



## COMPANY PROFILE

KORRES emerged in 1996 out of Athens' first ever homeopathic pharmacy where George, company's founder, used to work; its first KORRES product was an aromatic herbal syrup with honey and aniseed, a recipe inspired by "rakomelon", a warming spirit-with-honey concoction, which George's grandfather used to favour in his hometown on the island of Naxos. Korres' first global innovation and first ever skincare product was the Wild Rose 24-hour cream – still a best-seller all over the world

Today the KORRES portfolio includes over 400 natural and certified organic products, featuring a skin & hair care range, a make-up line as well as sun care products and herbal preparations

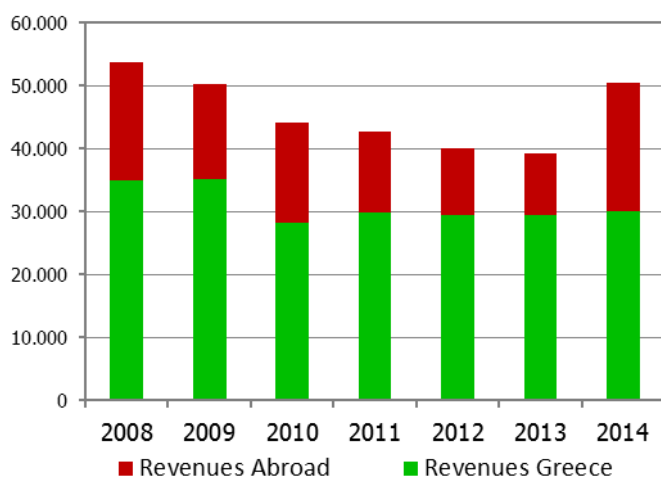
The company operates in the production, (either in-house or in third parties), distribution and trading of cosmetics, pharmaceutical and dietary products. The company's philosophy is to design products, avoiding the use of specific synthetic compounds, replacing them with equally effective, beneficial and skin-friendly natural ingredients.

Korres brand has presence in 30 countries worldwide with its products being distributed in over 11,000 points of sales including an extensive network of 6,500 pharmacies in Greece and 17 Korres stand-alone stores in cities such as Paris, Frankfurt, Madrid, Prague, Brussels and also Singapore.

Korres trades its products also in North America through its new subsidiary Korres USA Ltd, getting full control of distribution, building on its existing customer base (i.e. Sephora, HSN), targeting stronger presence, exploiting untapped future potential in this market.

Korres completed successfully an important strategic agreement with AVON for Latin America. This strategic alliance can expand up to 14 years with the option to purchase all intellectual property for the Latin America territory. By this agreement Korres is approaching an extensive sales network while enhancing its financial position (\$11,5m in the first twelve months) for the next years.

## REVENUE ANALYSIS (in € 000)



- ✓ 41% of Group's sales are realized abroad.
- ✓ Substantial growth in Consolidated Sales: +29%
- ✓ +16% growth in Operational profitability (Adjusted EBITDA)
- ✓ Strong Operational Cash flow at +8.4mIn EUR.
- ✓ Further Net Debt reduction: -19%
- ✓ Strong growth in the international markets: 108%

- ✓ Key European Countries (Germany, UK, Spain, France and Scandinavia) avg. Growth of 49%
- ✓ Further growth in Greece: +2%

## LAUNCHES 2014

-**Face/WildRose** : a new cream CC – Wild Rose Colour Correcting Cream SPF30/targeted promo actions in pharmacies, offering complete solutions of high quality at reasonable prices.

-**Hair category**: focused in the communication (TV& Print) of the new revolutionary range of hair colorants, Argan Oil Advanced Colorant , the unique technology pigment-lock , locking the color in hair while moisturizing it in depth.

- **Body care**: The new Santorini Vine collection (shower gel & body lotion), a result of the co-operation of Korres with the Association of Santorini Co-operatives (SantoWines). In the category of fragrances, presented two new Sku's, offering in total a collection of 10 fragrances.

- **Sun care**: the new after sun product with real edible Greek Yogurt (Korres innovation).

