

September 10th, 2019

Papoutsanis: First Half 2019 Financial Results

Strong performance with positive outlook for the remainder of the year

Papoutsanis S.A. reports its financial results for the six months ended 30 June 2019.

Half-year Highlights

- Significant turnover's growth and improved profitability for the first half
- Turnover, grew by 20%, compared to the respective 2018 period, totaling to €14,4 million
- Consolidated profits before taxes reached €0,8 million, higher by 52%
- Consolidated profits after taxes totalled to €0,6 million, compared to €0,4 million in H1 2018

	H1 2019	H1 2018	Change%
Turnover	€ 14.4 mil.	€ 12mil.	+ 20%
Gross Profit	€ 4.1 mil.	€ 3.3 mil.	+ 24%
EBITDA	€ 1.7mil.	€ 1.3 mil.	+ 29%
Earnings before taxes	€ 0.8 mil.	€ 0.5 mil.	+ 52%
Earnings after taxes	€ 0.6 mil.	€ 0.4mil.	+ 59%

Papoutsanis S.A. Management team is pleased with the positive results reported during the first half of the year, a period of strong growth and improved profitability. Product innovation, product launches and marketing initiatives continue to drive positive growth, leading to a 20% turnover increase compared to the first six months of 2018.

For the remainder of the year, the management remains focused on the further growth of the export activity, the production of top quality and innovative products, extroversion and partnerships with multinational companies, cost effectiveness through improvement of productivity and cash flow enhancement.

Financial Overview

In H1 2019, the company recorded a significant turnover growth that reached 20%. In particular, consolidated turnover in the first half of 2019 totalled to €14.4 million, compared to €12 million a year ago.

This growth is driven by the sales growth in all categories. Significant growth was recorded in the third-party category, for international clients and the hotel amenities category for both local and international clients.

The company's export activity grew by 37%, compared to 2018. Exports' value amounted to €6.7 million in the half year, representing 47% of total turnover.

Gross profit was positively influenced by sales growth amounting to €4.1 million, compared to €3.3 million in the respective period of 2018, recording an increase of 24%. Gross profit margin improved and rose to 29%, compared to 28% H1 2018.

EBITDA increased by 29% to €1.71 million, compared to €1.32million in 2018.

Consolidated profits before taxes amounted to €0.79 million, compared to profits of €0.52 million in H1 2018, while profits after taxes amounted to €0.6 million, compared to earnings of €0.38 million in H1 2018.

Total taxes of €0.182 million solely concern deferred taxes that will not be submitted therefore do not affect the company's cash flows.

Review by Business Unit

Own Brands

19% of the total turnover, concerns the sales of Papoutsanis Own Brands both in the local Greek market and internationally, the 36% is driven by the hotel market and the 15% from specialty soap base sales.

The category of Papoutsanis Own Brands (Olivia, Karavaki, Natura, Aromatics, HAIRCHIC etc.) presents growth of 3% during the first half of 2019, driven by the launch of the new hair product range, HAIRCHIC.

Strategic objective and priority for Papoutsanis is the improvement of its total market shares. This will be achieved through the further growth of the product portfolio, exports and strengthening of specific markets.

Hotel Amenities

The category of hotel amenities, appears to have increased by 25% in H1 2019, driven by new hotel partnerships in Greece as well as in the expansion of its strategic partnership with a multinational leading company of the specific sector. The company remains focused on the development of new hotel amenity products, such as the new

premium brand SARBACANE and Papoutsanis Kids range, the first range especially for children, that launched in November 2018.

In closing, the partnership for the distribution of L'Occitane hotel products in Greece, is expected to enhance the company's position in the respective hotel market for the remainder of the year.

Third Party & Private Label

The specific segment grew by 40% in H1 2019, compared to the previous year, an improvement mainly driven by new collaborations and the expansion of the current partnerships with international clients mainly.

Papoutsanis continues to invest in expanding its partnerships with some of the largest retailers in Greece and abroad, as well as with leading multinational FMCGs for the production of their products for European countries, that are expected to lead to a significant growth of the category for the present and coming years.

Specialty Soap Bases

Driven by the export activity, the category grew by 9% in H1.

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

Papoutsanis will continue investing on R&D, through the programs that are implemented for the growth of the specific category and also evaluating business opportunities for partnerships in Europe.

Business Outlook

The growth of turnover through the expansion of partnership with current and new customers, in all product categories, remains the strategic objective for the Management of Papoutsanis. According to the already signed agreements, during H2 2019, an improvement of growth rate is expected compared to H1 2019.

At the same time, Papoutsanis strategy for the enhancement of extroversion and further growth of its export activity, through collaborations with leading production and distribution companies, remains unchanged.

Papoutsanis planning also includes the ongoing strengthening of its product portfolio through the development of new products, the relaunch of products and the distribution increase both in Greece and abroad.



Significant improvement is also expected in the company's operating cash flow, due to the correction of stock levels, improved trade receivables and VAT collection of € 0.9 million, which was completed in the third quarter of 2019.

Moreover, Papoutsanis aims to further reduce the production costs through the increase of productivity and investment planning.