

# KORRES GROUP H1 2017 FINANCIAL RESULTS

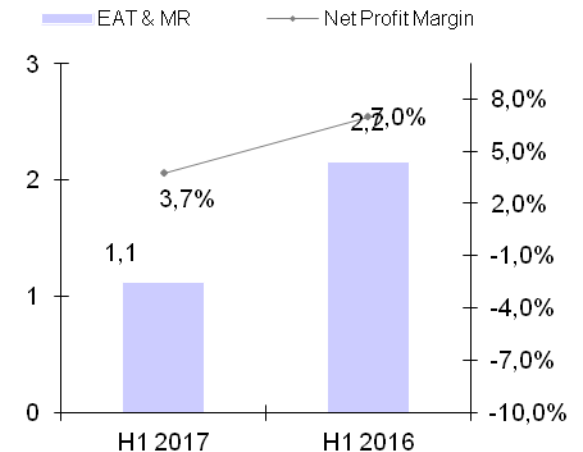
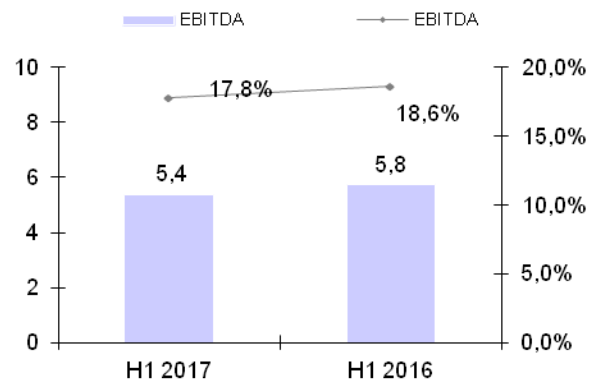
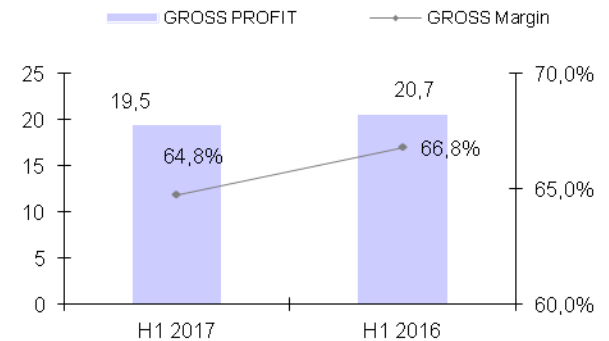
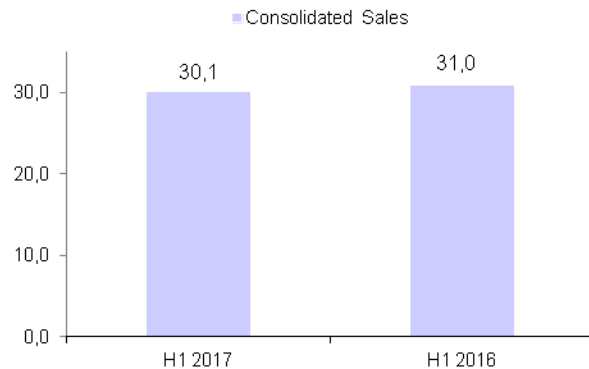


## H1 2017 Major Highlights

- **+1% growth in Sales in Greece**
- **+32% Growth in Key international markets: Germany, Norway, UK and France**
- **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.**
- **Total consolidated Sales -3% mainly to the HSN effect**
- **EBITDA at 5.4m affected mainly by the HSN effect**
- **Operating cash flow of 3.2m euro**
- **Further enhancing its strategic categories by launching new innovative products :**
  - Face/Anti ageing**
    - Castanea Arcadia/the new Anti-wrinkle, firming & brightening Serum
  - Suncare**
    - The Red Grape/ the new generation body sun care collection
  - Body**
    - PURE GREEK OLIVE/ the expansion of the range with face, hair and eau de cologne-hero products

## Group H1 2017 Financial Results at a Glance

- **Sales:** -3%, €30.1m in H1 2017 from €31.0m in H1 2016.
- **Gross Margin:** 64.8% in H1 2017 from 66.8% in H1 2016.
- **EBITDA:** €5.4m in H1 2017 from €5.8m in H1 2016.
- **EAT & MR :** €1.1m in H1 2017 from €2.2m in H1 2016.

