

# KORRES GROUP H1 2011 FINANCIAL RESULTS

Conference Call



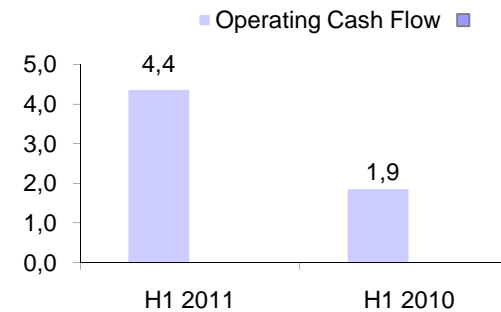
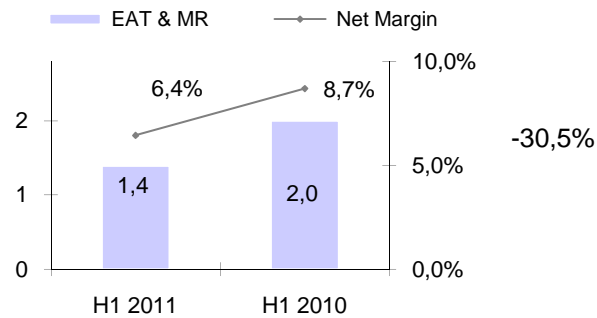
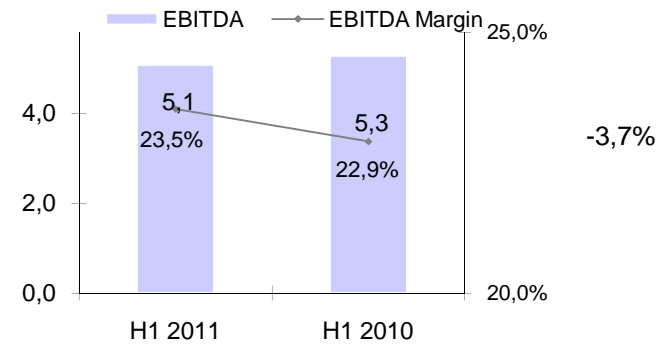
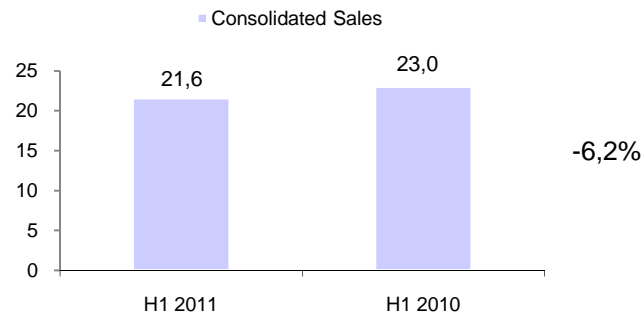
## H1 2011 Major Highlights

- High single digit growth (+6%) in Greece. The company is gaining market share in a declining market.
- Excluding the US consolidation effect , our Int'l business is showing high double digit growth as a result of our focus strategy on key markets like Germany, Spain, Russia and UK .
- The agreement with J&J is fully implemented from Q2 2011 (the official period is starting) following the successful completion of the transition period.
- Successful implementation of Share Capital with the participation of a strategic investor/Issuance of 1.900.000 common shares at 5 euro per share /Total capital raised 9.500.000/New investor holds 14,13% of the shares/GK voting rights adjusted from 51,18% to 43,95%.



### Group H1 2011 Financial Results at a Glance

- **Sales -6,2%**, to **€21,6m** from **€23,0m** in H1 2010. (excluding US effect **Sales +5%**)
- **EBITDA: -3,7%**, to **€5,1m** from **€5,3m** in H1 2010.
- **EAT &MR: -30,5%**, to **€1,4m** from **€2,0m** in H1 2010.
- **Positive Operating Cash Flow: to €4,4m** from **€1,9m** in H1 2010.

