



## COMPANY PROFILE

KORRES emerged in 1996 out of Athens' first ever natural-homeopathic pharmacy where George, company's founder, used to work; its first KORRES product was aromatic herbal syrup with honey and aniseed, a recipe inspired by "rakomelon", a warming spirit-with-honey concoction, which George's grandfather used to favour in his hometown on the island of Naxos. Korres' first global innovation and first ever skincare product was the Wild Rose 24-hour cream – still a best-seller all over the world

Today the KORRES portfolio includes over 400 natural and/or certified organic products, featuring a skin & hair care range, a make-up line as well as sun care products and herbal preparations

Korres brand has presence in 30 countries across 5 continents with its products being distributed in over 11,000 points of sales including an extensive network of 6,000 pharmacies in Greece and 15 Korres stand-alone stores in cities such as Paris, Prague, Brussels and also Singapore.

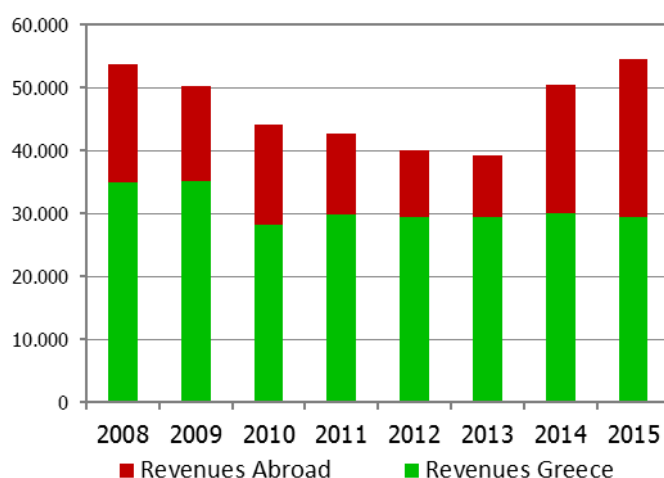
The company operates in the production, (either in-house or in third parties), distribution and trading of cosmetics, pharmaceutical and dietary products. The company's philosophy is to design products, avoiding the use of specific synthetic compounds, replacing them with equally effective, beneficial and skin-friendly natural ingredients.

Korres Group trades its products also in North America through its new subsidiary Korres USA Ltd, getting full control of distribution, building on its existing customer base (i.e. Sephora, HSN), targeting stronger presence, exploiting untapped future potential in this market.

Korres Group, through its strategic agreement with AVON (realized in Feb 2014) for the production and distribution of KORRES products in Latin America, entered with its products in the 2nd quarter of 2015 in the Brazilian market, a new dynamic market which has already given very good signs.

This particular agreement initially provided KORRES with revenues of \$11.5 million (approximately €8.5 million) during the first phase of their partnership which pertain to the distribution of KORRES brands in Latin American countries and also to fees to support the positioning of KORRES products in these countries. Thereafter, royalties will be paid for the intellectual and industrial property of KORRES according to sales performance accompanied by fees for the ongoing support services

## REVENUE ANALYSIS (in € 000)



- ✓ 46% of Group's sales are realized abroad.
- ✓ Strong growth in the international markets: 22%-key drivers US, UK, and Norway
- ✓ No 1\* company in terms of Market share\* in the Greek Pharmacy Personal Care Market
- ✓ Further growth in Consolidated Sales: +8%
- ✓ Gross Profit margin improvement by 280bps
- ✓ Further profitability improvement

\*Data IMS, MNF, Pharmacy Sales in value, FY 2015, Total PEC (Personal Care) Market

## LAUNCHES 2015

**-Face/Moisturising:** The new facial Almond Blossom skincare line (3 day creams) responds to the need for continuous, deep, multi-level moisturising. The KORRES Beauty shots (9) natural cure-all masks for super fast pampering. Face/Firming: The new Black Pine Active Oil with firming/nourishing/antiwrinkle action.

**-Sun care:** The Red Grape Sun care anti ageing/anti-spot /SPF 50/Tinted 5-in-1 sun protection cream and the Yogurt Sunscreen cream SPF50 / tinted.