## KEY INVESTMENT HIGHLIGHTS

- ✓ Active in a growing segment of the cosmetic market\_Natural
- ✓ Long standing experience in Pharmacies, Herbs and Homeopathy
- ✓ Unique position in the market
- ✓ Successful, Innovative R&D team
- ✓ Strong portfolio of 400 innovative herbal products

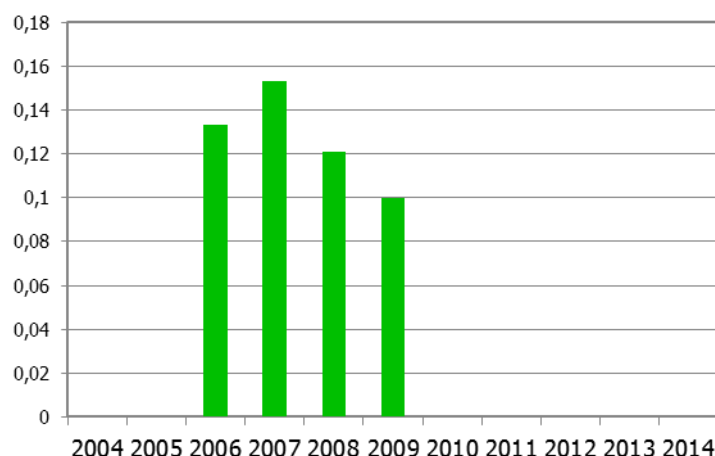
OVERVIEW - TRADING DATA 1 Year (data of period 01/04/2014 - 31/03/2015)			
Symbol:	KORRES		
Athex Market:	MAIN MARKET		
Market Cap (Mil. €): (31 March 2015)	46,1		
Shares Outstanding (number): (31 March 2015)	13.586.500		
Average Spread (%):	3,77%		
Market Liquidity (%):	2,534%		
Average Trading volume (no of shares):	3.760		
Total Value of transactions (€):	3.237.065		
Days to trade (1% of outstanding amount):	35,9		
Free Float (31 March 2015):	36,92%		
Turnover Velocity (F.F. Weighted):	19,0%		
Historic Volatility	30 days	60 days	90 days
(annualised %)	33,46%	38,76%	37,84%

## GROUP STRUCTURE

### Korres S.A. - Parent

Kings & Queens Plc - Greece	100%
Homeopathic Korres S.A. - Greece	100%
Phyto 12 - Greece	24%
District Two GmbH - Germany	50%
Krokus Kozanis Products - Greece	45%
Pharmacon North Greece - Greece	100%
Milgauss Limited – Cyprus	16.7%
Korres Notrth America ltd – U.S.A.	16.7%
Korres Retail U.K. Ltd – England	50%
Alysos S.A. - Greece	35%

## DIVIDEND POLICY- DPS (in €)



## MAJOR ACHIEVEMENTS DURING THE FISCAL YEAR 2014

In 2014, KORRES Group continued to support its brand in all markets, achieving a major increase in all its main product categories:

### IN GREECE,

- SUNCARE, HAIR AND BODY CARE PRODUCTS WERE THE LEADERS

In detail:

- In sun care, high growth both in terms of rate-for the 4<sup>th</sup> running year- and in market share
- In hair care products, a large increase in the growth rate
- In Body care products, being the first, recording growth for the 3<sup>rd</sup> running year and an increase in market share

The brand development strategy focused on the following pillars:

- Consistent investments in Research & Development
  - Innovation / launch of pioneering products in all main categories based on primary and applied research, specialised natural active ingredients and leading-edge technology with well-established clinic action
  - Active involvement in international research programs into natural ingredients of considerable extent and importance
- Highlighting and utilising Greek herbs by strengthening the network of ethical co operations in organic farming all over Greece and in the production of Greek extracts of high biological value.
- Completed communication and promotion plan regarding KORRES strategic product categories, strengthening the profile of Pharmacies as a point of sale of quality, effective and affordable natural products.

