Sarantis

Consumer Goods / Greece

Reuters/Bloomberg: SRSr.AT / SAR GA

September 16, 2024

Sarantis: Shifting gears

We initiate coverage of Sarantis with a Buy recommendation and a Target Price of EUR 15.10 per share. We view that Sarantis, a consumer products group, is having strong, top line growth prospects, on the back of its exposure in a region with an expanding economic activity (Central East and South Europe) and as the group leverages upon its wide portfolio of well-known brands and its unique, for the region, distribution network. At the same time, the strategy for faster growth from the Beauty & Skin Care category, along with ongoing management efforts to optimize production and efficiency, to lead to a strong margin expansion. By 2028 (the end-year of the management's guidance period), the high operating profitability (2028F EBITDA of EUR 121.2m), along with the high cash conversion ability and the targeted capex, to allow Sarantis (a group effectively unlevered) to grow its net cash position to an estimated EUR 211m, while in parallel we account for the dividend strategy to be maintained.

Sarantis on the cusp of significant strategy change. In terms of product portfolio, the new management (took over in mid-2023) is concentrating on the winning brands (HERO), while it has initiated the process of limiting the overall products offered (reduction of SKUs by 40%). This strategy to allow for better market penetration and increased efficiencies. The expansion to selected international markets through exports of Beauty & Skin Care products with a low-cost distribution model, is a key element of the new strategy, targeting countries in Southeast Asia and the Middle East.

The prospect of acquisitions is always in the cards. Sarantis has a long history of creating value through acquisitions. New management is also actively seeking M&A opportunities, focusing only in the region the group already operates. This time around though Sarantis is in a position to target larger-size acquisitions, thus we don't exclude the possibility of a transformational M&A agreement, if an opportunity occurs.

The strategy is delivering. In 1H24, the company reported organic sales growth (excluding the recent Stella pack acquisition) of 13.4% y-o-y, with EBIT growth of 36.2% y-o-y on the back of 187bps expansion of the EBIT margin. The performance that was driven by a c. 37% y-o-y increase in sales and 130% y-o-y growth in EBIT of the Beauty & Skin category, supports management's FY24 guidance, while it leads to expectations for overperformance.

We account for a c. 9.1% topline CAGR over the period of 2023-28 with forecasted EBITDA CAGR of 14.5%. In line with management guidance, we view that there is substantial growth potential over the coming years both in terms of revenues as well as operating profitability given i) the absorption of Stella Pack (the largest acquisition this far for the group), ii) the ongoing market penetration efforts through the HERO brands, iii) the potential of the higher-margin Beauty & Skin Care category both in the group's existing markets as well as in selected international markets and iv) the optimization of processes that should lead to increased efficiencies and margins. EPS CAGR over the period 2023-28 is estimated at 15.3%.

Sarantis share price has posted a 31% increase y-t-d, but we view that current valuation levels have yet to reflect the positives of the new strategy. **The group is currently trading at a 2025F P/E and EV/EBITDA of 13.2x and 8.7x respectively which compares to the P/E and EV/EBITDA of 19.9x and 12.1x for a selected group of peers**.

Our DCF exercise, that we prefer in order to better capture the prospects of the changing operational model, returns a value for Sarantis of EUR 15.10 per share. We initiate with a Buy recommendation.

EUR m	2023	2024F	2025F	2026F	2027F	2028F
Net Sales	482.2	599.4	635.4	670.5	707.7	745.3
EBIT	47.1	61.2	68.6	78.5	86.7	95.4
DPS	0.22	0.28	0.32	0.37	0.41	0.46
P/E	18.8x	14.9x	13.1x	11.3x	10.2x	9.1x
EV/EBITDA	11.2x	9.1x	7.6 x	6.3x	5.4x	4.3x
Dividend yield	2.0%	2.5%	2.9%	3.4%	3.7%	4.2%