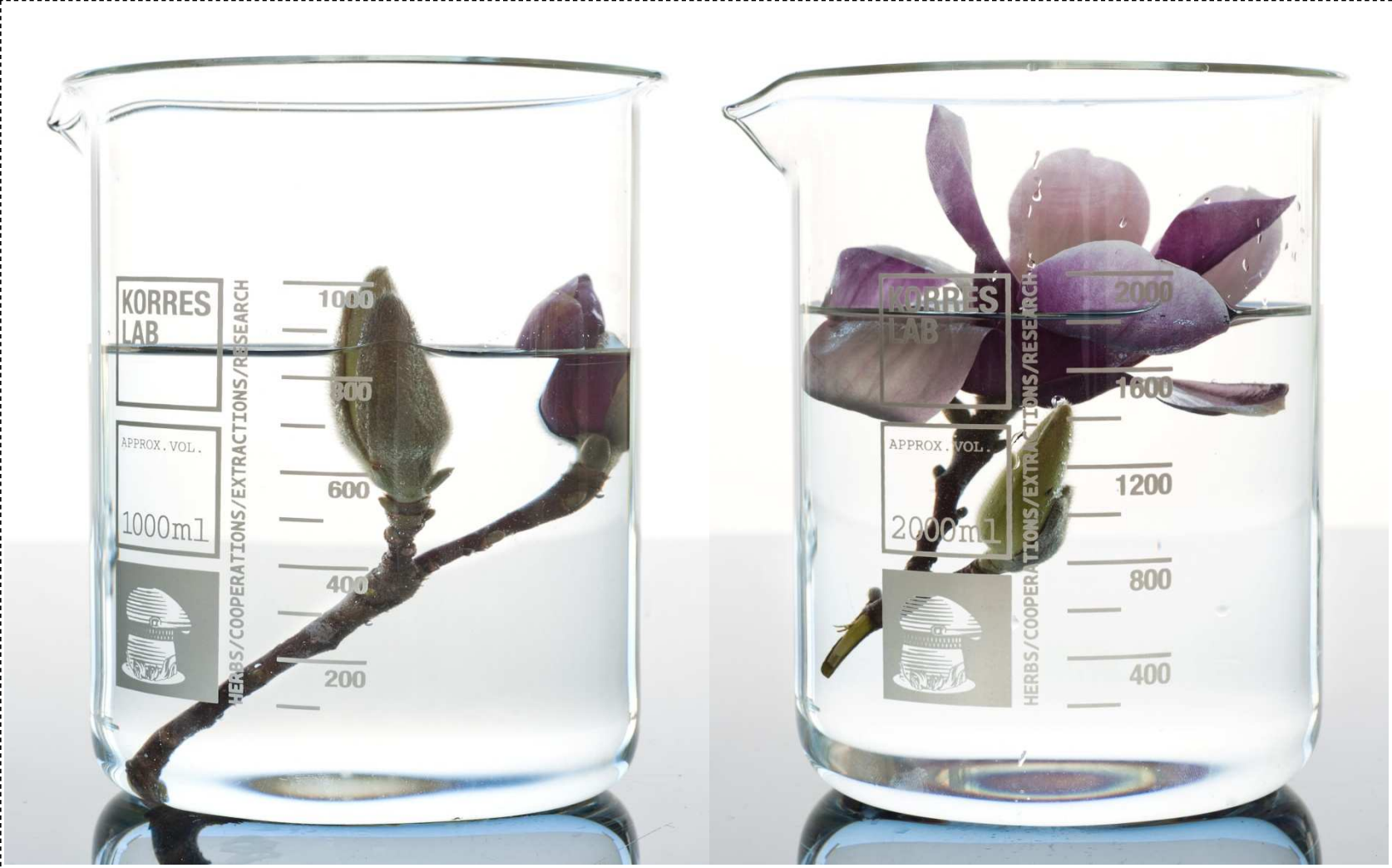


## Group H1 2011 P&amp;L Highlights

- **-6,2% decrease in total revenues**, due to the change in the consolidation way of Group's activity in US, as a result of the end of the transition period in accordance with the agreement with Johnson & Johnson and the beginning of the official period of having Johnson & Johnson handling the KORRES brand in the territory as of Q2 2011, as it has initially estimated. Excluding that effect we have a positive growth
- **-3,7% decrease in EBITDA**, due to the lower revenue of €2,3m recognized by Korres Group in H1 2011, coming from the royalties received by Johnson&Johnson, compared to the initial revenue of 3,3m in H1 2010, related to the transfer of Korres brand use, to the subsidiaries of Johnson&Johnson for the sale and distribution of its products in North and South America.
- **The EBITDA margin increased by 0,6pp to 23,5%** from 22,9% in H1 2010, reflecting the management's efforts to retain the operational expenses at the level of H1 2010
- **-30,5% decrease in EAT& MR**, being affected by the lower other revenue from Johnson&Johnson recognized in H1 2011 compared to H1 2010 as mentioned above, the increased depreciation as well as the enhanced net interest expenses, as a result of the general rise in Euribor interest.
- **+2,5m increase in Operating cash flows**, reflecting the continuous effort to manage the working capital in the most efficient way.