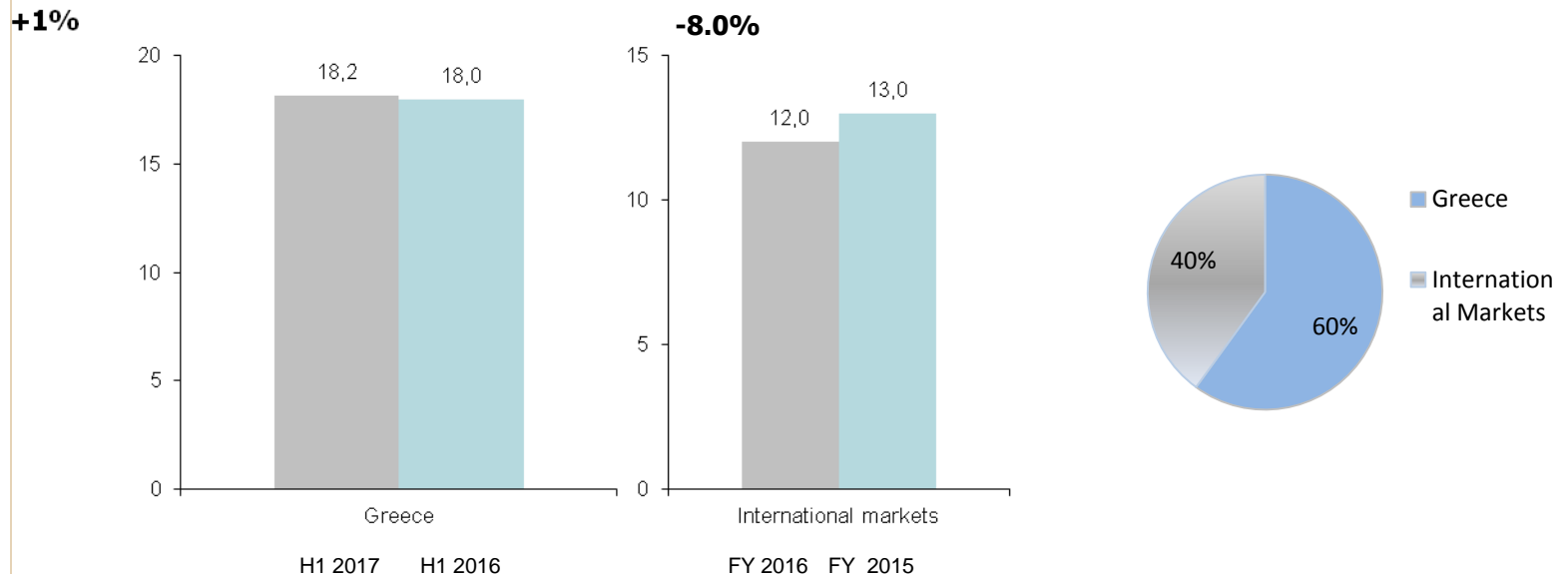


## H1 2017- Market Development



## H1 2017 Regional Analysis

- **Greek sales Growth by 1.0%** reflecting the positive effect of launching new innovative products in the strategic categories such as face and sun care
- **-8.0% Lower Sales in the international markets**, coming from the US operation (-38,0%). This is driven mainly by HSN lower sales and the transition to a new HSN presentation and support 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. Key priority markets in Europe such as Germany, Norway, UK and France were higher by 32%.



