

PAPOUTSANIS S.A. reported on the 26th of March 2018, Annual Financial results for the year 2017.

During 2017 company turnover increased significantly by 15.2%. Turnover amounted to Euro 20.8 mil versus 18 mil in 2016. Turnover growth is attributed to sales growth in foreign markets, as well as in the Greek market.

Export sales amounted to Euro 8.1 mil, which accounts for 39% of total turnover, increased by 25% versus last year of €6.5 mil.

25% of total turnover is attributed to “PAPOUTSANIS” branded products. Branded product sales increased by 6%, thanks to improved distribution and the relaunch of the KARAVAKI, Aromatics and Natura brands.

34% of total turnover is attributed to hotel amenities sales which also increased by 3% versus 2017. Hotel amenities sales growth was due to last year’s strong tourism season as well as Company’s active presence in the international amenities market and its strategic collaboration with the leading company of the sector in the global market. Its products (Olivia, Skin Essentials, Karavaki) and Korres Products (in cooperation with Korres Company) are distributed to large hotel chains or individual hotels in Greece and abroad.

Remaining 41% of annual turnover is attributed to “third party manufacturing” and industrial sales, increased by 37% versus 2016. Growth is due to further expansion of collaborations with multinational companies as well as significant growth of specialty soap noodles sales outside Greece.

Although 2017 gross profit has been negatively affected by the significant increase of raw materials prices especially at the beginning of last year, higher total annual sales resulted to 5.8 mil gross profit versus 5.0 mil in 2016, increasing by 17,2%, due to the significant sales growth. Gross profit margin was 28,1% versus 27,6% in 2016, supported by improved productivity, reduction of production costs and higher sales of specialty soap noodles.

Earnings before taxes amounted to Euro 538.6 K, versus Euro 119.7 K in 2016, while earnings after taxes amounted to Euro 420.4K versus losses of Euro 50.4K in 2016. Taxes amounted to Euro 118K which for Papoutsanis pertains exclusively to deferred tax, not due in 2018 and hence not affecting company’s cash flows

Improved profitability has positively impacted cash flow, which amounted to Euro 2.4 mil versus Euro 0.7 mil in 2016, increased by 239%. Net bank debt (bank loans minus cash reserves) was reduced to Euro 6.88 mil versus Euro 7.71 mil in 2016.

Management’s target remains to increase Company’s turnover with the same or reduced production and operating costs improving profitability further. In 2018 Company will continue developing branded product sales within Greece and abroad, by launching new product categories as well as enhancing the distribution of existing lines (Olivia, Karavaki, Natura, Aromatics).

In the sector of hotel amenities, expansion of existing as well as new collaborations is expected to increase exports, while at the same time the company aims to enforce its presence in the local market.

Regarding third party manufacturing and sales of raw material aim remains to expand existing collaborations and establish new ones, focusing on the specialty soap noodles market abroad. Thanks to the technical know - how as well as the various production capabilities, Papoutsanis is able to produce specialty soap noodles of high quality that meet the clients' needs.

Papoutsanis continues its investment plan towards producing higher added value products, covering the various needs of its clients and further reduce production costs. In the 2017-2018 period total CAPEX will be approximately Euro 3.7 mil and will include a new automatic filling line for retail size bottles, a new hotel soap production line, as well as installation of additional blow molding capacity. Papoutsanis is considered to be one of the largest manufacturers of bar soap and hotel amenities in Europe, and the sole one in Greece.

Thanks to the new contracts already in effect, further expansion of the product range offered and stabilization of raw material prices at levels relatively lower versus 2017, forecast remains positive for 2018 with an expected double digit annual turnover growth.