Source: The Company, AXIA Research

Rating	**Buy**
Target Price	**15.10**
Current share price*	**10.96**

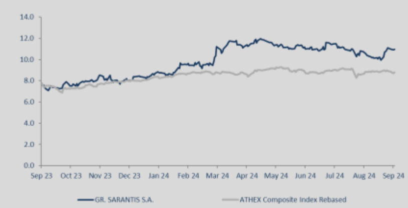
**13/09/24*

Stock data

Market Cap (EUR m)	**706.0**
Free float	32%
EV (EUR m)	**776.4**
Number of shares (m)	66.9

Performance	**1m**	**3m**	**12m**
Absolute (%)	5.6	-0.4	39.4
ASE (%)	-0.9	0.9	12.8

ADV-12m (k)	53.30
Price high-12 m	12.44
Price low-12m	7.07



Sharholding Structure: Sarantis Family (58%), FMR (10%)

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Produced and disseminated: Athens, September 16 2024, 12:30pm GMT+2

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Investment Case

We initiate coverage of Sarantis with a Buy recommendation and a TP of EUR 15.10 per share or 38% upside potential from current levels.

Sarantis is a consumer products company producing, selling and distributing numerous well-known branded products in the segments of Home Care, Personal Care and Beauty & Skin, in 13 countries in Central East and South Europe. The group's products appeal to a wide range of demographics offering value at an affordable price. Key element to Sarantis' strategy is its distribution network that provides access to many points of sale, while it allows the company to effectively manage its brands portfolio in each market, to remain connected with the end clients and to create substantial barriers of entry to competition.

The aim of the new management team is to build on the existing competitive advantages of the group, focusing on the winning products (HERO SKUs). Continuing investment and innovation to support the HERO brands are key aspects of the strategy. These efforts along with production optimizations (reduce SKUs by 40%) and the introduction of efficiencies are already yielding results both in terms of sales growth and profitability. At the same time, Sarantis is intensifying efforts to expand to selected new international markets in the Beauty & Skin Care segment, after the promising initial success. The export drive is targeting mainly countries in Southeast Asia and the Middle East. We view that this strategy, on the back of a supportive macroeconomic outlook for most of the countries the group operates, should allow the group to deliver strong organic sales growth and margin expansion. To this end, as a result of the new strategy, sales posted 13.4% y-o-y organic growth in 1H24, while EBITDA expanded by 25.8% y-o-y.

Exhibit 1: 2024-28F sales – AXIA forecasts (EUR m)

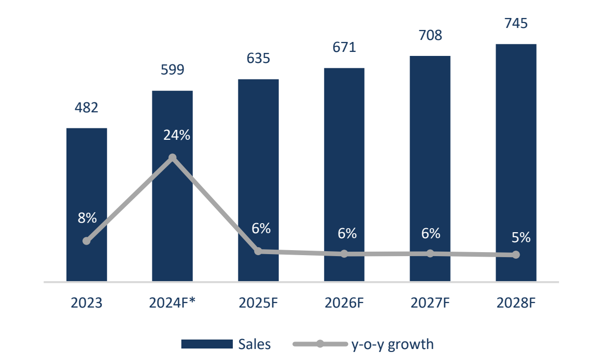
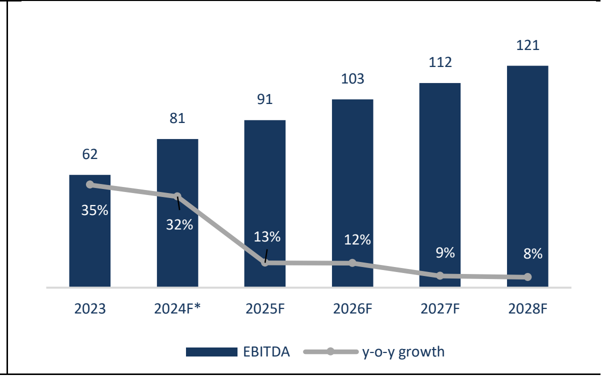


Exhibit 2: 2024-28 EBITDA - AXIA forecasts (EUR m)



Financial results account for the acquisition of Stella Pack that was completed in early January 2024. Source: The Company, AXIA Research

Sarantis has a long history of creating value through acquisitions. The M&A focus should remain in the Central East and South Europe countries since this will allow the group to affectively take advantage of its unique position in the region. Importantly, on the back of a strong balance sheet, Sarantis is now in a position to target larger size acquisitions and we don't exclude the possibility of a transformational M&A agreement.

