

Valuation & Research Specialists (VRS)
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SARANTIS S.A.

Listed on Athens Exchange - Greece

[Bloomberg Ticker: SAR:GA] [Reuters Ticker: SRSr.AT]

Business Sector / Industry: Personal Products | Consumer Goods

Corporate & Investment Highlights

- Sarantis Group (hereinafter "The Group") sales in FY 2018 amounted to 344 million euros, compared to 299.7 million euros in FY 2017, achieving a growth of 14.8%. EBITDA rose to 47 million euros compared to previous year's 39.7 million, while profit after taxes and EATAM increased by 14.5% and 9.5% amounting to 33.4 and 32.6 million euros in FY 2018, respectively.
- Greek sales increased by 4% in FY 2018, amounting to 117 million euros, outpacing Greece's consumption rate (as presented by the Hellenic Statistical Authority, settling at 1.45%). Meanwhile, Greek EBIT grew by 10% and amounted to 22.5 million euros compared to 20.4 million in the previous year.
- The Group is in control of subsidiaries in 12 different countries such as, Poland, Romania, The Czech Republic and various other countries located mostly in Eastern Europe. Sales in foreign countries comprised 66% of the Group's Sales and amounted to 227 million euros in FY 2018, showing an increase of 20.2% compared to the previous year.
- The main product lines of the Group are Cosmetics, Household Products, Polipak (Private Label) and Other Products, comprising 44%, 38%, 5% and 13% of total sales in FY 2018 respectively. The largest growth in FY 2018 was achieved in Household Products, in terms of sales, and in Polipak, in terms of EBIT, posting rates by 25% and 49% respectively. It is also noteworthy that Household Products comprised 33% of total EBIT, while Cosmetics 30%, indicating that Household Products were more conducive to the operating profitability.
- The Group's growth is based on organic growth, which is achieved through successful brand penetration, customer loyalty, geographical expansion and weakening competition, Acquisitions of companies with good positioning, market shares and profitability and strategic partnerships with key players such as Estee Lauder, Coty, Conter, etc. are also among the main growth drivers.
- In FY 2018 the Group acquired Indulona and Ergopack, at a cost of 8.8 million euros and 16 million euros respectively. Indulona is an award-winning cosmetics brand, present in Czech and Slovakian markets for 70 years. Ergopack is a company based in Ukraine, involved in the production and distribution of household products. Ergopack has a strong export focus, as its exports to Eastern Europe and the Caucasus comprise 46% of its total sales. Moreover, Sarantis Group announced that it has signed an agreement with Coty for the representation and distribution of Coty Luxury Cosmetics brands in the Greek selective market, starting from 1st September 2019.
- The collaboration with Estee Lauder, comprising 23% of FY 2018's EBIT, is due to end in 2021. However, on July 30 the Group extended the agreement and the collaboration will continue beyond 2021.
- The Group's Management is optimistic about FY 2019, expecting a growth of 11.6% in Sales and 11.2% in net profit (EATAM). VRS expectations are nearly identical, but slightly less optimistic, expecting a growth of 10.6% in both sales and net profit. According to the CFO, capital expenditure will amount 13 million euros in FY 2019, of which 10 million euros will be invested in the expansion of the Group's manufacturing plant in Oinofyta.
- The Group's total turnover during the first half of 2019 reached € 172.19 million from € 160.27 million in H1 2018, up by 7.43%. EBITDA was up by 17.67% to € 21.04 million from €17.88 million in H1 2018, with an EBITDA margin of 12.22% from 11.15% in H1 2018.

[Source: Reuters]

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Share Price (08/10/2019) € 7.72

of Shares (mn) 69.88
Market Cap (in € mn) 539.45
A.D. Volume (p) 40,164
Beta Co-efficient 0.341

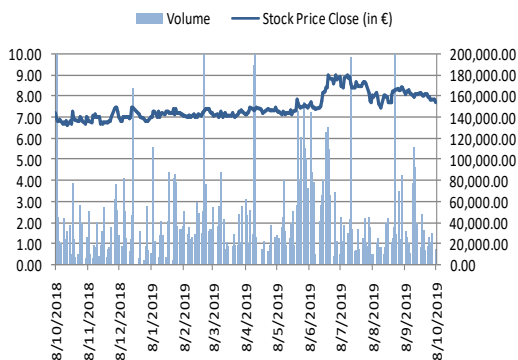
Statistical Data

Max 52 week, € 9.01
Min 52 week, € 6.64
1-M Rtn -5.16%
6-M Rtn 7.52%
12-M Rtn 6.63%

Source: VRS Calculations, Reuters.
Period as day/month/year.