### INTERNATIONAL MARKETS

- ✓ In North America (2<sup>nd</sup> largest market after Greece), through the newly-established subsidiary for North America and Canada, in January 2014 the Group set out to exploit directly the opportunities arising in this specific market and succeeded to increase sales to major customers, such as Sephora, HSN chain and the chain of Shoppers Drug Mart stores in Canada.
- ✓ In Europe, the leaders of growth were England, Spain and Norway (Scandinavian countries) and Germany. In England, where KORRES has entered the branded chains of John Lewis and Debenhams (KORRES figures among the most recognisable brands) and Lloyd's pharmacies (major growth), KORRES registered significant organic growth at the existing points. In Spain, the Group doubled its sales through organic growth and by opening up new points of sale - pharmacies. In Norway, the Group benefits from a leading position in one of the best renowned cosmetics chains, VITA, and doubled its sales. In Germany, it focused its efforts on strengthening its relations with the strategic stores and generated good sales.

- ✓ In February 2014, the Group entered into a strategic agreement with AVON for the production and distribution of KORRES products in Latin America, thus being able to approach a wide consumer base embracing the Group's values and philosophy in the context of an outstanding market in terms of dynamics and size. This particular agreement provided KORRES with revenues of \$11.5 million (approximately €8.5 million) during the first phase of their partnership which pertain to the distribution of KORRES brands in Latin American countries and also fees to support the positioning of KORRES products in these countries. Thereafter, royalties will be paid for the intellectual and industrial property of KORRES according to sales performance accompanied by fees for the ongoing support services.

## **FORTHCOMING PROJECTS/ INVESTMENTS – BUSINESS PLAN HIGHLIGHTS**

Although in 2014 the Greek economy resumed a positive growth rate, with many of the ratios concerning economic activity registering an improvement, the developments during 2015 and discussions at a national and international level regarding the review of Greece's financing program terms prolong the volatility in the macroeconomic and financial environment in Greece. In this environment, after assessing risks and taking adequate steps, Korres Group will continue to support its brand in Greece while also boosting its growth efforts to other countries with high-value innovative products and dynamic promotional activities focused on its strategic categories. Specifically:

-In the Greek market, in 2015 the Group begins with new dynamic launches in the strategic categories. Specifically, in face care, the Group will launch the new deep hydration series "Almond flowers" while re-launching the very successful anti-ageing series "Black Pine" with new enhanced composition. In make-up category, the "Beauty Shots" series is launched, which includes eight masks and scrubs. Meanwhile, an integrated development plan is implemented to pursue the very successful launch of the new revolutionary hair colorants "Argan oil advanced colorant" applying the pigment-lock technology which locks the colour molecules in the hair while providing deep hydration. Finally, in perfume category, i.e. a category created by Korres in pharmacies, a new "Eau de cologne" series is launched with new fresh fragrances and their accompanying body care products.

The Group intends to support these specific launches with above-the-line communication (television, printed and/or electronic) and focused promotional activities. Meanwhile, the ongoing renewal and enhancement of the brand image doubled by the continuous update of the points of sale through training courses for pharmacists about its products will ensure their more effective promotion and advertising.

- Internationally, the Group will focus its efforts on key European markets such as Germany, England, Norway and Spain as well as on US. Specifically in Europe, the Group aims at growth by launching new innovative products, attaining the organic growth of the existing points of sale and opening up new points of sale. In North America, through its subsidiary and using Sephora stores, HSN channel and Shoppers Drug Mart (pharmacy chain in Canada) as primary distribution channels, the Group will strengthen the presence of the brand by launching new strategic products and providing further support with training and supportive marketing actions. Finally, in 2015, through the strategic agreement concluded with AVON, manufacturing and distribution of the Group's products will start through AVON's network in Latin America with Brazil being the first country.

- As part of the network of ethical co operations kept all over Greece in order to bring to light and utilise the domestic natural wealth, promote organic farming and also support the local economy, the Group collaborates with private small producers. The organic herbs originating from these partnerships are extracted in the model Extraction Unit accommodated in the company's primary establishment at Inofyta. Thereafter, fundamental research takes place together with Greek and international scientific institutes, which results in the development of unique, innovative products.

