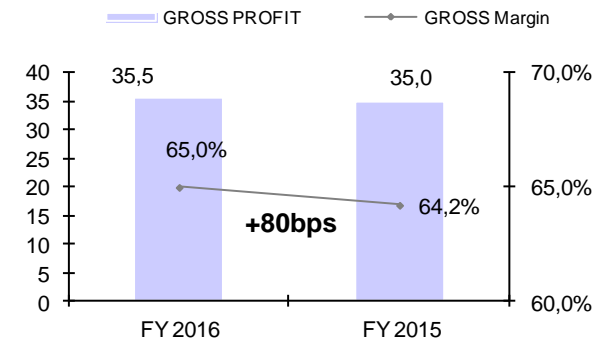
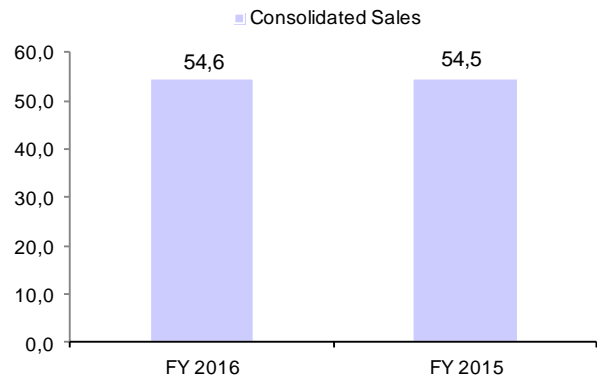
- the **Abyssinia Superior Gloss Colorant** with the exclusive Pigment-lock technology following the successful launch of Argan Oil Advanced Colorant.

### Suncare

- The **Red Grape Tinted Sunscreen Face Cream** with color SPF 30

## Group FY 2016 Financial Results at a Glance

- **Sales: +0,1%**, €54.6m in FY 2016 from €54.5m in FY 2015.
- **Gross Margin: +80bps**, 65.0% in FY 2016 from 64.2% in FY 2015.
- **Adjusted EBITDA: €8.2m** in FY 2016 from €8.2m in FY 2015.
- **Reported EBITDA: €4.9m**.
- **EAT & MR : -€2.3m** in FY2016 vs -€1.4m in FY 2015.

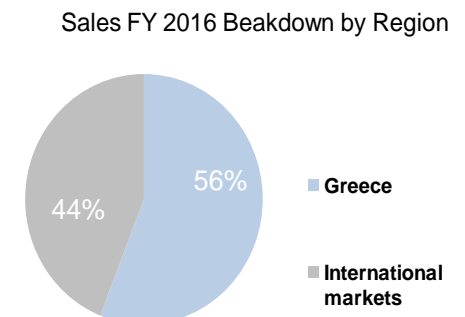
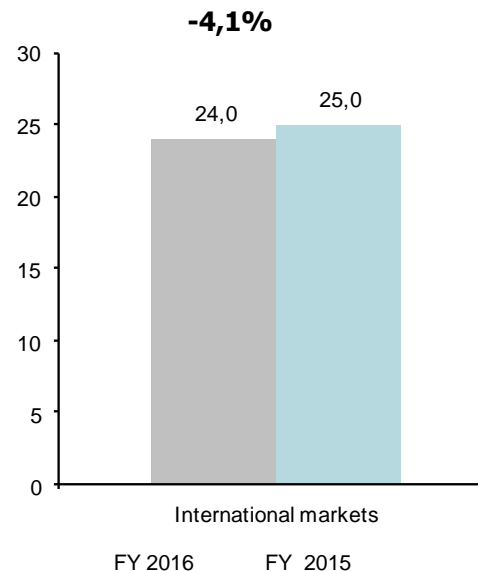
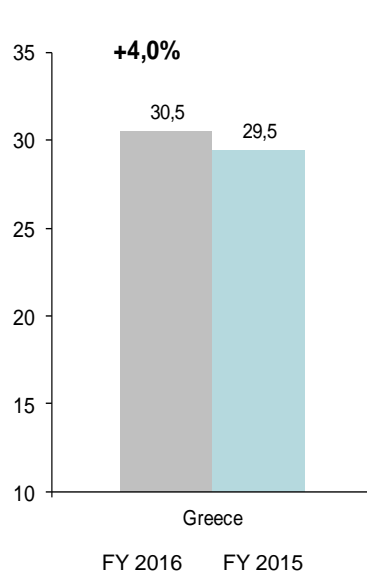


