13 Mar 2014 - Press Release - Comments on the 2013 Annual Financial Statements

PAPOUTSANIS SA (formerly Plias SA) reported on the 13th of March 2013 its Annual Financial Results for the year. Despite the continuing overall adverse economic environment, the Company for the 3rd consecutive year increased its turnover and earnings before deferred taxes. The increase of turnover in combination with the further decrease of production costs resulted in improved profits before taxes. Results after taxes were negatively influenced by the tax income rate increase from 20% to 26%.

In Particular:

At a consolidated level, 2013 turnover (generated solely from the mother company) was 16,0 million Euro versus 15,2 million corresponding period last year, increased by approximately 5.3%. Of the above sales, approximately 24% are related to 'PAPOUTSANIS' branded products, 20% to hotel amenities and the rest 56% to third party manufacturing and private label sales. Exports account for 39% of total turnover.

Due to a change in the way a major domestic client was invoiced, 'Sales', 'Gross Profit' and 'Selling Expenses' have been restated for the previous year. The above change has no effect on the 'Net Profits', 'Financial Position' and 'Cash Flow'. In case the billing method remained unchanged the corresponding turnover for 2013 would have been 16,9 million euros.

2013 group gross profit at consolidated level was 3,5 million Euro versus 2,7 million in 2012, increased by 33% thanks to turnover increase, increase of productivity and further production cost reduction.

Administration, selling and R&D expenses for 2013 amounted to 3,4 million Euros versus 2,8 million in 2012 increased by 24% due to increased marketing expenses for promoting branded products and variable sales expenses.

At consolidated level EBT amounted to a profit of 84 thousand Euros versus a loss of 37 thousand Euros in 2012. Consolidated losses after taxes were 111 thousand Euros in 2013 versus losses of 5 thousand Euros in 2012. After taxes results have been negatively affected by the increase of income tax rate from 20% to 26% according to article 9 of L. 4110/1013. The relevant taxes of 0,195 million represent solely deferred taxes not payable in the following years and therefore not affecting the company's cash flow.

Following a company press release dated December 2013 related to the discontinuation of the cooperation with a major foreign customer and according to latest information received by this customer, the collaboration will extend until June 2014. The company management estimates that this fact will have a positive effect on the turnover and profitability of 2014.

The company continues its growth in all three main business areas it is active in, namely branded products, hotel amenities and contract manufacturing, while it is seeking new collaborations.