Stock Price Performance & Transaction Volume

(1 year, in € and in number of shares)



Note: Share price performance based on share price closes on Stock Exchange.
Period as day/month/year.

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Corporate & Investment Highlights

- Gr. Sarantis SA is a Greece-based company active in the manufacture and distribution of consumer products. Its product portfolio includes Fragrances and Cosmetics, like aftershave lotions and deodorants with brands such as Adidas and C-THRU; household products, like food packaging, cleaning and shoe care products of such brands as Sanitas and Camel and health and care products, which mainly comprise vitamins and food supplements. The Company has also formed joint-ventures and strategic alliances with international companies in the cosmetics, health and beauty sectors, such as Estee Lauder, Kolastyna, Domet, Topstar and Clinique, for exclusive distribution of their products in Greece and Eastern Europe. The Company's subsidiaries include Sarantis Portugal, Astrid S.r.o. and Polipak Sp. z.o.o..

[Source: Reuters]

Consolidated Annual Financial Results (2018 versus 2017, € millions)

(in € mn)	2018	%	2017
Sales	344	14.79%	300
Gross Profit	129	10.65%	116
EBITDA	47	18.49%	40
EBT	39	11.87%	35
EATAM	33	5.54%	31

Source: Company. Note: Fiscal Year ends on December 31st.

1st Half Financial Results (H1 2019 versus H1 2018, € millions)

(in € mn)	6M 2019	%	6M 2018
Sales	172	7.43%	160
EBITDA	21	17.60%	18
EBIT	16	5.56%	15

Source: Company.

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BASIC FINANCIAL INDICATORS

in € million	Sales	Gross Profit	EBT	EATAM	P/E (x)	P/BV (x)	EV/EBITDA (x)	DEBT/EQUITY (x)	ROE %
2012	236	112	15	17	30.8	3.8	26.0	0.36	12%
2013	236	117	13	15	35.1	3.5	23.0	0.11	10%
2014	248	121	21	16	34.5	3.4	21.0	0.11	10%
2015	279	132	23	17	32.4	3.2	18.9	0.20	10%
2016	329	153	24	23	23.6	2.9	16.1	0.19	12%
2017	300	116	35	31	17.4	2.7	13.3	0.16	15%
2018	344	129	39	33	16.5	2.4	11.8	0.20	15%
2019 E	381	143	43	36	14.9	2.1	10.6	0.17	14%
2020 E	402	151	45	38	14.1	1.9	9.9	0.14	14%

Notes: (1) EATAM and equity are calculated excluding minorities. (2) P/E, P/BV and EV/EBITDA are based on current share price and current outstanding number of shares. Source: Official Consolidated Financial Statements, VRS Estimates & Calculations. n/c stands for non calculable.

Working Capital Ratios

in € million		2015	2016	2017	2018	2019 E	2020 E
Revenues		279	329	300	344	381	402
Cost (net of depreciation)		146	176	183	215	238	252
Gross Profit Margin	%	47.53%	46.39%	38.87%	37.47%	37.47%	37.47%
Net Income / Profit		17	23	31	33	36	38
Net Profit Margin	%	6.0%	6.9%	10.3%	9.5%	9.5%	9.5%
Cash & Cash Equivalents		33	35	45	33	33	34

Stock Days

	Days	2015	2016	2017	2018	2019 E	2020 E
Stock Inventory		54	61	66	80	88	93
Debtors Days		100	87	99	100	100	100
Debtors - Receivables		76	79	81	95	105	111
Creditors Days		126	105	112	106	106	106
Creditors - Suppliers		51	51	56	63	69	73

Operating Cycle (Days)

	Days	2015	2016	2017	2018	2019 E	2020 E
Cash Cycle (Days)		107	108	117	129	129	129

Source: Official Consolidated Financial Statements, VRS Estimates & Calculations. Gross profit is calculated by deducting cost of sales (net of depreciation, wherever applicable) from revenues.

