



EQUITY RESEARCH/UPDATE/CONSUMERS STAPLES /SARANTIS S.A

29/07/16

Following HY16 results, we reiterate Sarantis's FV at 5.50 Euros/Share.

Sarantis's results came in line with the Group's guidance for the FY 16 in terms of revenues and operating profits, as the HY16 reported revenues were up 20.50% reflecting the growth in the two main Geographical sectors (Greece and Eastern Europe) which the group operates and the contribution of the acquisitions of Ava brand and Polipack S.A. The Group's HY16 EBITDA reached 14.89mn. Euros with improved EBITDA margin (9% from 7.5% previously) and Net Income at 8.56mn. Euros from 3.90mn. Euros previously.

Sarantis's performance confirms our base case hypothesis for the estimated full year results, as we have factored 10% y-o-y revenue growth including the contribution of Polipack and stable operating margins for the 2016-2019 period (see SARANTIS170316 analysis). Our estimates for HY16 revenues were 155mn. Euros vs 159mn. Euros actual, for the Group's EBITDA 18.00mn. Euros vs 14.90mn. Euros and for the Net Income 10.50mn. Euros vs 8.50 actual.

There are two factors that could impact our model: a) the effective tax rate for the group versus the one that we have factored in our model and b) the Group's pricing policy towards its wholesale customers. In our FCF model we have applied a 29% effective tax rate in compliance in with the new Hellenic corporate tax rate. However Sarantis's effective tax rate for HY16 came out at 22%. Additionally, we have evidenced more favorable trading terms offered to wholesale customers which is reflected in lower gross profit margin (HY16 46% from 48% previously) and could hurt the operating profit and the Free Cash Flow level respectively .

In summary, we reconfirm our estimates for Sarantis's fair estimated price at 5.50Euros/Share. We still believe that Sarantis's offers value and stability however at a demanding capitalization level (8.48Euros/Share current share price vs. 5.50 Euros/Share intrinsic value share price).

Symbol: SAR

Market: ATHENS STOCK EXCHANGE

THESIS: OV1

FAIR EST. VALUE: 5.50 Euros/Share

Closing Price (28/07/16): 8.48 Euros/Share

Market Cap.: (295mn.)

P/E: 8

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 αξιόπιστα. 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, πρoτ πρόταση για αγορά ή πώληση μετοχών ή άλλων κινητών αξιών. Οι επενδύσεις που αναφέρονται ενδέχεται να μην είναι οι ενδεδειγμένες για ορισμένους επενδυτές.

Disclaimer:

This report has been issued by N. CHRYSOCHOIDIS STOCK BROKERAGE I.S.S.A., a member of the Athens Stock Exchange, and may not be reproduced in any manner or provided to any other persons. Each person's acceptance thereof represents and agrees that it will not distribute or provide it to any other person. The information contained herein has been obtained from sources believed to be reliable but has not been verified by N. CHRYSOCHOIDIS STOCK BROKERAGE I.S.S.A. The opinions expressed herein may not necessarily coincide with those of any member of N. CHRYSOCHOIDIS STOCK BROKERAGE I.S.S.A. No representation or warranty (express or implied) of accuracy, completeness, correctness, timeliness or fairness of the information or opinions herein, all of which are subject to change without notice. No responsibility of liability whatsoever or howsoever arising in connection with the contents hereof by N. CHRYSOCHOIDIS STOCK BROKERAGE I.S.S.A. or any of its directors, officers or employees. This report is not an offer to buy or sell or a solicitation of an offer to buy or sell securities. N. CHRYSOCHOIDIS STOCK BROKERAGE I.S.S.A. may effect transactions in or perform or seek to perform brokerage services for companies covered. The investments discussed in this report may be unsuitable for invest