**-Body/Fragrances:** The new Eau de Cologne (6) based on the aromatherapy values

## OVERVIEW - TRADING DATA 1 Year (data of period 01/04/2015 - 31/03/2016)

Symbol:	KORRES		
Athex Market:	MAIN MARKET		
Market Cap (Mil. €): (31 March 2016)	45,0		
Shares Outstanding (number): (31 March 2016)	13.586.500		
Average Spread (%):	4,49%		
Market Liquidity (%):	2,530%		
Average Trading volume (no of shares):	4.174,0		
Total Value of transactions (€):	3.416.428		
Days to trade (1% of outstanding amount):	32,4		
Free Float (31 March 2016):	36,92%		
Turnover Velocity (F.F. Weighted):	19,0%		
<b>Historic Volatility</b>	<b>30 days</b>	<b>60 days</b>	<b>90 days</b>
(annualised %)	36,59%	47,42%	41,64%

## KEY INVESTMENT HIGHLIGHTS

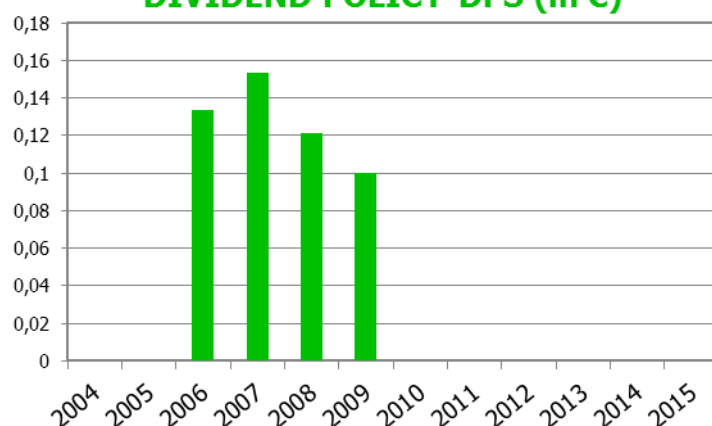
- ✓ Active in a growing segment of the cosmetic market\_Natural
- ✓ Uniquely positioned as a Global Natural Prestige Brand
- ✓ Long standing experience in Pharmacies, Herbs and Homeopathy
- ✓ Deep commitment to research and Innovation
- ✓ A well-diversified portfolio of 400 innovative herbal products with proven success across categories and channels

## GROUP STRUCTURE

### Korres S.A. - Parent

Kings & Queens Plc - Greece	100%
Homeopathic Korres S.A. - Greece	100%
Phyto 12 - Greece	24%
Korres D-A-CH GmbH-Germany	50%
Krokus Kozanis Products - Greece	45%
Pharmacon North Greece - Greece	100%
Milgauss Limited – Cyprus	16.7%
Korres North America Ltd – U.S.A.	16.7%
Korres Retail U.K. Ltd – England	50%
Korres USA Ltd-US	100%
Alysos S.A. - Greece	35%

### DIVIDEND POLICY-DPS (in €)



## MAJOR ACHIEVEMENTS DURING THE FISCAL YEAR 2015

In 2015, despite adverse political and financial conditions in Greece, KORRES Group achieved significant growth rates abroad and increased its share in the domestic market, owing mainly to the continuing successful strategic support of the brand through new innovative products and targeted promotional actions in the domestic market and the international priority markets.

### IN GREECE,

THE GROUP REACHED No1 POSITION<sup>1</sup> IN THE PERSONAL CARE CATEGORY IN THE PHARMACY, ACHIEVING THE HIGHER GROWTH RATE IN VALUE WITH DOUBLED-DIGIT GROWTH<sup>2</sup>

In detail:

- Face care, with the strategic sub-category of anti-age products paving the way to growth, presenting the highest development in value among the market players<sup>3</sup>, further increasing its market share<sup>4</sup>.
- In hair colorants, the successful new hair colorant "Argan Oil" contributes to the further establishment of the Group's leading position, increasing its market share<sup>5</sup>.
- In hair care, it has recorded double digit growth compared to the whole<sup>6</sup> market.
- In Sun care, the Group continues the increasing trend for the 3rd consecutive year<sup>7</sup>, registering a considerable over-performance in relation to the growth rate of the overall market<sup>8</sup>.
- In Body care products, it is placed at the top, presenting a double-digit growth<sup>9</sup>, and an increase in market share<sup>10</sup>.