We account for a c. 9.1% topline CAGR over the period of 2023-28 with forecasted EBITDA CAGR of 14.5%. In line with management guidance, we view that there is substantial growth potential this and the coming years both in terms of revenues as well as operating profitability given i) the absorption of Stella Pack (the largest acquisition thus far for the group, that will help optimize operations in Poland), ii) the ongoing market penetration efforts through the HERO brands (the impact of this strategy was evident for the suncare products in 1H24), iii) the exports drive of Beauty & Skin Care products towards selected new international markets (products placed directly to large retail chains) and iv) optimization of processes that should increase efficiencies and margins. EPS CAGR over the period 2023-28 is estimated at 15.3%.

Assuming no acquisitions ahead, given the strong cash flow generation, we calculate that net cash position by 2028 should settle at EUR 211m, while at the same time, the group to have distributed total dividend of EUR 107m over the years 2024 – 2028 (dividends of FY23-FY27) incorporating in our assumptions the minimum payout ratio guided of 38%.

Focusing on a growing region with consumption patterns that are gradually converging with those in the developed markets

Sarantis has a direct presence in 13 countries in Central East and South Europe serving a total of 161 million consumers in these markets.

The prospects remain favorable given the consumption patterns and the economic outlook of the region in focus. Overall consumption is growing in the categories/products Sarantis is offering but it still remains below the consumption levels registered in developed markets. This leads to expectations for continuing demand over the coming years (for example baking paper). This demand to be supported by an increasing disposable income over the medium-term, given the positive macroeconomic outlook, in most of Sarantis markets. In parallel, increasing disposable income should also prompt consumers to gradually shift to branded products that incorporate higher quality and innovation.

Exhibit 3: Sales per market in FY22/FY23 (EUR m)

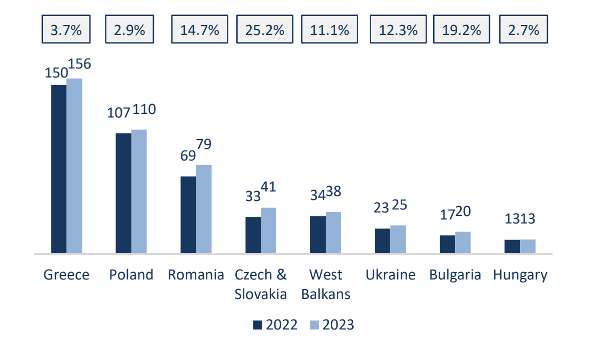
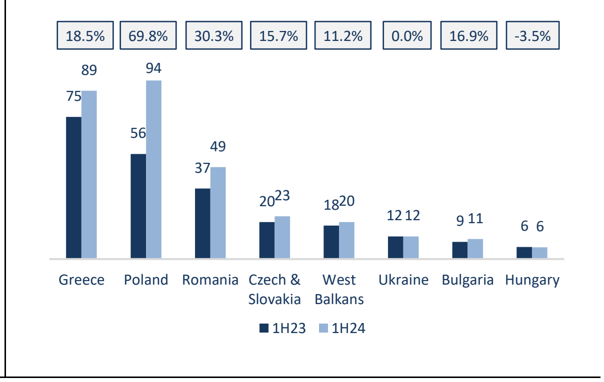


Exhibit 4: Sales per market in 1H23/1H24 (EUR m)



Source: The Company, AXIA Research

Sarantis is well placed to gain from the positive trends in these markets since (as we will discuss below), it offers well-known brand names, while it relies on an effective distribution network to serve these markets.

Ukraine is a distinct case for Sarantis since the country is still in war. Currently, it represents only a small percentage of the group operations, but it is still adding to the P&L despite the challenging conditions in the country (c. 4% of revenues in 1H24). We stress the positive prospects of the Ukrainian market the day after the war, since Sarantis is an established player with production and distribution in a large country that should benefit from increased demand.

Profitable growth strategy on the back of a portfolio with well-known brand names…

By pursuing both organic and acquisitive growth over the years, Sarantis has built a wide portfolio of brands, which enjoys strong recognition, with most of the brands claiming leading market shares in their respective categories and markets.

