

ANNOUNCEMENT

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Papoutsanis: First Half 2018 Financial Results

Solid growth and improved profitability in H1

Papoutsanis S.A. reports financial results for the six months ended 30 June 2018.

Half-year 2018 Highlights

- Significant turnover growth and improved profitability for the first half
- Turnover grew by 19,8% totaling €11,98 million
- Profit before tax reached €0.52 million, increased by 106%
- Profit after tax totalled €0.38 million, compared to €0.12 million in H1 2017

	H1 2018	H1 2017	Change%
Sales	€ 11,98 million	€ 10 million	+ 19,8%
Gross Profit	€ 3,3 million	€ 2,8 million	+ 18,6%
EBITDA	€ 1,32 million	€ 1,03 million	+ 27,9%
Profit before tax	€ 0,52 million	€ 0,25 million	+ 106%
Profit after tax	€ 0,38 million	€ 0,12 million	+ 215%

Menelaos Tassopoulos, Chief Executive Officer of Papoutsanis S.A., commented:

“We are pleased with the results we reported during the first half of the year, demonstrating continuous growth and improved profitability in all business segments. Product innovation and our ongoing commercial initiatives keep on leading to significant increase in our export activity, as well as in our presence in the Greek market. We expect that the implementation of our business and commercial plans will lead to an acceleration in the rate of improvement of our financial performance for the rest of the year”.

Financial Overview

The company recorded a significant 19.8% growth in its turnover in the first half of 2018. In particular, turnover in the H1 2018 was €12 million compared to €10 million in the corresponding period of 2017.

This growth is mainly due to the growth of soap noodles sales abroad, placing of branded products in the US market, further development of an existing cooperation in the contract manufacturing segment, as well as growth of hotel amenities sales.

The company's export activity increased by 32%, compared to 2017. The value of exports amounted to €4.9 million in the first half, accounting for 41% of total turnover.

Gross profit was positively influenced by sales growth in the current period and amounted to €3.3 million, compared to €2.8 million in the respective period of 2017, recording an increase of 19%. Gross profit margin was 28%, at the same level as in H1 2017.

EBITDA increased by 27.9% to €1.32 million, compared to €1.03 million in 2017.

Earnings before taxes amounted to €0.52 million, compared to earnings of €0.25 million in H1 2017, while earnings after taxes amounted to €0.38 million, compared to earnings of €0.12 million in H1 2017.

Review by Business Unit

Own Brands

The segment of Papoutsanis Own Brands (Olivia, Karavaki, Natura, Aromatics etc.) currently represents 23% of its turnover. The category's sales volume increased by 17%, driven by the increase in the products' distribution in the Greek market and the presence of Olivia products in the US market.

Over the next three years, the company plans to launch new innovative products and enter new categories with new brands. Emphasis is given on the placement of the Olivia line in selected pharmacies and points of sale worldwide, with priority given to the markets of the USA, France, the Netherlands and the Nordics, as well as China and South Korea. The recently announced cooperation with Windmill Health Products' US distribution network is also included in the aforementioned planning.

Hotel Amenities

34% of Papoutsanis' turnover comes from hotel amenities, in which Papoutsanis maintains a leading position in Greece. The segment has grown by 8% in H1 2018, mainly driven by exports.



Papoutsanis' hotel amenities (Olivia, Skin Essentials, Karavaki) and Korres hotel amenities are distributed in large hotel chains and hotel units in Greece and abroad.

The company invests in the expansion of its strategic partnership with SYSCO Guest Supply, through which it provides amenities to international hotel chains across Europe. At the same time, Papoutsanis is forming new collaborations and seeking opportunities for international product placement, while developing new premium lines of hotel amenities.

Third Party & Private Label

Third Party and Private Label products represent 26% of Papoutsanis' turnover. This specific segment grew by 16% in H1 2018, compared to the previous year, mainly driven by an existing partnership with a Greek customer.

This is a priority sector for Papoutsanis, which invests in expanding its partnerships with some of the largest retailers in Greece and abroad, as well as with leading multinational FMCG companies.

Specialty Soap Noodles

17% of turnover comes from industrial sales, mainly of specialty soap noodles exported overseas as raw material for soap manufacturing. Driven by exports, the category grew by 71% in H1.

The company has significant expertise in the production of various special types of soap noodles, and constantly reinforces its sales and market shares in countries including France, Italy and Central and Northern European countries. The company also exports to New Zealand, Australia and Mexico.

Business Outlook

For the second half of 2018, Papoutsanis remains focused on enhancing its branded product lines, both through marketing initiatives and new product launches in the Greek market. Moreover, the launch of a new premium range of hotel amenities has been scheduled in 2018.

Regarding exports, the placement of branded consumer products in supermarket chains in the Balkans is being planned. Emphasis is placed on expanding the distribution of the Olivia line to European countries and entering Asian markets, such as China and South Korea.

According to the initial plan, by the end of 2018 an extensive two-year investment program of €4 million is expected to be completed, including new production lines in the



cosmetics and plastics departments, as well as the improvement of automation and productivity in the soap section. Following that, Papoutsanis' annual investment plan is expected to be reduced.

The strategic long-term growth pillars remain unchanged. Papoutsanis' strategic priority is to increase its sales of branded products and products of higher added value, as well as to boost profitability and liquidity.

The company's prospects remain positive for 2018. According to current data, turnover growth in 2018 is expected to be at least 15%, compared to 2017.

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Proposed tags: Papoutsanis, financial results, Athens Stock Exchange

About Papoutsanis

Papoutsanis SA is a leading Greek company and among the three largest manufacturers of bar soap in Europe. Papoutsanis owns the largest soap manufacturing plant in the Balkans and one of the most modern in Europe, delivering innovative, high quality personal hygiene and beauty products, at competitive prices. It develops its own branded products (Aromatics, Karavaki, Natura, Papoutsanis Green Soap, Glycerin Papoutsanis Soap, Olivia, Olive Care, Skin Essentials, Papoutsanis Family, Papoutsanis Baby, Papoutsanis Kids) and also produces soaps and cosmetics for third parties. Today, it holds the leading position in the category of bar soaps and is the largest supplier of hotel amenities in Greece. In total, Papoutsanis produces more than 100,000,000 pieces of ready-to-use product per year and exports to more than 25 countries.

Papoutsanis S.A.' shares are listed on the Athens Stock Exchange (ATHEX: PAP). For more information, please visit www.papoutsanis.gr.