<sup>1</sup> IMS, MNF data, Sales of pharmacies in values, FY 2015, PEC (Personal Care) Market total

<sup>2</sup> IMS, MNF data, Sales of pharmacies in values, FY 2015, Personal Care, PEC Market total

<sup>3</sup> IMS data, Sales of pharmacies in values, FY 2015, 82 A, Â, C, D categories (FACIAL AND EYE CARE FOR WOMEN)

<sup>4</sup> IMS data, Sales of pharmacies in values, FY 2015, 82 A, Â, C, D categories (FACIAL AND EYE CARE FOR WOMEN)

<sup>5</sup> IMS, data, Sales of pharmacies in values, FY 2015, 86E HAIR COLOURING category

<sup>6</sup> IMS data, Sales of pharmacies in values, FY 2015, 86 HAIR PRODUCTS category excl. (86E HAIR COLOURING, 86H1 ANTIPARASITIC PRODUCTS FOR HAIR, 86H2A ANTI-HAIR LOSS PRODUCTS - CAPS/TABS, 86J HAIR AND NAIL NUTRITION PRODUCTS, 86Z OTHER HAIR PRODUCTS)

<sup>7</sup> IMS data, Sales of pharmacies in values, FY 2012-2015, 83F SUN PRODUCTS category

<sup>8</sup> IMS data, Sales of pharmacies in values, FY 2012-2015, 83F SUN PRODUCTS category

The brand development strategy focused on the following pillars:

- **Consistent investments in Research & Development**
  - **Innovation in all main strategic categories** based on primary and applied research, specialised natural active ingredients and leading-edge technology with well-established clinic action.
  - **Launch of pioneering products** in the following categories:
    - Face/ Moisturising products: *The new series Almond Blossom* with 3 face creams is the response to the need for continuous, deep and multi-layer moisturising care. *KORRES Beauty Shots*-masks & scrubs- for everyday face and eye care – cleansing, moisturising and brightening, firming and revitalisation.
    - Face/ Anti-age products: The new Black Pine/ Active Oil offers firming, nourishing and anti-wrinkle protection.
    - Face/ Make-up products: The new Morello Lipstick of KORRES in 10 shades
  - Sunscreens: The *renewed formulation of the KORRES YOGHURT* series for face care offers natural steady protection against infrared radiation as well as stronger protection against photo-ageing. *The tinted sunscreen/anti-spot/anti-ageing multi action, 5-1 face cream red grape SPF50* offers all high sun protection, has been proven to both prevent and restore spots, smoothes wrinkles, moisturises and offers an even skin tone, all at the same time. *The new Yoghurt tinted sunscreen face cream SPF50* is rich in moisturising properties.
  - Body/Fragrances: The new Eau de Cologne collection with 6 fragrances based on the principles of aromatherapy.
  - **Active involvement in international research programs** into natural ingredients of considerable extent and importance
- **Highlighting and utilising Greek herbs** by strengthening the network of ethical partnerships in organic farming all over Greece and in the production of Greek extracts of high biological value.
- **Integrated communication and promotion plan regarding KORRES strategic product categories**, strengthening the profile of Pharmacies as a point of sale of quality, effective and affordable natural products.

## INTERNATIONAL MARKETS

- In North America (2<sup>nd</sup> largest market after Greece), through its subsidiary the Group pursued its successful performance and further increased sales to major customers such as Sephora stores and HSN channel.
- In Europe, growth leaders were Norway (Scandinavian countries) and UK. In Norway, KORRES is present in VITA, i.e. one of the best-known chains of cosmetics stores with a very high market share in the cosmetics market of Norway. The company tripled its sales, owing to the organic development of the existing points of sale and the launch of new products. In UK, where KORRES has entered the branded chains of John Lewis and Debenhams (KORRES figures among the most recognisable brands), Waitrose, Lloyd's pharmacies (major growth) and recently Marks & Spencer, KORRES registered double-digit growth for the second consecutive year. E-sales played a decisive role in such growth.

Finally, in the context of the strategic agreement signed by KORRES Group with AVON for the production and distribution of KORRES products in Latin America, the 2nd quarter of 2015 saw the official launch of its products' distribution in the Brazilian market, a new dynamic market which has already given very good signs. This particular agreement initially provided KORRES with revenues of \$11.5 million (approximately €8.5 million) during the first phase of their partnership which pertain to the distribution of KORRES brands in Latin American countries and also to fees to support the positioning of KORRES products in these countries. Thereafter, royalties will be paid for the intellectual and industrial property of KORRES according to sales performance accompanied by fees for the ongoing support services.