Sarantis' new strategy is to build in the strong position of the winning brands by concentrating on the leading product lines (HERO SKUs), while in parallel, reducing the total number of the products offered (ongoing strategy of decreasing SKUs by 40%).

This strategy allows for superior brand building, better targeted market penetration and to assist innovation through fewer but bigger initiatives. Apart from increased sales, this strategy to drive margin expansion through more effective production and eventually through improved pricing.

These efforts are already yielding outstanding results. In 1H24, Sarantis reported organic top line growth of 13.4% y-o-y, with EBITDA margin expanding by 140 bps y-o-y including Stella Pack (+130 bps excluding Stella Pack).

… while leveraging on a unique distribution network

In order to serve the group's multi-category / multi-brand strategy, Sarantis has built a formidable distribution network with access to a large number of points of sale in Central East and South Europe (mainly retail chains, convenience stores and pharmacies). This network allows for better access to the group's products, increased effectiveness and low response-time to the evolving market trends.

This distribution capability is key to the HERO brand-building strategy and in parallel, to the cross-selling efforts of the group.

The network is also creating substantial hurdles to competitors and their efforts to push their own brands and/or increase their market share.

On the other hand, the regional multi-channel distribution capabilities have put Sarantis on the radar of international groups seeking to strike distribution agreements with the company. This is a lower margin business but it adds to the assortment of products it distributes, thus these agreements are increasing the company's clout and footprint to the chains of personal care and beauty products it distributes. Given that the priority for the group is to grow its own brands, we view that Sarantis will not aim to significantly enlarge the Strategic Partnerships portfolio, rather to emphasize on distribution agreements that make sense for the group both in terms of strategy and profitability.

Strategic Partnerships (through mass and selective distribution) represented 27.5% of Sarantis' sales in 2023 and as we account for small growth (deriving from existing agreements as well as some targeted new agreements mainly linked to the selective distribution channel), although its contribution to the total group sales is expected to continue to slide to below 23% by 2028 (contribution of 23.1% in 1H24).

Exports to selected markets: a new channel of (profitable) growth

The other key element of the strategy introduced by the new management is the push towards exports. The group aims to expand to selective markets internationally in Southeast Asia and in the Middle East after it has been successful in its efforts to enter the Philippines market. We note that the group

The export drive to be focusing on the Beauty & Skin Care category with the group promoting its Bioten and Clinéa brands. Exports to also include suncare products, while we note that these products have already registered increasing demand from different countries including Australia and the US. Still, under the medium-term expansion plans, SE Asia and the Middle East will be the regions in focus for Beauty, Skin & Sun Care products.

Considering that exports represented c. 3% of total Sarantis sales in 2023 we expect that by 2028, this channel will be representing closer to 5% of the expanding group revenues. This indicates a c. 19% revenue CAGR for exports over the period 2023-28. This growth to be even stronger in terms of profitability given i) the higher margins the Beauty & Skin Category commands (c. 21.1% EBIT margin vs 10.5% for the group in 1H24) and ii) the low-cost distribution strategy: the products are placed directly with the seller (pharmacies and/or drug-store chains like Watsons), so no additional distribution costs occur.

M&A activity: Creating value from acquisitions is embedded in Sarantis' DNA and always in the lookout for opportunities

Acquisitions of selected brands have been an integral part of Sarantis' story and management has made clear that it will continue to pursue such opportunities in the future. Acquisitions have allowed the company to enter new markets, acquire strong local brand names, expand to sub-categories of products that the group had no activity before and acquire production facilities and know-how.

Acquisitions in the region are facilitated by the fact that there are strong local brand names but many of which have limited ability to expand, while they are pressured by increasing competition. Sarantis is in a unique position to absorb these names given its regional focus and operational capability.

Value extraction is a key element in the group's acquisition strategy. To this end, over the past 6 years, in most cases, post synergies, the EBITDA multiple paid has been around 5x or lower.