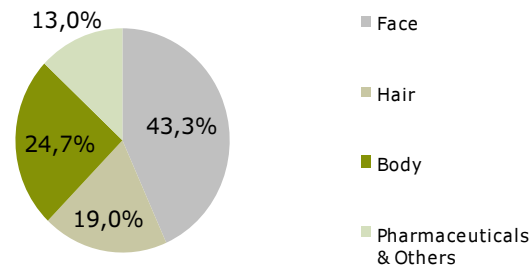
## H1 2011-BU Development



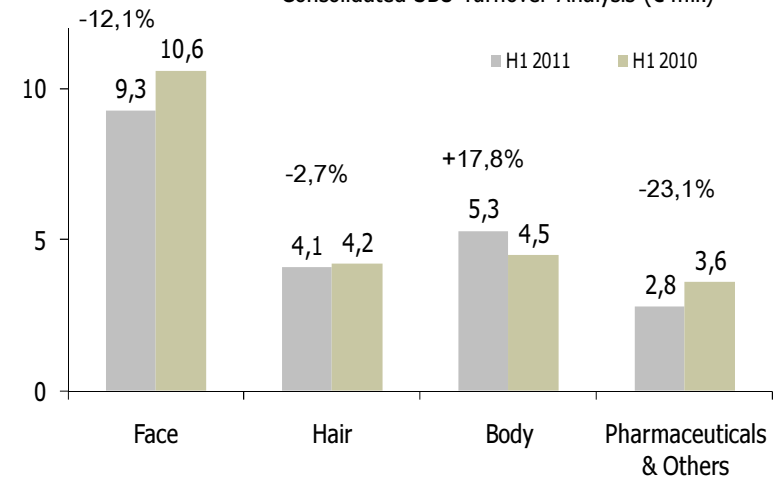
### H1 2011 Sales Growth by BU

- Face products : -12,1% decrease**, attributed to the change in the consolidation way of Group's activity in US, excluding the above our Export business is growing this strategic category. On the other side, in Greece, the category presented significant increase of 8,7%, reflecting all the positive effect of all the promotion actions and TV advertising, realized in H1 2011.
- Body products : +17,8% increase**, incorporating the positive effect of promo actions and the successful re-launch of sun care products.
- Hair products: -2,7% decrease**, marginal decline compared to last year due to increased initial orders from new selling points that were implemented LY related to hair colorants. On an organic base we have a positive trend, confirming successfully the advertising actions on TV.
- Pharmaceutical & others: -23,1% decline**, driven by the lower sales of the whole category.

H1 2011 - SBU Turnover Breakdown



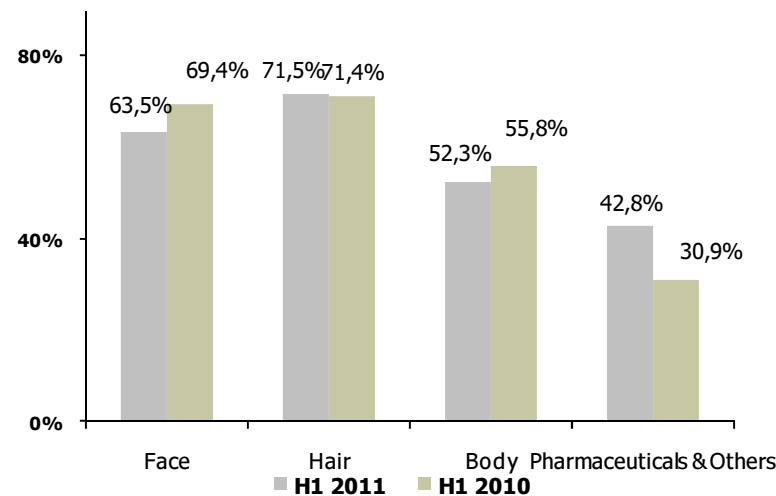
Consolidated SBU Turnover Analysis (€ mil.)