## FORTHCOMING PROJECTS/ INVESTMENTS – BUSINESS PLAN HIGHLIGHTS

In 2015, the financial environment was affected by the developments in Greece, more than one election, negotiations, capital controls, all of which resulted in the Greek economy falling back into recession again. Such developments had an adverse impact on the liquidity of the economy, fuelling concerns about continuing recession in 2016 too.

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<sup>9</sup> IMS data, Sales of pharmacies in values, FY 2015, 82F - 82J categories (BEAUTY FOR WOMEN), 83B (UNISEX BEAUTY), 85A-B-J (PERSONAL HYGIENE), excl. (82F2 FIRMING & ANTI-STRETCH PRODUCTS, 82F4 ANTI-CELLULITE PRODUCTS)

<sup>10</sup> IMS data, Sales of pharmacies in values, FY 2015, 82F - 82J categories (BEAUTY FOR WOMEN), 83B (UNISEX BEAUTY), 85A-B-J (PERSONAL HYGIENE), excl. (82F2 FIRMING & ANTI-STRETCH PRODUCTS, 82F4 ANTI-CELLULITE PRODUCTS)

In 2015 Korres Group continued its growth despite the difficult financial environment, mainly focused in international markets while also increasing its market share in Greece. In 2016, the Group will continue to support its brand in Greece and other countries by launching new innovative products and increased promotional actions, while also taking advantage of market challenges and seeking new opportunities for development. The considerable presence and successful international performance generates more favourable conditions for Korres Group to pursue its overall profitable growth.

In detail:

-In Greece, KORRES Group launched 2016 with important innovations. Specifically, in the anti-age care, a face subcategory of strategic importance, the Group launched the new anti-ageing and firming Castanea Arcadia (chestnut tree from Arcadia region) series, thus heralding the 4th global innovation of KORRES. This particular series is the outcome of the largest primary research in natural ingredients, the AGROCOS research (for details, see below) and is expected to be underpinned by an integrated intensive communication plan (TV & printed promotion/ promotional actions/ training). Meanwhile, the Black Pine series which meets the needs for firming and lifting facial contour, is still a strategic range supported by TV, the press and promotional actions in pharmacies. Moreover, major emphasis is laid on hair colouring products, where the Group launched the new permanent colour of professional standards "Abyssinia Superior Gloss Colorant", which is based on the pigment-lock technology. Meanwhile, support is still provided to the successful series "Argan Oil Advanced Colorant", which is the No. 1 hair colour in pharmacies, underpinned by a TV plan and a promotional plan. Finally, in the category of sunscreens, the Group will remain focused on the very successful product family of Red Grape. Launching a tinted sun care SPF30 cream aims at creating an integrated series of sun care protection which also offering moisturising, anti-wrinkle and anti-spot protection. Concurrently, the subcategory of children's sun care protection is boosted by a new children's sunscreen of velvet texture in tube form.

- On an international scale, the Group will focus on America, the 2nd largest market of the company beyond Greece, and on select European markets, such as Germany, Norway and England. Specifically, in North America, through its subsidiary KORRES USA Ltd the Group will support the brand with new strategic products in its main distribution channels (HSN TV channel and Sephora stores) while also increasing the sales team of the latter. In Germany, the Group will focus on the support of the existing points of sale (presence in Muller, Douglas, Kassel etc.) by launching new products and undertaking promotional actions. The Group will also lay great emphasis on the pharmacy channel by opening up new points of sale. In UK, KORRES brand is present in a well-known chain of pharmacies such as Lloyds and in branded store chains (John Lewis, Liberty, Debenhams, Waitrose, etc.) while in 2015 it entered the Marks & Spenser chain of stores. The objective of the Group is to further increase brand's awareness by ever-increasing the privileged points of its presence. Moreover, electronic sales will continue to contribute to growth. In Norway, where the Group's dynamics is remarkable, the Group will continue to strengthen its position in the branded VITA cosmetics chain through promotional actions and the launch of new products. In Latin America, after evaluating the first results of the official commencement of its products' distribution in the Brazilian market through the AVON network as of the 2nd quarter 2015 to the end of the year – in the context of its agreement with AVON – the Group expects to record good performance in 2016 too. However, this particular agreement provides the Group with considerable growth potential in the wider region of Latin America based on agreements since AVON achieves 50% of its sales in this particular geographical region and has tremendous momentum in terms of direct network (1 million representatives).

