



SARANTIS GROUP (SAR)

Outlook:

We upgrade SARANTIS's fair estimated price to 6.50Euros/Share from 5.50Euros/Share (adjusted from stock split) previously, on the back of satisfactory HY'18 results, the group's ongoing and increasing revenue growth and the proven operating efficiency as indicated in the HY'18 results.

SARANTIS's HY'18 results :

The Group's revenues reached 160.20mn. Euros marked by the solid growth for both the Domestic and Foreign markets.

The Domestic market's revenues increased by 2.00% paired with the foreign markets' strong performance marked by +9.80%.

SARANTIS's EBITDA came up at 17.87mn.Euros significantly above the HY17 EBITDA of 15.94mn.Euros and in-line with our projections that called for 17.00mn.Euros.

Net Profit Attributed to shareholders stood at 12.10mn.Euros, slightly below HY'17 earnings of 13.55mn. Euros.

Date: 11/10/18

FAIR ESTIMATED PRICE: **6.50Euros/Share**

Investment Thesis: **IV**

Key Statistics:

VALUATION	11/10/2018
Share Price	6,80
Price High 52 week	15,90
Price Low 52 week	6,80
Current num. of shares	69.877.484
P/E	N/A
Market Cap.	475.166.891
EPS (E)	0,70
DPS (FY17)	0,28
<i>*Closing Price as 10/10/2018</i>	

SARANTIS GROUP

SARANTIS's HY18 results are demonstrating substantial increase in the consolidated revenues on a half-year basis, confirming Management's sales guidance. Specifically, the Hellenic geographical sector showed a 2.00%, growth in-line with our growth estimates while the Foreign geographical unit' revenues were boosted by 9.85%, above our estimates that called for 7.00%. In terms of Operating performance, the Group's EBITDA came up at 17.87mn.Euros following the positive revenue growth trend paired with the improved operating margin which came up at 11.15% vs 10.93% in HY'17.

SARANTIS' satisfactory performance confirmed our projections and estimates regarding the company's business cycle and the potential growth rates for the forthcoming periods. Additionally, we should note that in the HY'18 the revenue growth rate reached +9.85% mainly attributed to the organic growth of the Geographical sectors and to the contribution of new launched brands and revenues coming from new foreign markets to the consolidated revenues.

The above mentioned and evidenced growth rates in combination with the Group's solid operating performance and the ability to achieve double digit growth in revenues make us to slightly upgrade our estimates for short-term growth prospects due to the successful gradual implementation of the new brands (Polipack, Noxzema, Ava, etc.) under SARANTIS main portfolio and the strong performance for both Geographical sectors (Domestic, Foreign) the Group operates. Specifically, we incorporate in our model the higher growth rates for the 2017-2020 period as we believe that the latest acquisitions, the launch of new products and the organic growth will have greater impact in the Group's performance while we retain our estimates for the long-term horizon. Moreover in our previous analysis, we had utilized the 5,50% Risk Free rate deriving in a Enterprise Value of 365.00mn. Euros. Utilizing the 5.00% Risk Free rate, according to our valuation model, SARANTIS'S Enterprise Value comes up to 476mn. Euros and Fair Estimated price of 6.50Euros/Share.

FINANCIAL SUMMARY AND VALUATION TABLES

Table I: Income Statement

INCOME STATEMENT	2017A	2018E	2019E	2020E	2021E
Revenues	343.156.319,74	376.694.998,00	384.228.897,96	391.913.475,92	399.751.745,44
COGS	183.200.660,55	193.997.923,97	197.877.882,45	201.835.440,10	205.872.148,90
Gross Profit	159.955.659,19	182.697.074,03	186.351.015,51	190.078.035,82	193.879.596,54
Other Income	11.755.355,71	4.761.798,90	4.761.798,90	4.761.799,90	4.761.800,90
Admin Expenses	15.907.042,00	15.419.919,67	15.728.318,07	16.042.884,43	16.363.742,12
Sales Expenses	121.298.849,48	128.667.680,19	135.101.064,20	137.803.085,48	140.559.147,19
Other Income/Costs	34.505.123,42	43.371.273,07	40.283.432,15	40.993.865,81	41.718.508,13
EBIT					
Impairments	160.451,60	1.900.000,00	1.900.000,00	1.900.000,00	1.900.001,00
Interest Income/Expenses	34.665.575,02	41.471.273,07	38.383.432,15	39.093.865,81	39.818.507,13
EBT	5.680.918,14	12.026.669,19	11.131.195,32	11.337.221,08	11.547.367,07
Taxation					
Net Income/Loss	28.984.656,88	29.444.603,88	27.252.236,82	27.756.644,73	28.271.140,06
EBITDA	39.659.120,38	48.602.579,98	44.283.432,15	44.993.865,81	45.718.509,13
D&A	5.153.996,96	5.231.306,91	4.000.000,00	4.000.000,00	4.000.001,00

Source: Company's statements, N.Chrysochoidis Research Department estimates.