## FY 2016- Market Development



## FY 2016 Regional Analysis

- **Greek sales Growth by 4.0%** reflecting the successful launch of new innovative products in strategic categories combined with the positive result of its 360° communication and promotional plan in the pharmacy channel.
- **-4.1% Lower Sales in the international markets**, coming from the US operation (-12.6%). This is driven mainly by HSN lower sales and the transition to a new HSN accounts team, as well as the change of the distribution model in Canada to an independent distributor. All other channels in US i.e. Sephora, Sephora in JcPenny and Korres US.com sales continued to grow double digit (29%). Key priority markets in Europe such as Germany, Norway and UK, were higher by 18%.



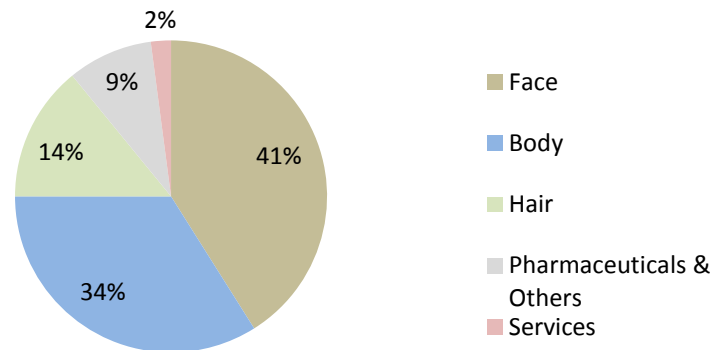
# H1 2016 BU Development



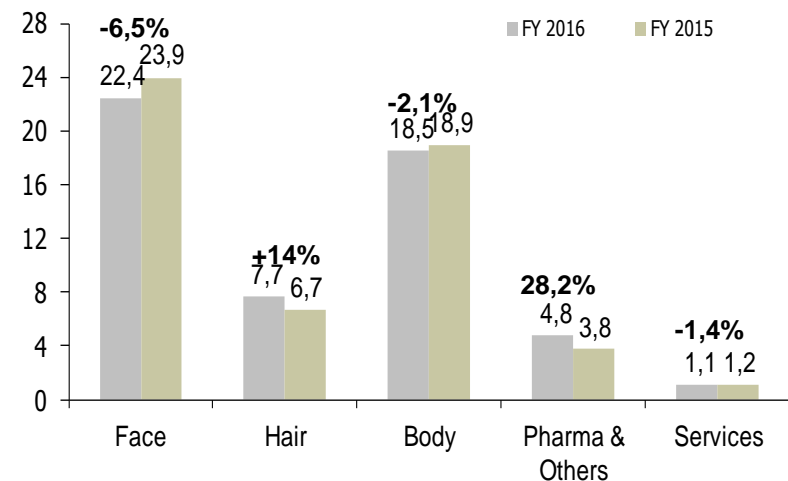
## FY 2016 Sales Growth by BU

- **Face & Color products: -6.5%**, coming from the US operation.
- **Body products : -2,1% lower** coming from the reclassification of little size products and the decrease of sales in US operation partially offset by better performance in Greece in core body products combined with the launch of the new body range Pure Olive. In key priority markets in Europe-Germany, Norway and UK- the category presented 18% rise.
- **Hair products: +14% growth** coming from the successful launch of the new permanent professional colorant Abyssinia Superior Gloss Colorant based on the exclusive technology of Pigment-lock.
- **Pharmaceutical & others: +28,2%** mainly due to little size products reclassification.