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Shareholders' Structure (Indicative Shareholders)

Sarantis Family	52.00%
Fidelity Management & Research Co.	9.53%
Brandes Investment Partners LP	4.96%
Gr. Sarantis SA	3.91%
Goldman Sachs Asset Management International	2.01%
Wasatch Advisors, Inc.	1.74%
Alpha Asset Management A.E.D.A.K.	1.52%
Legato Capital Management LLC	1.45%
Grandeur Peak Global Advisors LLC	1.38%
The Vanguard Group, Inc.	0.93%
Others	20.57%
Total	100.00%

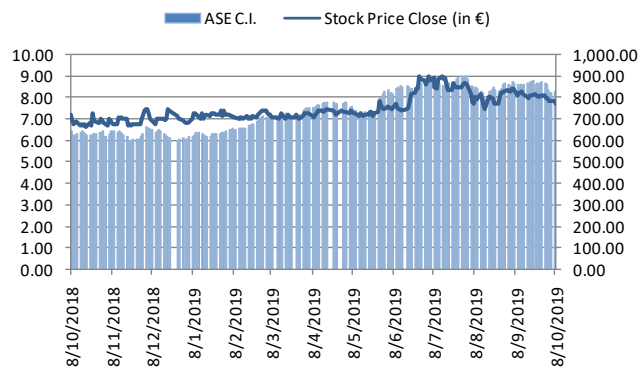
Source: Marketscreener.com

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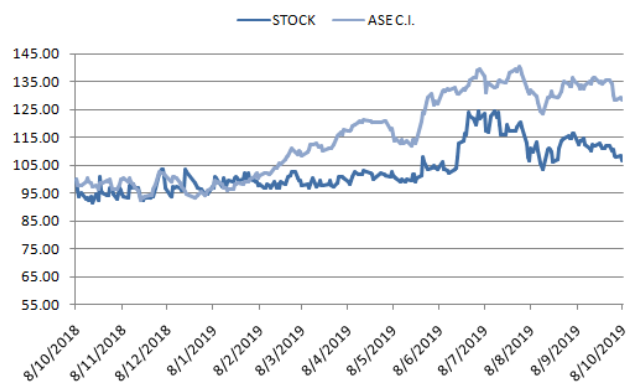
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Stock versus Index
(Last 52 Weeks or since listing, Stock Price in €, Index in points)



Source: Historical Data, Investing.com. Note: Share price performance based on price closes on Stock Exchange.
Period as day/month/year.

Stock versus Index
(Last 52 Weeks or since listing, Base = 100)



Source: Historical Data, Investing.com. Note: Share price performance based on price closes on Stock Exchange.
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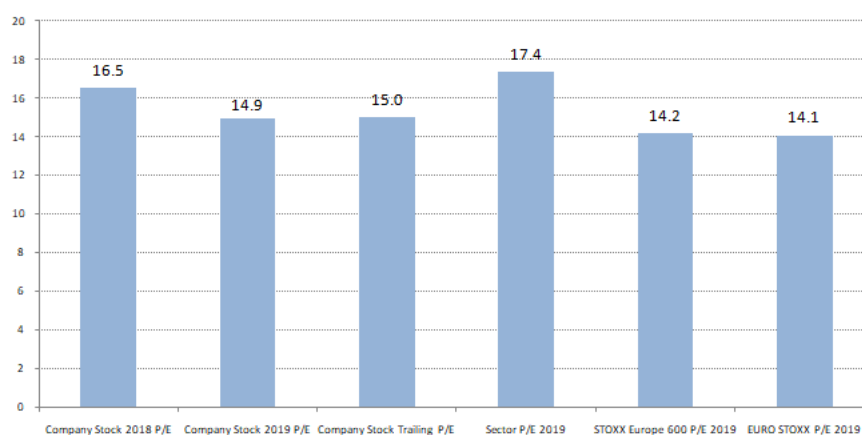
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Business Sector / Industry: Personal Products | Consumer Goods

	P/E Multiple
Company Stock 2018 P/E	16.5
Company Stock 2019 P/E	14.9
Company Stock Trailing P/E	15.0
Sector P/E 2019	17.4
STOXX Europe 600 P/E 2019	14.2
EURO STOXX P/E 2019	14.1

Company Historic P/E Multiple versus Market P/E Multiples (x)



Source: VRS calculations based on consolidated accounts, FACTSET.

EPS Estimates

In €	EPS
2018	0.467
2019 E	0.517
2020 E	0.547

Source: VRS calculations & estimates.