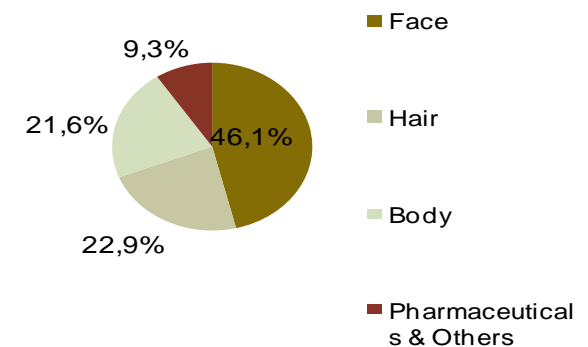
## H1 2011 Gross Profit Analysis

- Group's GM% decreased by 1,4pp, reaching 59,6 % in H1 2011 from 61,0% in H1 2010, due to the increased participation of body and hair products that are operating at lower GM%, as well as the change in the consolidation of US activity.
- The decline in Face GM% is driven by the change in the consolidation way of the Group's sales in the US, because on the other side in Greece we continue to maintain our GM% level.
- Body care decrease in GM% came from the promo actions realized in the sun care range to support the re-launch of the category.
- Hair care presented an increase in GM% due to the favorable product and country mix.

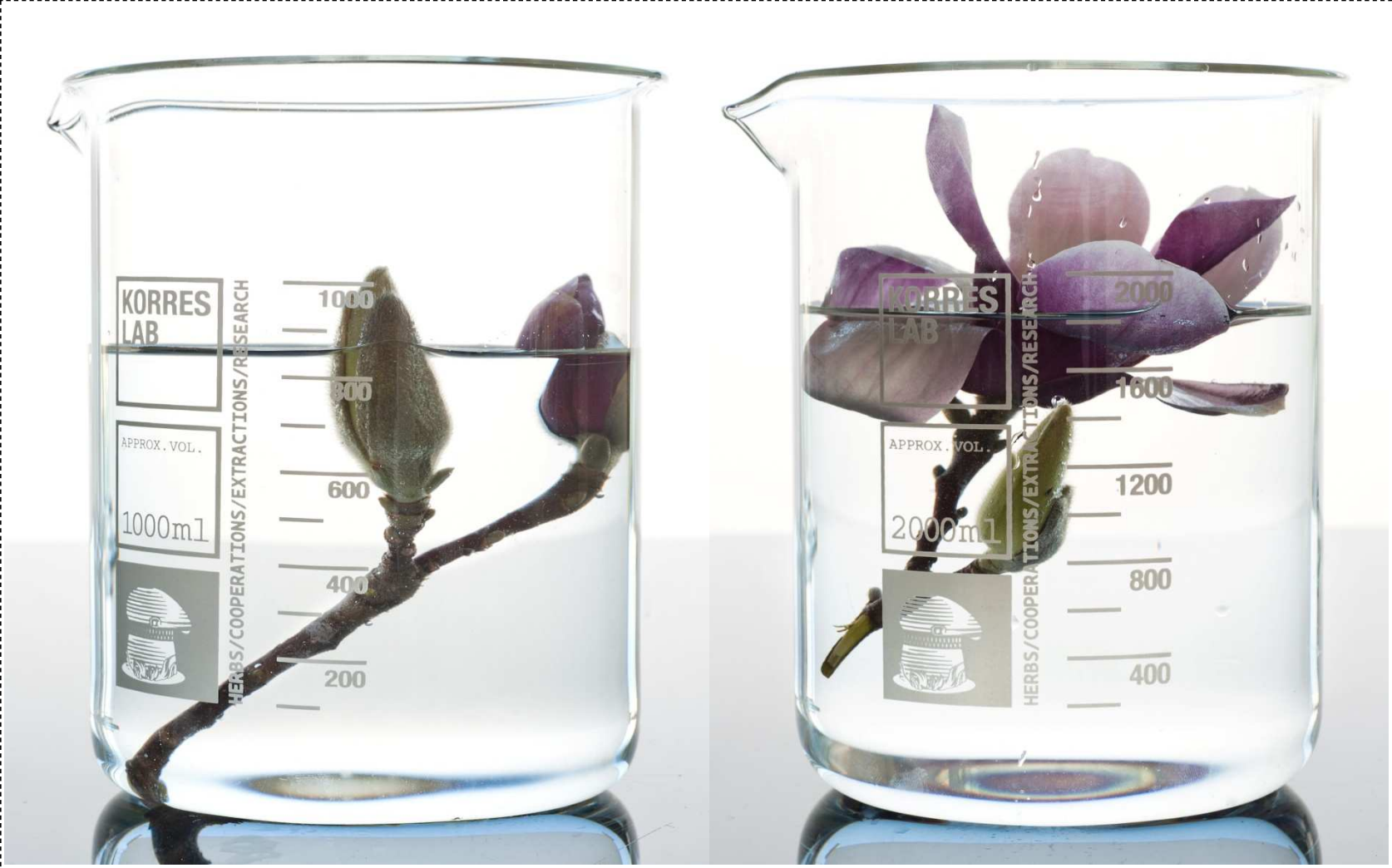
Consolidated SBU Gross Profit Analysis (€ mil.)