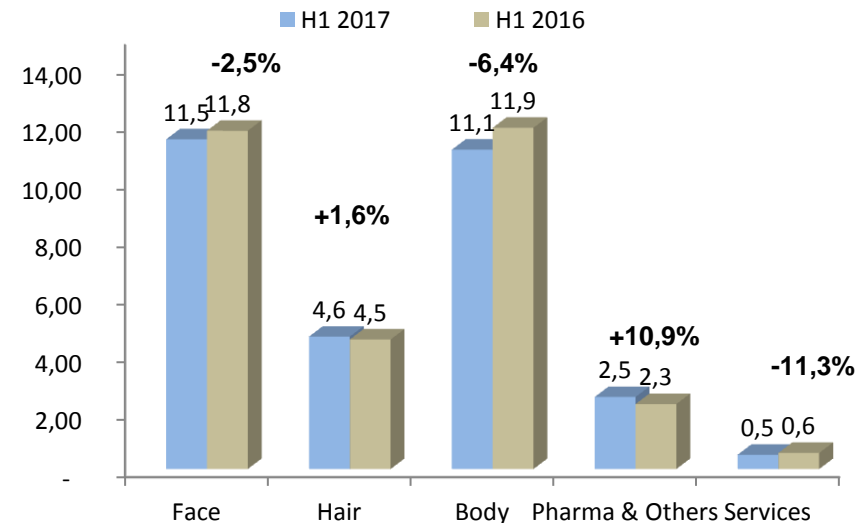
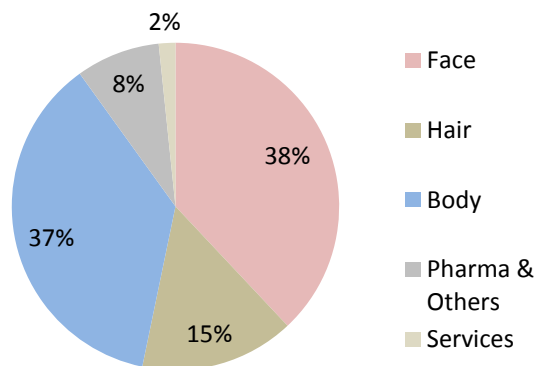
# H1 2017 BU Development



## H1 2017 Sales Growth by BU

- **Face & Color products: -2.5%**, coming from the US operation. In Greece the core face products grew by 26% coming from the high performance of the antiaging subcategory, with major drivers the Black pine, Castanea Arcadia and Golden Krokus families.
- **Body products : -6,4% lower** coming from the decrease of sales in US (HSN) partially offset by the positive trend in Greece in body products based on the sun care products. In key priority markets in Europe-Germany, Norway , France and UK- the category presented 23% growth.
- **Hair products: +1.6% growth** coming from the good performance of the main hair products..
- **Pharmaceutical & others: +10,9%** mainly due to higher Lufthansa sales.