Note: EPS is based on current number of shares.

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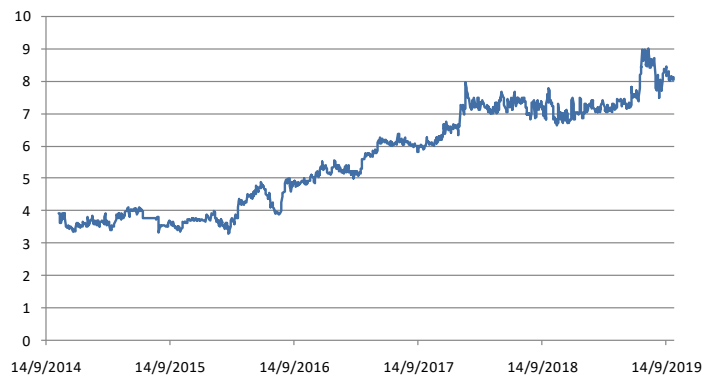
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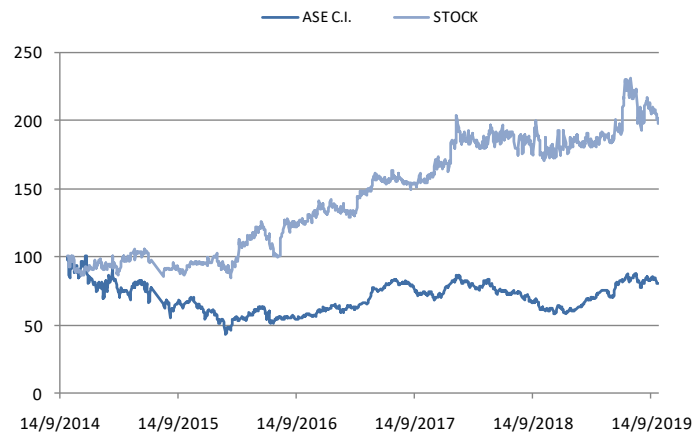
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Stock Price Performance
(Last 5 Years or since listing, Stock Price in €)



Source: Historical Data, Investing.com. Note: Share price performance based on price closes on Stock Exchange.
Period as day/month/year.

Stock versus Index
(Last 5 Years or since listing, Base = 100)



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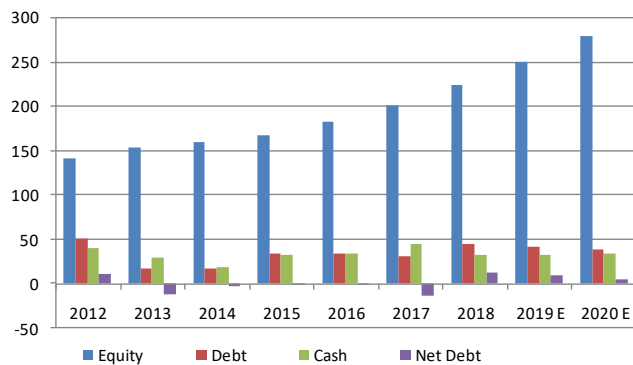
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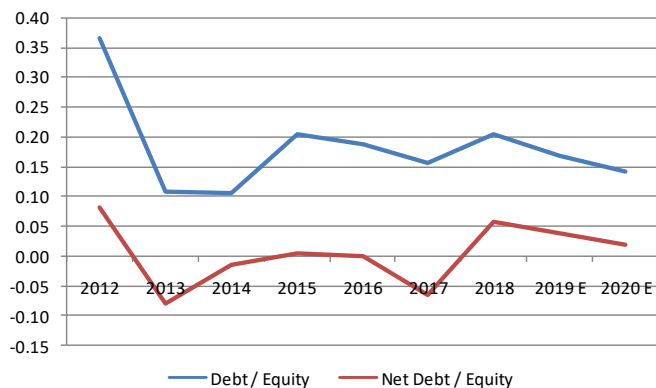
Business Sector / Industry: Personal Products | Consumer Goods

Equity, Debt, Cash & Net Debt
(in € millions)



Source: Company, VRS estimates

"Debt/Equity" & "Net Debt/Equity" Ratios
(times)



Source: Company, VRS estimates

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Revenue and Profit Change FY 2018 vs FY 2017

Sales Breakdown (€ millions)