We would expect acquisitions only within the region the group is already operating and in the product categories it currently offers (Beauty & Skin Care / Personal Care / Home Care). Most likely, these will be bolt on acquisitions to the portfolio unless a significant, larger-size opportunity occurs. To this end, we view that Sarantis has the firepower to go after a larger acquisition (even at the size of EUR 200-300m), given its expanding profitability and its strong balance sheet.

Strong cash flow generation and net cash position

Very low leverage has been a characteristic of Sarantis as despite investments and frequent acquisitions, the group's Net Debt to EBITDA has never climbed above 1.0x.

At the end of 2023, Sarantis' net cash position (including leases) was at c. EUR 43.6m but following the Stella Pack acquisition and other initiatives, at end June-2024, the company reported net debt of EUR 43.9m. Given the seasonally strong cash flow generation in 2H, we expect net debt to settle at very low levels for the year (FY24F net debt: EUR 3m).

Going forward, free cash flow generation to accelerate on the back of increasing profitability, limited investment requirements (after 2025), the receipt of EUR 20.6m from the deal with Estée Lauder (the second – out of the three – installments with the last one distributed in 2028).

All in all, assuming no M&A activity, Sarantis starting in 2025, is expected to present a net cash position of EUR 35.8m that should continue to expand with net cash exceeding EUR 211m by 2028.

At the same time, in our estimates, we account for a 38% dividend payout, or total dividend distribution of EUR 107m between for the years 2024 to 2028. Dividend yield, at current price levels, is estimated at 2.5% in 2024, gradually increasing to 4.2% by 2028.

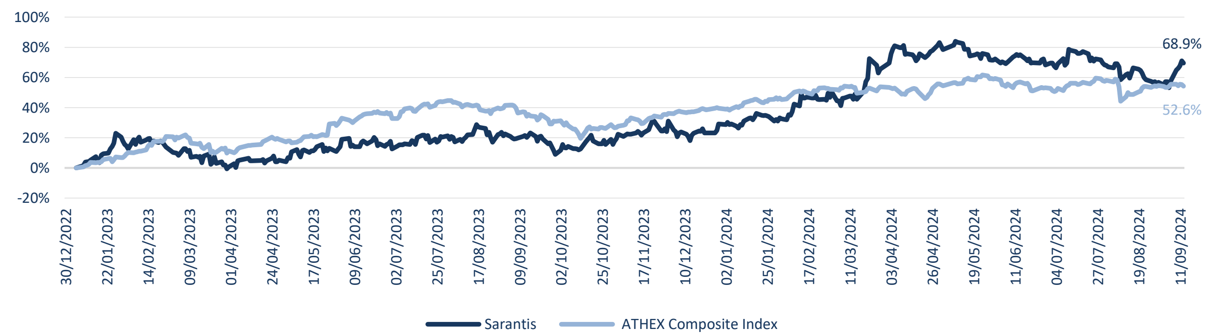
2023-28F EPS CAGR at 15.3%

We expect 24.3% y-o-y revenue growth in 2024 to EUR 599.4m on the back of organic growth but mainly as a result of the acquisition of Stella Pack (to contribute c. EUR 81m in 2024). Over the period 2023-28F, we model 9.1% top line CAGR, driven by 11.4% and 5.6% CAGR in the Home Care and the Personal Care categories respectively and 15.9% CAGR from the Beauty and Skin Care category. At the same time, margins' expansion to accelerate as Sarantis i) proceeds with the strategy to streamline its existing portfolio leading to lower costs and expenses, ii) takes advantage of synergies related to the Stella Pack acquisition and, importantly, iii) benefits by the more favorable product mix as we anticipate increased sales by the higher margin Beauty & Skin Care category (this includes exports to other geographies by placing products directly to the retailer). EBITDA is expected to increase by 31.9% y-o-y in 2024 to EUR 81.2m (EBITDA margin to grow by 78bps to 13.6%). For the period 2023-28, EBITDA CAGR is estimated at 14.5% with the EBITDA margin in 2028 at 16.3%. EPS CAGR for the period 2023-28 is estimated at 15.3%.