H1 2011 - SBU GP Breakdown

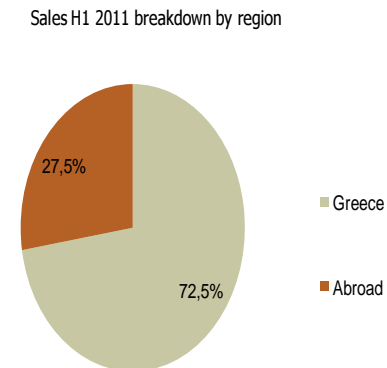
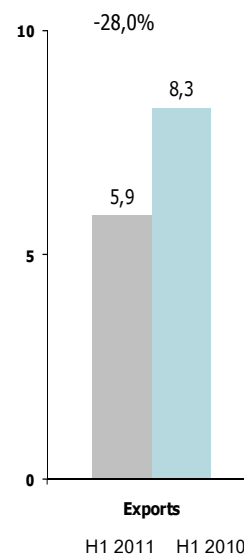
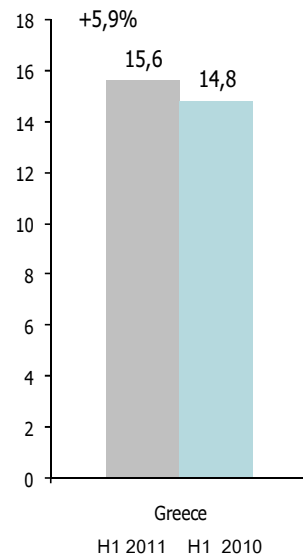


H1 2011-International Sales Development



### H1 2011 Regional Analysis

- Greece, despite the aggravating circumstances of the pharmacy channel (strikes upon the measures of the Government) increased by 5,9% in H1 2011, incorporating the positive effect of the focus we have on the market re establishing our position, improving our product offering and the continuous advertising communication of our strategic categories. Thus it increased its participation to the total sales to 72,5% in H1 2011 from 64,2% in H1 2010.
- Total Exports decreased by 28,0% due to the change in the consolidation way of the activity in US, reaching its participation to 27,5% of H1 2011 total sales compared to 35,8% in H1 2010.



## Group H1 2011 Financial Position Highlights

<i>In m €</i>	H1 2011	FY 2010
<b>ST Debt</b>	14,5	11,3
<b>LT Debt</b>	29,4	32,0
<b>TOTAL Debt</b>	43,9	43,3
<b>Net Debt</b>	27,0	38,7



### Group H1 2011 Cash Flow Highlights

<i>In m €</i>	H1 2011	H1 2010
<b>Operating CF</b>	4,4	1,9
<b>Investment CF</b>	-2,1	-2,4
<b>Financing CF</b>	10,0	0,8
<b>Net Change in Cash</b>	12,3	0,3
<b>Cash and Cash Equivalents beginning of period</b>	4,6	3,4
<b>Cash and Cash Equivalents end of period</b>	16,9	3,7