	2018	2017
Cosmetics	152	137
Household Products	130	104
Other Sales	43	42
Private Label	19	16
TOTAL	344	300

EBIT Breakdown (€ millions)

	2018	2017
Cosmetics	12	11
Household Products	13	11
Other Sales	4	4
Private Label	1	1
Income from Associated Companies	9	7
TOTAL	41	34

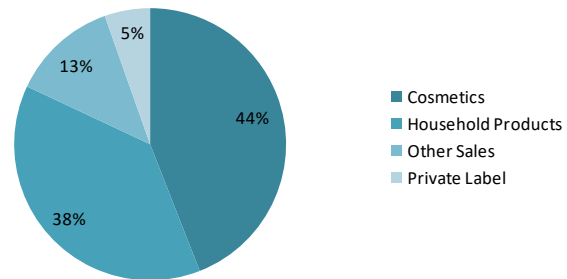
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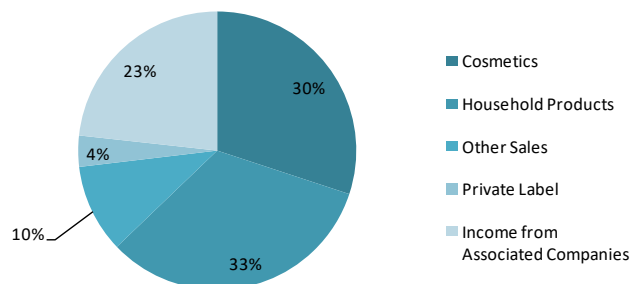
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Consolidated Sales & Profit Breakdown, FY 2018 (%) Based on Business Segment

Sales Breakdown, FY 2018



EBIT Breakdown, FY 2018



Source: Company

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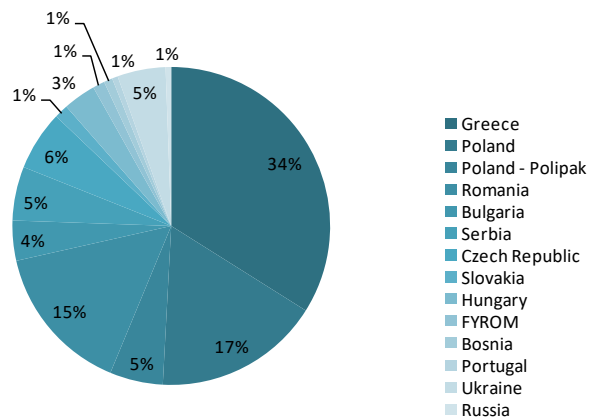
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Business Sector / Industry: Personal Products | Consumer Goods