Some outstanding examples of such products are the three new creams of deep hydration "Almond flowers" (the flowers originate from the fragrant orchards of almond trees in Elassona town and from our partnership with a local producer, Ms. Vasiliki Goutroubi). Similar partnerships resulted in the new Eau de Cologne of Santorini Vineyard series, which is based on the unique Asyrtiko variety of Santorini, i.e. a 3,500-year-old grape variety of the island, and was the fruit of KORRES' collaboration with the Association of Theraic Products Cooperatives.

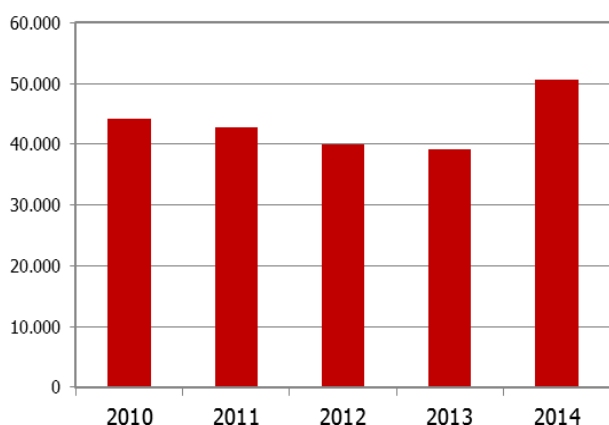
The Group's objective is to continue to provide innovative and effective products based on natural active ingredients, promote research into natural ingredients combined with skin biochemistry and highlight the valuable Greek herbs through partnerships with local farmers and the production of high biological value plant extracts.

## COMPANY'S PERFORMANCE

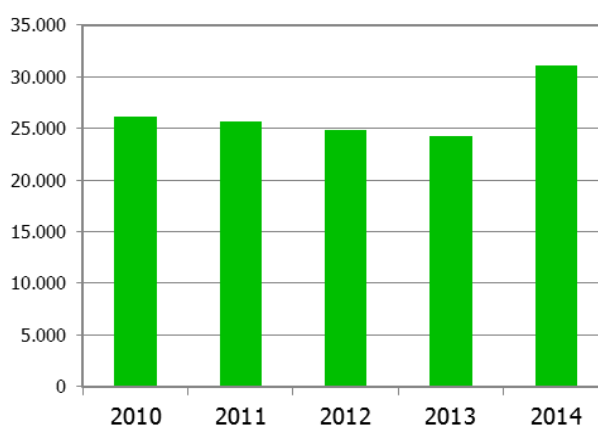
FINANCIAL OVERVIEW (consolidated)					
(in € 000)	2010	2011	2012	2013	2014
Sales	44.115	42.680	40.035	39.245	50.555
Gross profit	26.077	25.663	24.831	24.221	31.041
EBIT	5.274	1.511	-244	-1.268	231
EBITDA	8.347	7.623	4.004	4.005	5.097
Earnings before tax	2.695	-3.303	-3.836	-3.811	-2.750
Earnings after tax	1.568	-3.524	-4.538	-4.644	-2.186
E.P.S.	0,161	-0,2497	-0,3106	-0,33	-0,14
Total Equity	22.239	27.544	22.480	18.348	16.021
ROE	7,05%	-12,79%	-20,19%	-25,31%	-13,65%

*\*If we deduct the effect of the extraordinary reorganization cost including non-recurring actions of reorganization/ restructuring which were undertaken by the Group, in 2014 adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA) stood at € 8,097 thousand in 2014 compared to € 7,005 thousand in 2013.*