Valuation

In the past year, Sarantis has been one of the top performers of the Athens Stock Exchange with the stock up 31% y-t-d compared to ATHEX gains of 9.7% y-t-d. The upward movement was supported by the 5-year outlook provided by the new management on March 14, 2024. The stock has grown 12% since the release of FY23 results on March 12, 2024, confirming the market's positive perception of the business plan and the financial targets provided (double group EBITDA from EUR 61.6m in FY23 to EUR 120.2m by 2028) and strong FCF generation during this period that is expected to sup up to c. EUR 375m (excl. the Stella Pack acquisition).

Exhibit 5: Sarantis and ATHEX performance



Note: performance as of 13/09/2024. Source: Capital IQ, AXIA Research

We believe that the targets of the business plan are attainable as Sarantis focuses on a region with favorable macroeconomic outlook, it has strong position in these markets through its own distribution network, while it operates well-known brand names. Apart from revenue growth, production and efficiency efforts are ongoing with visible results on the profitability of the group. The profitability to reflect on the balance sheet and we expect net cash position for the group of EUR 211m by 2028, while incorporating dividend payments during the period that amount to EUR 107m.

Despite the recent rally of the stock, in our view, the value of the company has not yet been fully reflected in the share price, with Sarantis trading at undemanding multiples and therefore we consider current trading levels to be an attractive entry point for investors.

With initiate coverage on Sarantis with a Buy recommendation and a Target Price of EUR 15.10 per share or 38% higher vs. current price levels

We believe that the appropriate way to value Sarantis is through a DCF exercise in order to better capture the group's growth potential over the coming years. In parallel, we consider peer multiples as a point of reference to the valuation.

We use a 3-stage DCF model with explicit assumptions for the period 2024-30, while for the period 2030 to 2034 we account for an EBITDA CAGR of 2.7%, net capex of EUR10m per year and net WC of EUR 4.5m.

Key assumptions to our DCF valuation are

- EBITDA growth of 6.4% over the period 2024-34. This growth reflects both top line growth as well as margin expansion
- Capex of EUR172m over the 10-year period. Capex is frontloaded as for 2024 and 2025 the company to invest c. 50% of the estimated capex of the 10-year period. Note that for 2024 we incorporate the Stella Pack acquisition that was completed in January this year
- We incorporate two payments of EUR 20.6m from Estee lauder in 2025 and in 2028 related to the agreement of the two companies
- We account for a cost of equity of 11.3%, after tax cost of debt of 3.1%, while we assume a targeted debt-to equity ratio of 20%. These estimates lead to a WACC calculation of 9.6%, while we incorporate growth to perpetuity of 0.5%

- Net debt, after leases, of EUR 29.5m for FY24
- 54% of the estimated value is derived from discounted cash flows over the period 2024-34.

Table 1: DCF Valuation Exercise

	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F
EBITDA	**81.2**	**91.4**	**102.9**	**111.8**	**121.2**	**128.7**	**135.0**	**139.7**	**143.9**	**147.5**	**150.4**
(-) Depreciation	-20.0	-22.8	-24.3	-25.1	-25.7	-26.4	-27.0	-27.7	-28.3	-29.0	-29.7
EBIT	**61.2**	**68.6**	**78.5**	**86.7**	**95.4**	**102.3**	**108.0**	**112.0**	**115.5**	**118.5**	**120.7**
Notional tax on EBIT	-13.5	-15.1	-17.3	-19.1	-21.0	-22.5	-23.7	-24.6	-25.4	-26.1	-26.6
NOPAT	47.7	53.5	61.3	67.6	74.4	79.8	84.2	87.4	90.1	92.4	94.2
Depreciation	20.0	22.8	24.3	25.1	25.7	26.4	27.0	27.7	28.3	29.0	29.7
Net Capex	-48.9	-34.0	-13.0	-9.0	-9.0	-9.0	-9.0	-10.0	-10.0	-10.0	-10.0
Estee Lauder instal.		20.6			20.6						
Net Working Capital	-17.1	-2.5	-2.7	-6.0	-5.7	-4.3	-2.7	-4.5	-4.5	-4.5	-4.5
FCF to firm	**1.8**	**60.5**	**69.9**	**77.8**	**106.0**	**92.9**	**99.5**	**100.5**	**104.0**	**106.9**	**109.4**
PV of FCFF	**1.8**	**55.2**	**58.2**	**59.0**	**73.4**	**58.6**	**57.3**	**52.8**	**49.8**	**46.7**	**43.6**
Sum of NPVs	556.3										
Exit value	479.6										
Enterprise Value	**1,035.9**										
Net Debt	29.50										
Equity Value	**1,006.4**										
Num of shares	66.9										
Target Price	**15.10**										
Current Price	10.96										
Upside/Downside	38%										

Source: AXIA Research

Our DCF valuation leads to a target price of EUR 15.10 per share that offers 38% upside from current levels.