-The set "Herbs/ Co-operations/ Extractions/ Research" still reflects the philosophy of the Group's growth, focusing on innovation. By keeping a wide network of ethical partnerships – under terms of contract farming – with local small producers, agricultural cooperatives, social and educational institutes, KORRES still promotes organic farming, thus highlighting Greek nature and supporting local economy. The natural ingredients are further processed in an environment-friendly extraction unit of biological herbs in KORRES premises, which is unique for Greek standards.

In the context of its steady investment in Research & Development in order to promote innovations in the sector of natural products, KORRES represents the European industry of natural cosmetics in European research programmes, in collaboration with top Greek and international educational and research institutes. The four-year AGROCOS programme is a recent example of the largest-scale European primary research in natural ingredients. This is the initiative of Greek scientists led by KORRES and the Faculty of Pharmaceutics of the University of Athens, in cooperation with seven prominent international research institutions and

industrial partners, in the context of which 1,800 plant species and 3,600 bioactive extracts from all over the world were carefully studied in terms of to their antioxidant, whitening and UV protection action.

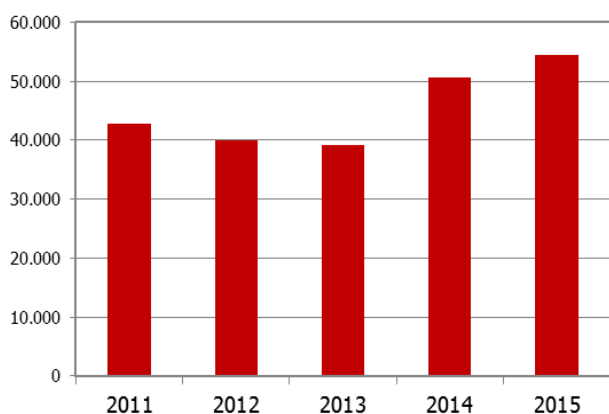
KORRES is the first company taking advantage of the findings of this important research in a new product series, the new anti-ageing and firming Castanea Arcadia series, thus marking the 4<sup>th</sup> global innovation of the brand. Castanea has become one of the leading Greek natural anti-oxidant ingredients of AGROCOS project. For the first time, the laboratory of KORRES managed to incorporate effectively in a cosmetic the excellent action of lupeol – a non-solvent substance identified in castanea tree leaves which is not absorbed by the skin and, thus, had not been included to date in the list of cosmetics with natural active ingredients in pure form.

By combining the foregoing, KORRES' objective is to provide innovative and effective products based on natural active ingredients, highlight valuable Greek herbs through partnerships with local farmers and produce its own high biological value plant extracts.

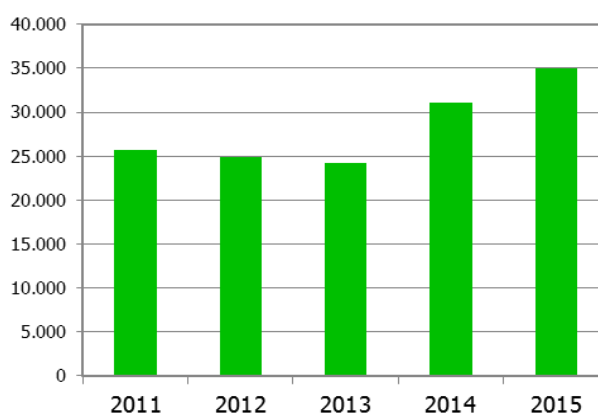
## COMPANY'S PERFORMANCE

<b>FINANCIAL OVERVIEW (consolidated)</b>					
<b>(in € 000)</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Sales	42.680	40.035	39.245	50.555	54.493
Gross profit	25.663	24.831	24.221	31.041	34.986
EBIT	1.511	-244	-1.268	231	3.571
EBITDA	7.623	4.004	4.005	5.097	8.213
Earnings before tax	-3.303	-3.836	-3.811	-2.750	-147
Earnings after tax	-3.524	-4.538	-4.644	-2.186	-1.558
E.P.S.	-0,2497	-0,3106	-0,33	-0,14	-0,1
Total Equity	27.544	22.480	18.348	16.021	15.014
ROE	-12,79%	-20,19%	-25,31%	-13,65%	-10,38%

