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## **Mr. Rozakeas: Acquisitions and organic growth are Sarantis Group main drivers**

*The Group's strategic development that is expressed through acquisitions and geographical expansion, the market share growth, as well as the profit margin improvement are the major drivers that turned Sarantis Group into a top multinational FMCG player in 50 markets, as **Mr. Kostas Rozakeas, CFO & Deputy CEO**, outlined at his interview in **Liberal**.*

*The growth in the decade of crisis, the double sized turnover, the investments of more than 150 mil. Euro, quadrupled profits and the next day.*

### **An Interview to Mrs. Antiopi Sxoina**

#### **Which development strategy and business plan do you follow and invest the current year?**

The Group's strategy focuses on growth either organic or through acquisitions, further operational enhancement throughout our region, optimizing operating costs, economies of scale, synergies, and operating leverage. All the above key components are in line with the main company's goal which is the maintenance and further improvement of the Group's financial position.

Our main objective is to continuously enrich our diversified product portfolio in the personal care and home care categories within our operational region. It is crucial for us to remain committed in our long-term goals, pursuing further growth of sales, improvement in profit margins and the development of cash flows, in a fully changing and demanding corporate environment.

#### **In which categories could we see potential acquisitions and in which regions?**

Offering additional value to the Group and enhancing further our main categories is key when we make acquisitions. This orientation fully complies with our three main criteria in moving forward with a potential acquisition.

These criteria fully apply whether they refer to a production company or a brand. Initially, we examine if our potential partner operates within our region, specifically in Central and Eastern Europe. Moreover, the products should fit in the personal care or the home care category and therefore to be present in major supermarket chains of the area.

These three criteria have been implemented in all our acquisitions and will follow our future acquisitions too, in order to ensure immediate synergies from the first day of joining the Group as the existing infrastructure is used, thus immediately achieving the consequent increase of our turnover and the expansion of our market share.

#### **How has the COVID-19 pandemic affected the Group's sales?**

The pandemic did not only affect our daily lives but also the habits we had until then. Within the context of all this transitional process for all in line with the prioritization the Group made regarding the health and safety of its employees and its business continuity, the Group achieved to maintain its robust financial position, create free cash flow in order to implement with consistency its investment plan while creating value for all its shareholders.

**Sarantis Group like other companies as well, went through a decade of crisis followed by the pandemic outbreak, though managed to achieve an upturn in its financial performance and shares. How do you reflect on this course?**

During the last decade we accomplished to double our financial size while maintaining our financial robustness and our ability to finance our growth plan.

Specially since the economic crisis outbreak in our country in 2010, we have invested more than 150 million in our organic growth and in acquisitions. Furthermore, we have doubled our turnover reaching 400 million in 2020 and quadrupled profits after taxes, in the bottom line closing in 2020 at 38 million euros.

The success drivers in our operational journey are our diversified and strong product portfolio, our robust distribution network, dynamic exports, the financial strength, the flexible structure, and our people, who are our most valuable asset and driving force of the Group.

It is worth mentioning that during FY 2020, the Group delivered another 10-yr record EBITDA margin, that reached 15.94%, while sustaining a strong sales growth momentum of 6.3% yoy. This reflects the agility and resilience of the Group's business model, its product and geographical diversification, and its ability to respond quickly to the unprecedented challenges posed by the COVID-19 pandemic.

**Is there an investment program in progress, at what stage is it and when will it be complete?**

The Group's growth is achieved in an organic level as well as through acquisitions. Despite the pandemic outbreak, the Group continued its investments, one of those was the completion of the expansion of the production facility in Inofyta, which concerned, among other things, the upgrade of the machinery equipment and the improvement of the production processes. The investment's core goal was to answer the increased demand and consumers' needs. Moreover, the new investment which began during 2020, was related to the production plant of Polipak in Poland, which is under construction and will be completed at the end of 2021. This investment will lead to the creation of new products with high tech standards with an improved ecologic profile, durability and functionality. The new production facility will use automated production processes that will lead to higher production capacity and increased efficiency.

Upcoming investments will relate to potential acquisitions that we cannot quantify for the time being, but it is important that we have a strong financial base and access to the financial system so that if opportunities arise going forward, we can seize them.

**Could you give us some details regarding the Group's exports footprint, and in which markets you examine to penetrate or enhance your appearance?**

The Group has evolved successfully, from a Greek local company when it started about 50 years ago, into a multinational consumer products Group with a significant international presence with leading brands and partnerships. Today the Group has operations in 12 countries through subsidiaries and presence in more than 50 countries worldwide through exports. We are located through companies, in 13 countries in Europe together with Greece, and more specifically in Poland, Romania, Bulgaria, Serbia, Czech Republic, Slovakia, Hungary, Northern Macedonia, Bosnia, Portugal, Ukraine and Russia. The deep knowledge of the markets in which the company operates, the constantly growing & expanding product portfolio, the extensive distribution network and the strong financial position, strengthen the Group and its successful course. After all, strengthening our geographical footprint is a key component to our future growth.

### **Which categories and which products perform better and are your key codes?**

All our products and categories are crucial for the Group's growth. During the pandemic, the Group's growth, was powered by categories that have shown high demand and where related to personal care and home care needs, and was additionally supported by the Group's ability to meet different consumption patterns and different dynamics in sales channels in each country.

### **How do you expect that the current year will evolve?**

Even though there is still great uncertainty as to how the pandemic will develop and how the global economy will evolve, the fact that the environment is improving progressively due to the vaccination programs is encouraging. Furthermore, we are encouraged by our resilient performance in the first quarter of 2021, the Group's turnover reached €88.72 million from € 86.94 million in the respective period of 2020, up by 2.05%, despite the high comparative basis of last year. Throughout the first quarter of 2021 sales were driven by all product categories related to home care and personal hygiene, while demand picked up for mass market fragrances, deodorants and sun care products. In contrast, consumption activity remained subdued within the selective channel that remained closed during the first quarter of 2021.

In the contrary, consumer activity was weak in the selective distribution channel, which remained closed during the first quarter of 2021.

As far as the current year is concerned we expect an increase in sales amounting to 6% and an increase in profitability to 10% compared to 2020, that is driven by the Group's organic growth without taking into account potential future acquisitions.



**What kind of strategic partnerships do you maintain with international companies, how is the product portfolio formed and are looking forward to new collaborations?**

For more than 50 years, we are a reliable partner for FMCG companies who aim to sell their products in Central Eastern and Southeastern Europe. Of course, this is not a coincidence, it comes as a reward for the consistency we have demonstrated towards our goals and vision, as well as the deep knowledge of the markets in which we operate, our ever-expanding product portfolio, combined with our strong distribution network. We now maintain the exclusive representation and distribution of more than 65 internationally known brands. Our goal is to maintain long-term and mutually efficient and profitable collaborations.

**75% of sales are derive from Sarantis Group own brands. How much does the R&D contribute to this fact and how much does the company gives the appropriate emphasis?**

Research and Development is an integral part of the product development process, which is a large part of the day-to-day operations of the Group and an important source of growth. Innovation and quality are the main forces that constantly evolve our vision to offer brands that are trusted and loved by our consumers, which always exceed their needs. The Group has managed to grow thanks to the emphasis given on know-how, specialization and high quality, without compromise. Continuous research aims to improve and create new products, ensuring high quality, as the product development process plays a key role in our business model. We are constantly working on a wide portfolio of projects, combined with the search of new technologies having focused on creating innovative products that are completely safe for the health of consumers, inspired by our constant drive to offer brands that have the highest quality and a responsible perspective against the environment and the society.