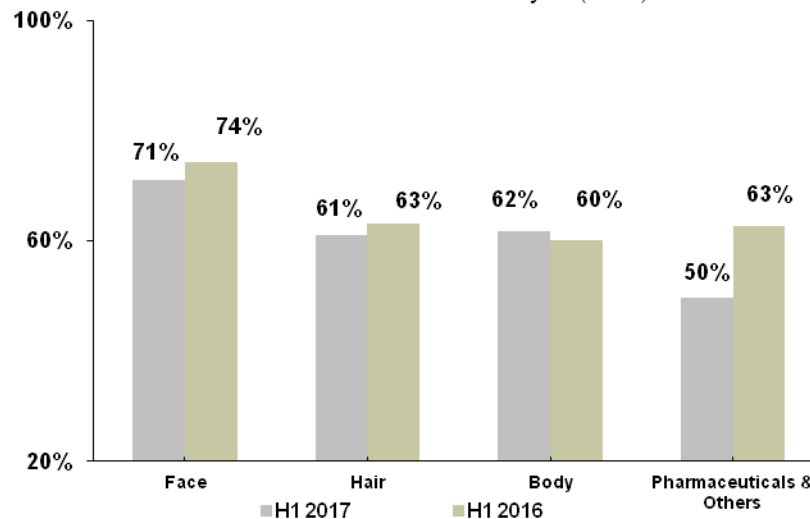
SALES H1 2017 per product category



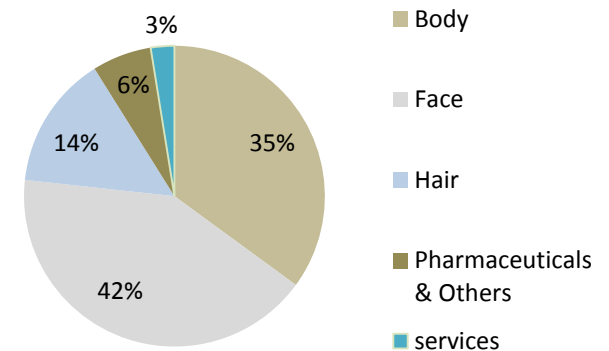
## H1 2017 Gross Profit Analysis

- Group's GM%, reached 64,8% in H1 2017 from 66.8% in H1 2016 affected by the Lower US Sales
- GM% in Face & color category reached 71% in H1 2017 from 74% in H1 2016 mainly due to promo actions.
- Hair GM% reached to 61% from 63% in H1 2016 as a result of the change in product mix.
- Body GM% was 62% in H1 2017 from 60% in H1 2016 due to the country & product mix.
- Pharmaceuticals & Others GM% was 50,0% from 63% due to product mix.

Consolidated SBU Gross Profit Analysis (€ mil.)



GROSS PROFITS H1 2017 per product category





## H1 2017 Financial Position Highlights

| <i>In m €</i>     | H1 2017 | FY 2016 |
|-------------------|---------|---------|
| <b>ST Debt</b>    | 12,3    | 11,6    |
| <b>LT Debt</b>    | 23,8    | 23,2    |
| <b>TOTAL Debt</b> | 36,1    | 34,8    |
| <b>Net Debt</b>   | 23,2    | 23,4    |

## Group H1 2017 Cash Flow Highlights

| Cash Flow (€ m)   | H1 2017 | H1 2016 |
|---|---------|---------|
| <b>Operating Cash Flow</b>                                | 3,4     | 3,2     |
| <b>Investment Cash Flow</b>                               | -2,1    | -1,7    |
| <b>Financing Cash Flow</b>                                | 1,3     | 0,1     |
| <b>Net Change in Cash</b>                                 | 2,6     | 1,7     |
| <b>Cash and Cash Equivalents, Beginning of the Period</b> | 10,3    | 5,2     |
| <b>Cash and Cash Equivalents, End of the Period</b>       | 13,0    | 6,8     |

# APPENDIX



## P&L STATEMENT (H1 2017 VS H1 2016)

| P&L  | H1 2017     | H1 2016     | Change (%)  |
|--|-------------|-------------|-------------|
| <b>Revenues</b>                                    | <b>30,1</b> | <b>31,0</b> | <b>-3%</b>  |
| Cost of goods sold                                 | -10,6       | -10,3       | 3%          |
| <b>Gross Profit</b>                                | <b>19,5</b> | <b>20,7</b> | <b>-6%</b>  |
| Gross Margin (%)                                   | 64,8%       | 66,8%       | -3%         |
| Operating Expenses                                 | -16,4       | -17,1       | -4%         |
| <b>EBITDA</b>                                      | <b>5,4</b>  | <b>5,8</b>  | <b>-7%</b>  |
| EBITDA Margin (%)                                  | 17,8%       | 18,6%       | -5%         |
| Depreciation and Amortization                      | 2,2         | 2,2         | 2%          |
| <b>EBIT</b>  | <b>3,1</b>  | <b>3,6</b>  | <b>-13%</b> |
| Operating Margin (%)                               | 10,4%       | 11,5%       | -10%        |
| Net Interest Income/Expenses                       | -1,3        | -1,0        | 33%         |
| Investment Results                                 | -0,03       | -0,05       | -35%        |
| <b>Earnings Before Tax (EBT)</b>                   | <b>1,77</b> | <b>2,53</b> | <b>-30%</b> |
| EBT Margin (%)                                     | 5,9%        | 8,2%        | -28%        |
| Tax  | -0,8        | -0,5        | 55%         |
| <b>Earnings After Taxes (EAT)</b>                  | <b>1,0</b>  | <b>2,0</b>  | <b>-50%</b> |
| Minority rights                                    | -0,1        | -0,12       | -7%         |
| <b>Earnings after Taxes and Minorities (EATAM)</b> | <b>1,1</b>  | <b>2,2</b>  | <b>-48%</b> |
| <b>EATAM Margin (%)</b>                            | <b>3,7%</b> | <b>7,0%</b> | <b>-47%</b> |
| <b>EPS</b>   | <b>0,08</b> | <b>0,16</b> | <b>-48%</b> |