FY 2016 SALES BREAKDOWN

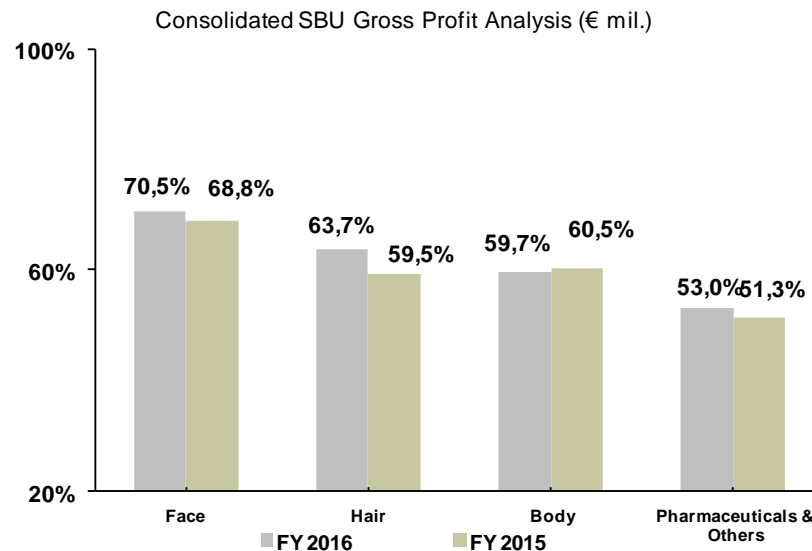


Consolidated SBU Turnover Analysis (€ mil.)

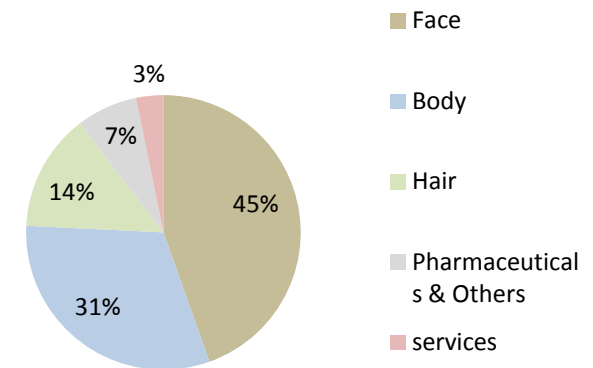


## FY 2016 Gross Profit Analysis

- Group's GM%, reached 65,0% in FY2016 from 64.2% in FY 2015 due to more favorable product mix, lower promo actions and successful cost reduction efforts.
- GM% in Face & color category reached 70,5% in FY 2016 from 68,8% in FY 2015 due to product and country mix optimization.
- Hair GM% increased to 63,7% from 59,5% in FY 2015 as a result of the increasing participation of higher gross margin products .
- Body GM% was 59,7% from 60,5% in FY 2015 due to the country mix
- Pharmaceuticals & Others GM% was 53,0% from 51,3% due to product mix.



FY 2016 GROSS PROFIT BREAKDOWN





## FY 2016 Financial Position Highlights

<i>In m €</i>	FY 2016	FY2015
<b>ST Debt</b>	11,6	12,2
<b>LT Debt</b>	23,2	16,4
<b>TOTAL Debt</b>	34,8	28,7
<b>Net Debt</b>	24,4	23,5

## Group FY 2016 Cash Flow Highlights

Cash Flow (€ m)	FY 2016	FY 2015
<b>Operating Cash Flow</b>	5,7	2,1
<b>Investment Cash Flow</b>	-6,6	-3,1
<b>Financing Cash Flow</b>	6,1	-3,3
<b>Net Change in Cash</b>	5,2	-4,3
<b>Cash and Cash Equivalents, Beginning of the Period</b>	5,2	9,5
<b>Cash and Cash Equivalents, End of the Period</b>	10,3	5,2