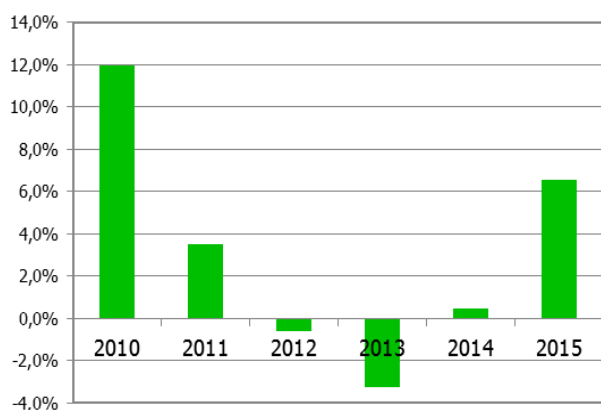
**Revenues (in € 000)**



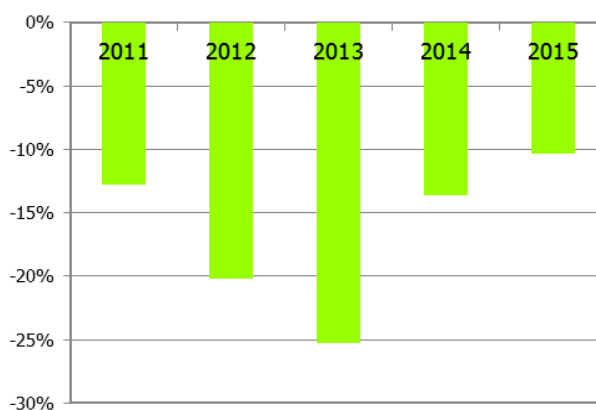
**Gross profit (in € 000)**



**Operating Margin**



**ROE**



<b>MAJOR SHAREHOLDERS (&gt;5%)</b>	
<b>Name</b>	<b>%</b>
George Korres	43,95%
Arneta Ltd.	14,12%
Damma Holdings	5,01%
<b>Total</b>	<b>63,08%</b>
<b>BOARD OF DIRECTORS</b>	
<b>Name</b>	<b>Qualification</b>
GEORGE KORRES	CHAIRMAN OF BOD/ EXECUTIVE MEMBER
DIMITRIOS VIDAKIS	CEO/ EXECUTIVE MEMBER
CHARALAMBOS STAVRINOUDAKIS	EXECUTIVE MEMBER
GEORGIOS TENEDIOTIS	EXECUTIVE MEMBER
PETROS KATSOULAS	NON-EXECUTIVE MEMBER
GKLAVANIS CHRISTOS	NON-EXECUTIVE MEMBER
IOANNIS NIKOLAKOPOULOS	INDEPENDENT NON-EXECUTIVE MEMBER
PERIKLES MAZARAKIS	INDEPENDENT NON-EXECUTIVE MEMBER

## MANAGEMENT TEAM PROFILE

### Georgios Korres, son of Nikolaos, Chairman, executive member

He was born in Athens in 1965 and studied Pharmaceutics in the University of Athens. In 1989 he started his association with the first homeopathy pharmacy in Greece (Tzivanidis pharmacy) that he fully took over in 1992. Four years later he established Korres Natural Products. Georgios Korres has served as secretary of the Greek Society of Homeopathy Pharmacists, a founder of the Hellenic Society of Ethnopharmacology and an active member of the Hellenic Society of Aromatherapy - Phytotherapy.

### Dimitris Vidakis, son of Iosif, Chief Executive Officer, executive member

He was born in Athens and studied Mathematics in the University of Athens. He further got an Msc from the Imperial College, University of London and subsequently an MBA. He started his professional career in 1989 and, to date, he has worked in seven different European countries, thus gaining multifarious experience through highly responsible posts. He joined KORRES Group after leaving Coca-Cola Hellenic where he had been holding the post of General Manager of Coca-Cola 3E in Greece since 2006 and also the post of Chairman of Tsakiris and ELHYM companies. Before working for Coca-Cola Hellenic, he had been a top executive of Unilever for 15 years. Throughout his career he has received many distinctions and commendations including, among others, the "Manager of the Year 2009" award by the Business Administration Hellenic Society.