## BALANCE SHEET (H1 2017 VS FY2016)

| Balance Sheet (€ m)  | H1 2017     | FY 2016     | Change (%)   |
|--|-------------|-------------|--------------|
| <b>Assets</b>  |             |             |              |
| Property, Plant and Equipment                                  | 13,6        | 13,9        | -1,9%        |
| Intangible Assets  | 6,7         | 7,0         | -5,1%        |
| Investments in Subsidiary & Associated Companies               | 0,2         | 0,2         | -14,5%       |
| Financial Assets for Sale                                      | 0,2         | 0,2         | 0,0%         |
| Goodwill   | 9,9         | 9,9         | 0,0%         |
| Deferred Taxation  | 0,9         | 0,8         | 5,9%         |
| Other Long-Term Receivables                                    | 0,2         | 0,3         | -5,9%        |
| <b>Total Non-Current Assets</b>                                | <b>31,8</b> | <b>32,4</b> | <b>-1,9%</b> |
| Inventories  | 14,1        | 15,7        | -10,0%       |
| Customers and Other Receivables                                | 10,1        | 6,9         | 47,0%        |
| Financial assets at fair value through results                 | 0,1         | 0,0         |              |
| Cash and Cash Equivalent                                       | 13,0        | 10,3        | 25,3%        |
| <b>Total Current Assets</b>                                    | <b>37,3</b> | <b>32,9</b> | <b>13,3%</b> |
| <b>Total Assets</b>  | <b>69,1</b> | <b>65,3</b> | <b>5,7%</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         | 1,5         | 0,0%         |
| Retained Earnings  | -10,5       | -9,8        | 6,2%         |
| <b>Shareholders' Equity to the Shareholders of the Company</b> | <b>13,1</b> | <b>13,7</b> | <b>-4,5%</b> |
| Minority Interest  | 0,00        | -1,69       | -100,0%      |
| <b>Total Shareholders Equity</b>                               | <b>13,1</b> | <b>12,0</b> | <b>9,0%</b>  |
| Long-term Loans  | 23,8        | 23,2        | 2,6%         |
| Deferred Tax Liabilities                                       | 0,7         | 0,6         | 17,0%        |
| Retirement Benefit Obligations                                 | 1,4         | 1,3         | 5,8%         |
| <b>Total Long-Term Liabilities</b>                             | <b>25,9</b> | <b>25,1</b> | <b>3,2%</b>  |
| Suppliers and Other Liabilities                                | 16,6        | 16,0        | 3,9%         |
| Short-Term Loans   | 12,3        | 11,6        | 6,4%         |
| Current Tax Liabilities  | 1,2         | 0,6         | 80,8%        |
| <b>Total Current Liabilities</b>                               | <b>30,1</b> | <b>28,2</b> | <b>6,7%</b>  |
| <b>Total Liabilities</b>                                       | <b>56,0</b> | <b>53,3</b> | <b>5,0%</b>  |
| <b>Total Shareholder's Equity and Liabilities</b>              | <b>69,1</b> | <b>65,3</b> | <b>5,7%</b>  |

THANK YOU