Table II: Cash
Flows

CASH FLOW ESTIMATIONS (E)	2018E	2019E	2020E
EBIT	43.371.273,07	40.283.432,15	40.993.865,81
Tax Rate	71%	71%	71%
Nopat	30.793.603,88	28.601.236,82	29.105.644,73
D&A	5.231.306,91	4.000.000,00	4.000.000,00
CAPEX	7.146.643,42	2.184.830,99	2.228.527,61
IWC	9.000.000,00	6.000.000,00	3.500.000,00
DCF	19.878.267,37	24.416.405,83	27.377.117,12

Source: Company's statements, N.Chrysochoidis Research Department estimates

Table III: Valuation Metrics

GROWTH	12/18E	12/19E	12/20E
Sales growth	9,77%	2,00%	2,00%
EBITDA growth	22,55%	-8,89%	1,60%
Net Profit/Loss growth	1,59%	-7,45%	1,85%
RATIOS	12/18E	12/19E	12/20E
Debt/Equity	0,23	0,23	0,23
Capex/EBITDA	15%	5%	5%
ROE	15%	15%	15%
WACC	8,00%	8,00%	8,00%
VALUATION	12/17A	12/18E	12/19E
Book Value	2,86	2,86	2,86
P/BV	2,41	2,41	2,41
P/E	16	16	16

Ρήτρα Περιορισμού Ευθύνης:

Απαγορεύεται η αναδημοσίευση του παρόντος χωρίς την άδεια της Ν. ΧΡΥΣΟΧΟΪΔΗΣ ΧΡΗΜΑΤΙΣΤΗΡΙΑΚΗΣ Α.Ε.Π.Ε.Υ. Οι απόψεις που περιέχονται βασίζονται σε πηγές που θεωρούνται αξιόπιστες, ωστόσο η Ν. ΧΡΥΣΟΧΟΪΔΗΣ ΧΡΗΜΑΤΙΣΤΗΡΙΑΚΗ Α.Ε.Π.Ε.Υ. δεν ευθύνεται για την εγκυρότητα, ορθότητα ή αξιοπιστία τους και διατηρεί το δικαίωμα αλλαγής τους χωρίς πρότερη ειδοποίηση. Τόσο η Ν. ΧΡΥΣΟΧΟΪΔΗΣ ΧΡΗΜΑΤΙΣΤΗΡΙΑΚΗ Α.Ε.Π.Ε.Υ. όσο και οι διευθύνοντες και υπάλληλοι της δεν φέρουν ουδεμία ευθύνη για οποιαδήποτε συνέπεια των πληροφοριών αυτών. Το παρόν δεν αποτελεί προσφορά, προτροπή ή επενδυτική πρόταση για αγορά ή πώληση μετοχών ή άλλων κινητών αξιών. Οι επενδύσεις που αναφέρονται ενδέχεται να μην είναι οι ενδεδειγμένες για ορισμένους επενδυτές.

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Σημειώσεις/Notes

P:	Τρέχουσα Τιμή	Market Price
MCAP:	Κεφαλαιοποίηση	Capitalization
EPS:	Καθαρά Κέρδη Ανά Μετοχή	Earnings per Share
P/E:	Λόγος Τιμής προς Κέρδη	Price/Earnings Ratio
P/S:	Λόγος Τιμής προς Πωλήσεις	Price/Sales Ratio
D/A:	Συνολικός Δανεισμός προς Παθητικό	Total Debt/Assets Ratio
DY:	Απόδοση Μερισμάτων	Dividend Yield
ROE:	Απόδοση Ιδίων Κεφαλαίων	Return on Equity
FV:	Τιμή Σωστής Αποτίμησης	Fair Value Price

Οδηγός Συστάσεων/Ratings

UV	Χαμηλή Αποτίμηση/ Χαμηλός Κίνδυνος	Underpriced/ Small Risk
UV1	Χαμηλή Αποτίμηση/ Κίνδυνος	Underpriced/ Risk
FV	Σωστή Αποτίμηση/ Χαμηλός Κίνδυνος	Fairly Priced/ Small Risk
OV1	Σωστή Αποτίμηση/ Κίνδυνος	Fairly Priced/ Risk
OV	Υπερτιμημένη Μετοχή	Overvalued
N/R	Μη Αποτιμημένη Μετοχή	Not Rated