### Charalambos Stavrinouidakis, son of Alexandros, Executive member of the Board

He was born in Athens in 1967. He has graduated from the Economic University of Athens and has an MBA from the Economic University of Athens and Erasmus University of Rotterdam. Mr. Stavrinouidakis has gained 17-year experience in various senior posts in the Financial Division of multinational and Greek companies. His professional career started in Shell Hellas where he soon assumed the post of Planning & MIS Manager. Later on, he joined Shell International in London in the core team of European Acquisitions and then joined the Global Shell Treasury Centre. Once he returned to Greece, he assumed the post of Financial Manager in MAILIS Group and then the post of the Group's Financial and Support Services General Manager.

### Georgios Tenediotis, son of Vasilios, Board Secretary & Legal Consultant, executive member

He was born in 1965 and is a graduate of the Law School of Athens University and has an LL.M. in International European and Commercial Law, University of Kent at Canterbury, UK and also an Msc



in Business for Lawyers of Athens Laboratory of Business Administration (ALBA). He deals mainly with business law issues. He has been working for the company as a Legal Consultant as of its establishment (1996).

**Petros Katsoulas, son of Spyridon, Non-executive member of the Board**

He was born in 1966, is a graduate of the Computer Science Department of the University of Crete (1988) and has a M.Sc. in Software Engineering and MBA (Masters in Business Administration) of Aston University, Birmingham, UK (1990 and 1993 respectively). From July 1993 to October 1996 he worked in the investment banking department of Barclays Bank (BZW) in Athens. From October 1996 to December 1997 he worked in the BZW in London, in shareholders department. From January 1998 to April 2010 he worked in the Shareholders Division of the investment banking sector of Credit Suisse in London as Analysis Manager of telecom companies' European shares and Greek companies' shares. From May 2010 to July 2013 he worked in NBG Securities, initially in London and from January 2011 in Athens where he was in charge of the institutional investor shares department. In July 2011 he took charge of stock market business of NBG Securities. From August 2013 to date he was the Group Strategy General Manager in Eurobank.

**Christos Glavanis, son of Michail, Independent Non-executive member of the Board**

He was born in 1953 and has graduated from the Economic Studies Department of Hull University, Great Britain. He has gained considerable experience in audit services and special audit work and financial services, mergers & acquisitions, and the start-up of companies at both Greek and multinational level, mainly in the energy, industry, shipping and telecommunications sectors. Specifically, from 1974 to 1981 he worked in Coopers & Lybrand, from 1981 to 1987 in Ernst & Whinney as partner, from 1987 to 2008 he was the Managing Director of Ernst & Young South-eastern Europe (9 countries) and from 2008 to 2011 he was the Chairman and Managing Director of Ernst & Young Central and South-eastern Europe (19 countries). He is a member of the Greek Body of Chartered Auditors-Accountants and the Institute of Chartered Accountants in England and Wales.

**Ioannis Nikolakopoulos, son of Theodoros, Board Member, Independent and Non-executive**

He was born in Athens in 1946. He studied law in the Faculty of Law, University of Athens from which he graduated in 1968. He further made postgraduate studies in the University of London. He is a lawyer and member of the Athens Bar Association since 1970, primarily dealing with commercial law matters. Since 2000 he has been the Managing Director of "I. Nikolakopoulos - G. Tsatiris & Associates" law firm. He has worked as legal consultant to many large Greek companies including companies listed on the Athens Stock Exchange and is highly experienced in local and cross-border commercial transactions, local and cross-border company acquisitions, etc.

**Perikles Mazarakis, Board Member, Independent and Non-executive**

Since 2015, Mr. Mazarakis has been working in CDP Capital, a private equity company in New York while in the past he was the Managing Director in THL Capital and before that post he was an Operating Partner in Cesberus Capital. In the past, he held the posts of Marketing Director in Yum brands internationally (Pizza Hut, KFC, Taco Bell) and Operation Manager of 1,100 stores in Latin America and the Caribbean. He has also worked as Marketing and business development Manager in the pharmaceuticals sector in Bristol Myers and as administration consultant in McKinsey & Company. He is a graduate of the University of Pennsylvania (Wharton School) and has an MBA of Stanford University.

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