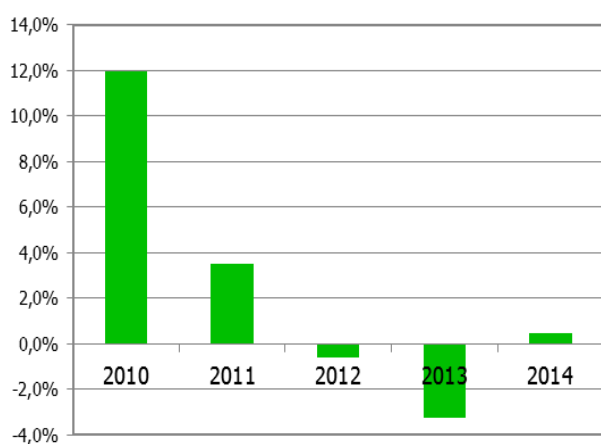
**Revenues (in € 000)**



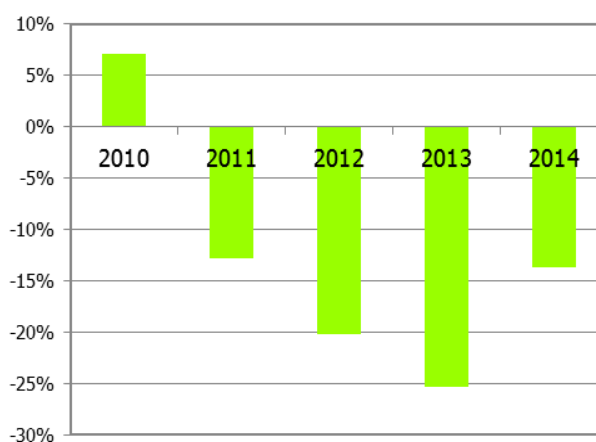
**Gross profit (in € 000)**



**Operating Margin**



**ROE**



<b>MAJOR SHAREHOLDERS (&gt;5%)</b>	
<b>Name</b>	<b>%</b>
George Korres	43,95%
Arnetia Ltd.	14,12%
Damma Holdings	5,01%
<b>Total</b>	<b>63,08%</b>

<b>BOARD OF DIRECTORS</b>	
<b>Name</b>	<b>Qualification</b>
GEORGE KORRES	CHAIRMAN OF BOD/ EXECUTIVE MEMBER
DIMITRIOS VIDAKIS	CEO/ EXECUTIVE MEMBER
CHARALAMBOS STAVRINOUDAKIS	EXECUTIVE MEMBER
GEORGIOS TENEDIOTIS	EXECUTIVE MEMBER
PETROS KATSOULAS	NON-EXECUTIVE MEMBER
GKLAVANIS CHRISTOS	NON-EXECUTIVE MEMBER
IOANNIS NIKOLAKOPOULOS	INDEPENDENT NON-EXECUTIVE MEMBER
PERIKLES MAZARAKIS	INDEPENDENT NON-EXECUTIVE MEMBER

## MANAGEMENT TEAM PROFILE

### Georgios Korres, son of Nikolaos, Chairman, executive member

He was born in Athens in 1965 and studied Pharmaceutics in the University of Athens. In 1989 he started his association with the first homeopathy pharmacy in Greece (Tzivanidis pharmacy) that he fully took over in 1992. Four years later he established Korres Natural Products. Georgios Korres has served as secretary of the Greek Society of Homeopathy Pharmacists, a founder of the Hellenic Society of Ethnopharmacology and an active member of the Hellenic Society of Aromatherapy - Phytotherapy.

### Dimitris Vidakis, son of Iosif, Chief Executive Officer, executive member

He was born in Athens and studied Mathematics in the University of Athens. He further got an Msc from the Imperial College, University of London and subsequently an MBA. He started his professional career in 1989 and, to date, he has worked in seven different European countries, thus gaining multifarious experience through highly responsible posts. He joined KORRES Group after leaving Coca-Cola Hellenic where he had been holding the post of General Manager of Coca-Cola 3E in Greece since 2006 and also the post of Chairman of Tsakiris and ELHYM companies. Before working for Coca-Cola Hellenic, he had been a top executive of Unilever for 15 years. Throughout his career he has received many distinctions and commendations including, among others, the "Manager of the Year 2009" award by the Business Administration Hellenic Society.