# APPENDIX



## P&L STATEMENT (FY 2016 VS FY 2015)

P&L	FY 2016	FY 2015	Change (%)
<b>Revenues</b>	<b>54,6</b>	<b>54,5</b>	<b>0,1%</b>
Cost of goods sold	-19,1	-19,5	-2%
<b>Gross Profit</b>	<b>35,5</b>	<b>35,0</b>	<b>1%</b>
Gross Margin (%)	65,0%	64,2%	1%
Operating Expenses	-35,0	-31,4	12%
<b>Reported EBITDA</b>	<b>4,9</b>	<b>8,2</b>	<b>-40%</b>
EBITDA Margin (%)	9,0%	15,1%	-40%
Depreciation and Amortization	4,50	4,64	-3%
<b>Adjusted EBITDA</b>	<b>8,2</b>	<b>8,2</b>	<b>0%</b>
<b>Adjusted EBITDA (%)</b>	<b>15,1%</b>	<b>15,1%</b>	<b>0%</b>
<b>EBIT</b>	<b>0,4</b>	<b>3,6</b>	<b>-89%</b>
Operating Margin (%)	0,7%	6,6%	-89%
Net Interest Income/Expenses	-2,1	-2,3	-9%
Investment Results	-0,8	-1,4	-47%
<b>Earnings Before Tax (EBT)</b>	<b>-2,4</b>	<b>-0,1</b>	<b>1562%</b>
EBT Margin (%)	-4,5%	-0,3%	1560%
Tax	-0,4	-1,4	-68%
<b>Earnings After Taxes (EAT)</b>	<b>-2,9</b>	<b>-1,6</b>	<b>85%</b>
Minority rights	-0,6	-0,2	249%
<b>Reported Earnings after Taxes and Minorities (EATAM)</b>	<b>-2,3</b>	<b>-1,4</b>	<b>66%</b>
<b>Reported EATAM Margin (%)</b>	<b>-4,3%</b>	<b>-2,6%</b>	<b>66%</b>
<b>EPS</b>	<b>-0,17</b>	<b>-0,10</b>	<b>66%</b>

## BALANCE SHEET (FY 2016 VS FY2015)

Balance Sheet (€ m)	FY 2016	FY 2015	Change (%)
<b>Assets</b>			
Property, Plant and Equipment	13,9	14,9	-6,6%
Intangible Assets	7,0	6,6	6,9%
Investments in Subsidiary & Associated Companies	0,2	0,3	-28,6%
Financial Assets for Sale	0,2	0,2	10,0%
Goodwill	9,9	6,8	45,6%
Deferred Taxation	0,8	1,2	-31,0%
Other Long-Term Receivables	0,3	0,2	18,4%
<b>Total Non-Current Assets</b>	<b>32,4</b>	<b>30,2</b>	<b>7,2%</b>
Inventories	15,7	19,2	-18,1%
Customers and Other Receivables	6,9	8,5	-19,1%
Cash and Cash Equivalent	10,3	5,2	100,6%
<b>Total Current Assets</b>	<b>32,9</b>	<b>32,8</b>	<b>0,3%</b>
<b>Total Assets</b>	<b>65,3</b>	<b>63,0</b>	<b>3,6%</b>
<b>Shareholder's Equity and Liabilities</b>			
Share Capital	5,3	5,3	0,0%
Paid up Capital	16,7	16,7	0,0%
Reserves	1,5	1,1	38,9%
Retained Earnings	-9,8	-7,0	41,5%
<b>Shareholders' Equity to the Shareholders of the Company</b>	<b>13,7</b>	<b>16,1</b>	<b>-15,3%</b>
Minority Interest	-1,69	-1,12	50,9%
<b>Total Shareholders Equity</b>	<b>12,0</b>	<b>15,0</b>	<b>-20,3%</b>
Long-term Loans	23,2	16,4	41,5%
Deferred Tax Liabilities	0,6	0,7	-2,2%
Retirement Benefit Obligations	1,3	1,0	32,4%
<b>Total Long-Term Liabilities</b>	<b>25,1</b>	<b>18,0</b>	<b>39,4%</b>
Suppliers and Other Liabilities	16,0	16,6	-3,8%
Short-Term Loans	11,6	12,2	-5,6%
Current Tax Liabilities	0,6	1,1	-42,6%
<b>Total Current Liabilities</b>	<b>28,2</b>	<b>30,0</b>	<b>-6,0%</b>
<b>Total Liabilities</b>	<b>53,3</b>	<b>48,0</b>	<b>11,1%</b>
<b>Total Shareholder's Equity and Liabilities</b>	<b>65,3</b>	<b>63,0</b>	<b>3,6%</b>

THANK YOU