Consolidated Sales Breakdown, FY 2018 (%) Based on Geography

Sales Breakdown, FY 2018

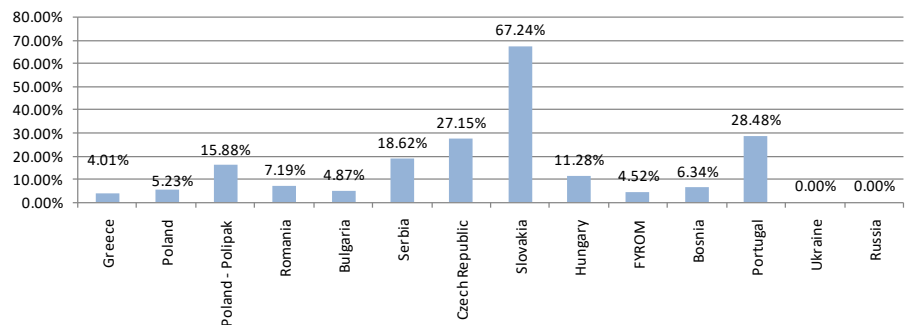


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Sales Change (%) 2018/2017



Source: Company

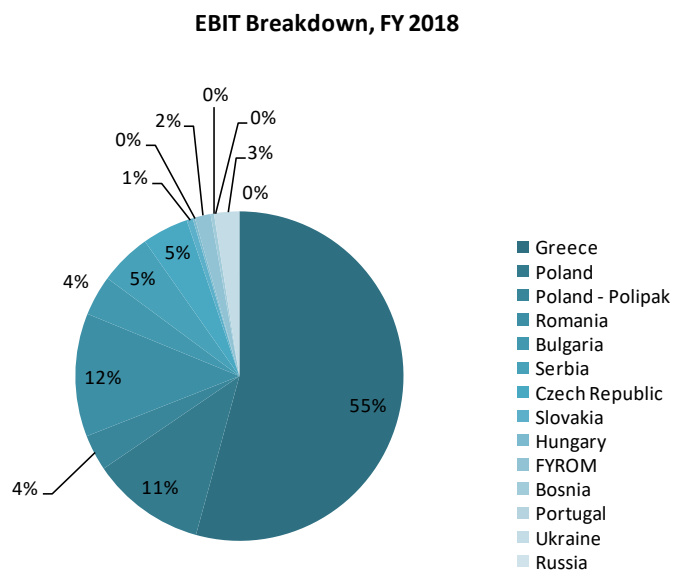
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Consolidated EBIT Breakdown, FY 2018 (%) Based on Geography

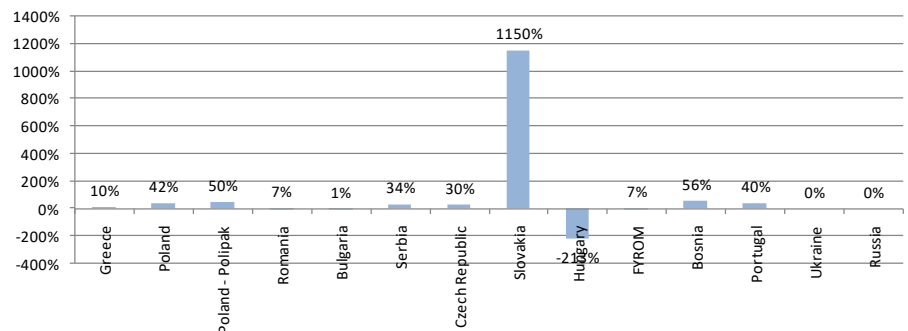


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EBIT Change (%) 2018/2017



Source: Company

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Consolidated Income Statement (In €)

in €	2018	2017
Revenues	343,995,729	299,682,454
Cost of sales	-215,102,260	-183,200,661
Gross operating profit	128,893,469	116,481,793
Other operating income	10,537,885	10,561,318
Administrative expenses	-16,327,660	-15,907,043
Distribution expenses	-82,529,877	-76,630,946
Operating profit (loss)	40,573,817	34,505,122
Financial income-expenses	-2,377,863	160,452
Gain (loss) from revaluation of fixed assets	584,345	0
Earnings (loss) before taxes	38,780,299	34,665,574
Income tax	-5,801,937	-4,000,492
Deferred tax	160,420	-1,680,426
Earnings (loss) after the deduction of tax (A)	33,138,782	28,984,656
Shareholders of the parent	32,539,619	28,631,498
Non controlling interest	599,165	353,158
Other Comprehensive Income:		
Items not transferred to the statement of comprehensive income:	1,342,296	-54,579
Profit from revaluation of fixed assets	1,874,698	0
Deferred tax from revaluation of fixed assets	-356,193	
Profit/Loss from actuarial study	-199,698	-76,871
Actuarial study deferred tax	23,489	22,292
Items which may be transferred in future to the statement of comprehensive income:	-1,066,272	2,422,875
Impairment of available for sale financial assets	0	483,046
Foreign exchange differences from subsidiaries abroad	-1,066,272	1,939,829
Other total income after taxes (B)	276,024	2,368,296
Total comprehensive income after taxes (A) + (B)	33,414,806	31,352,952
Owners of the parent	32,645,321	30,930,346
Non controlling interest	769,487	422,607
Earnings (loss) per share, which correspond to the	0.4801	0.4098

Source: Company

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Consolidated Balance Sheet (In €)