### Charalabos Stavrinouidakis, son of Alexandros, Executive member of the Board

He was born in Athens in 1967. He has graduated from the Economic University of Athens and has an MBA from the Economic University of Athens and Erasmus University of Rotterdam. Mr. Stavrinouidakis has gained 17-year experience in various senior posts in the Financial Division of multinational and Greek companies. His professional career started in Shell Hellas where he soon assumed the post of Planning & MIS Manager. Later on, he joined Shell International in London in the core team of European Acquisitions and then joined the Global Shell Treasury Centre. Once he returned to Greece, he assumed the post of Financial Manager in MAILIS Group and then the post of the Group's Financial and Support Services General Manager.

### Georgios Tenediotis, son of Vasilios, Board Secretary & Legal Consultant, executive member

He was born in 1965 and is a graduate of the Law School of Athens University and has an LL.M. in International European and Commercial Law, University of Kent at Canterbury, UK and also an Msc in Business for Lawyers of Athens Laboratory of Business Administration (ALBA). He deals mainly with business law issues. He has been working for the company as a Legal Consultant as of its establishment (1996).

### Petros Katsoulas, son of Spyridon, Non-executive member of the Board

He was born in 1966, is a graduate of the Computer Science Department of the University of Crete (1988) and has a M.Sc. in Software Engineering and MBA (Masters in Business Administration) of Aston University, Birmingham, UK (1990 and 1993 respectively). From July 1993 to October 1996 he worked in the

investment banking department of Barclays Bank (BZW) in Athens. From October 1996 to December 1997 he worked in the BZW in London, in shareholders department. From January 1998 to April 2010 he worked in the Shareholders Division of the investment banking sector of Credit Suisse in London as Analysis Manager of telecom companies' European shares and Greek companies' shares. From May 2010 to July 2013 he worked in NBG Securities, initially in London and from January 2011 in Athens where he was in charge of the institutional investor shares department. In July 2011 he took charge of stock market business of NBG Securities. From August 2013 to date he was the Group Strategy General Manager in Eurobank. He is Vice-chairman of the Board of Directors of Eurobank Properties Investment Firm.

**Christos Glavanis, son of Michail, Non-executive member of the Board**

He was born in 1953 and has graduated from the Economic Studies Department of Hull University, Great Britain. He has gained considerable experience in audit services and special audit work and financial services, mergers & acquisitions, and the start-up of companies at both Greek and multinational level, mainly in the energy, industry, shipping and telecommunications sectors. Specifically, from 1974 to 1981 he worked in Coopers & Lybrand, from 1981 to 1987 in Ernst & Whinney as partner, from 1987 to 2008 he was the Managing Director of Ernst & Young South-eastern Europe (9 countries) and from 2008 to 2011 he was the Chairman and Managing Director of Ernst & Young Central and South-eastern Europe (19 countries). He is a member of the Greek Body of Chartered Auditors-Accountants and the Institute of Chartered Accountants in England and Wales.

**Ioannis Nikolakopoulos, son of Theodoros, Board Member, Independent and Non-executive**

He was born in Athens in 1946. He studied law in the Faculty of Law, University of Athens from which he graduated in 1968. He further made postgraduate studies in the University of London. He is a lawyer and member of the Athens Bar Association since 1970, primarily dealing with commercial law matters. Since 2000 he has been the Managing Director of "I. Nikolakopoulos - G. Tsatiris & Associates" law firm. He has worked as legal consultant to many large Greek companies including companies listed on the Athens Stock Exchange and is highly experienced in local and cross-border commercial transactions, local and cross-border company acquisitions, etc.

**Perikles Mazarakis, Board Member, Independent and Non-executive**

Mr. Mazarakis has been working since 2007 in Cerberus Capital, a private equity company in New York while in the past he held the posts of Marketing Director in Yum brands internationally (Pizza Hut, KFC, Taco Bell) and Operation Manager of 1,100 stores in Latin America and the Caribbean. He has also worked as Marketing and business development Manager in the pharmaceuticals sector in Bristol Myers and as administration consultant in McKinsey & Company. He is a graduate of the University of Pennsylvania (Wharton School) and has an MBA of Stanford University.

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