in €	2018	2017
ASSETS		
Non-current assets		
Tangible fixed assets	56,554,017	43,357,040
Investments in property	1,111,266	528,505
Intangible assets	53,016,769	36,238,001
Company goodwill	7,928,988	7,194,613
Deferred tax assets	734,581	167,160
Investments in subsidiaries, associates	20,554,060	17,256,128
Other long-term receivables	442,592	722,328
Total non-current assets	140,342,273	105,463,774
Current assets		
Inventories	79,746,481	65,600,124
Trade receivables	94,640,764	80,935,997
Other receivables	3,788,784	5,016,110
Cash & cash equivalents	32,779,766	44,946,833
Financial assets at fair value through profit and loss	1,415,190	2,978,000
Prepayments and accrued income	1,990,638	1,411,238
Total current assets	214,361,623	200,888,302
Total assets	354,703,896	306,352,076
Shareholder's EQUITY:		
Share capital	54,504,438	54,155,050
Share premium account	40,676,356	41,025,743
Reserves	10,942,261	8,599,334
Profit (losses) carried forward	115,801,405	96,223,695
Total Shareholders' Equity	221,924,460	200,003,822
Non-controlling interest:	2,704,462	1,431,345
Total Equity	224,628,922	201,435,168
LIABILITIES		
Long-term liabilities		
Loans	38,000,000	26,018,341
Deferred tax liabilities	5,772,151	3,295,285
Provisions for post employment employee benefits	1,878,697	1,419,942
Provisions - Long-term liabilities	541,804	402,903
Total long-term liabilities	46,192,652	31,136,472
Short-term liabilities		
Suppliers	62,612,807	56,285,349
Other liabilities	6,365,807	7,046,375
Income taxes - other taxes payable	4,562,074	2,603,596
Loans	7,720,618	5,708,068
Accruals and deferred expenses	2,621,016	2,137,049
Total short-term liabilities	83,882,322	73,780,436
Total liabilities	130,074,974	104,916,908
Total equity & liabilities	354,703,896	306,352,076

Source: Company

Important Note:

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SARANTIS S.A.

Listed on Athens Exchange - Greece

[Bloomberg Ticker: SAR:GA] [Reuters Ticker: SRSr.AT]

Business Sector / Industry: Personal Products | Consumer Goods

Consolidated Cash Flow Statement (In €)

in €	2018	2017
Operating Activities		
Earnings / (loss) before tax (continuing activities)	38,780,300	34,665,574
Plus/minus adjustments for:		
Depreciation/Amortization	6,419,774	5,153,997
Impairment of tangible and intangible assets	0	321,000
Revaluation of fixed assets	-584,344	0
Foreign Exchange differences	958,233	-92,711
Results (income, expenses, profits and losses) from investing activities	-10,264,573	-8,484,533
Interest expense and related expenses	2,203,435	1,891,800
Decrease / (increase) in inventories	-9,980,910	-4,060,691
Decrease / (increase) in receivables	-8,569,627	-243,359
(Decrease) / increase in liabilities (other than to banks)	-2,085,420	4,280,608
Less:		
Interest and related expenses paid	-2,453,664	-2,063,377
Tax paid	-3,851,951	-3,566,140
Operating flows from discontinued activities	0	0
Total inflows / (outflows) from operating activities (a)	10,571,253	27,802,168
Investing Activities		
Acquisition/Sale of subsidiaries, associates, joint ventures and other investments	-12,192,267	6,261,605
Purchase of tangible and intangible fixed assets	-12,023,156	-9,256,906
Proceeds from sale of tangible and intangible assets	176,779	82,006
Interest received	202,433	258,195
Dividends received	5,647,106	3,130,672
Investment flows from discontinued activities	0	0
Total inflows / (outflows) from investing activities (b)	-18,189,105	475,572
Financing Activities		
Proceeds from share capital increase	-3,494	313,075
Proceeds from borrowings	42,507,286	3,000,000
Payment of borrowings	-37,963,734	-6,128,599
Dividends paid towards the shareholders of the parent	-8,717,736	-5,642,087
Dividends paid towards the non-controlling interests	-141,107	-62,058
(Payments)/Proceeds from (purchase)/sale of treasury shares	0	-9,739,140
Financing flows from discontinued activities	0	0
Total inflows / (outflows) from financing activities (c)	-4,318,785	-18,258,809
Net increase / (decrease) in cash and cash equivalents (a+b+c)		
Cash and cash equivalents at beginning of period	44,946,833	34,854,308
Effect from foreign exchange differences due to translation to euro	-230,430	73,594
Cash and cash equivalents at the end of the period	32,779,766	44,946,833

Source: Company

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Covered Company	Bloomberg	Reuters	Stock Price	Date	Disclosure
SARANTIS S.A.	SAR:GA	SRSr.AT	€ 7.72	October 8, 2019	2, 3, 6

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3. VRS has changed the contents of the initially sent report, with respect to: factual changes have been made.
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