Exhibit 6: Peer multiples

Company	Country	MCap USD m	P/E (x) FY24	P/E (x) FY25	P/E (x) FY26	EV/EBITDA (x) FY24	EV/EBITDA (x) FY25	EV/EBITDA (x) FY26	Div. Yield (%) FY24	Div. Yield (%) FY25	Div. Yield (%) FY26
Colgate-Palmolive Company	United States	86,391	29.6	27.2	24.9	18.8	17.7	16.5	1.9%	2.0%	2.1%
Reckitt Benckiser Group plc	United Kingdom	41,949	14.5	13.6	12.6	10.7	10.3	9.7	4.4%	4.6%	4.8%
Beiersdorf Aktiengesellschaft	Germany	31,523	29.3	26.1	23.8	14.8	13.7	12.8	0.8%	0.9%	0.9%
Interparfums SA	France	3,427	24.5	22.2	20.1	16.6	15.0	13.7	2.8%	3.1%	4.1%
The Estée Lauder Companies Inc.	United States	30,333		29.2	24.5		14.1	11.6	3.2%	3.3%	3.5%
L'Oréal S.A.	France	217,476	28.8	26.4	24.3	19.5	18.1	16.9	1.9%	2.1%	2.2%
Essity AB (publ)	Sweden	21,979	16.7	15.1	14.0	9.9	9.3	8.9	2.6%	2.8%	3.0%
Ontex Group NV	Belgium	786	8.8	7.8	7.0	6.3	5.9		0.6%	1.2%	2.5%
The Procter & Gamble Company	United States	409,037	0.0	25.0	23.4		17.8	16.9	2.3%	2.3%	2.4%
Unilever PLC	United Kingdom	161,599	20.1	18.8	17.9	13.8	13.1	12.7	3.0%	3.2%	3.4%
Coty Inc.	United States	7,906	0.0	16.2	13.8		10.2	9.5	0.0%	0.0%	0.0%
Warpaint London PLC	United Kingdom	551	23.6	21.0	18.4	16.0	14.2	12.5	2.0%	2.3%	2.6%
Church & Dwight Co., Inc.	United States	25,471	30.3	28.0	26.1	19.5	18.4	17.7	1.1%	1.1%	1.2%
Reynolds Consumer Products Inc.	United States	6,714	18.9	17.8	16.9	12.4	12.0	11.7	2.9%	2.9%	3.0%
Henkel AG & Co. KGaA	Germany	35,202	15.1	14.3	13.4	8.7	8.4	8.1	2.4%	2.6%	2.7%
Lion Corporation	Japan	2,986	22.1	22.6	20.5	8.7	8.3	7.9	1.8%	1.9%	1.9%
Kao Corporation	Japan	22,629	29.7	25.8	23.6	13.4	12.3	11.7	2.2%	2.3%	2.3%
Shiseido Company, Limited	Japan	9,514	63.5	23.5	22.0	13.9	10.4	9.5	1.8%	1.9%	2.0%
LG H&H Co., Ltd.	South Korea	4,108	16.4	14.9	14.1	5.9			1.2%	1.5%	1.6%
Edgewell Personal Care Company	United States	1,848	12.5	11.6	11.0	8.3	7.9	7.7	1.6%	1.6%	1.7%
Intercos S.p.A.	Italy	1,595	21.7	18.2	16.1	10.3	9.0	8.2	1.4%	1.7%	2.0%
PZ Cussons plc	United Kingdom	566	13.3	12.6	11.1	7.1	6.9	6.6	3.5%	3.8%	4.0%
Kenvue Inc.	United States	44,796	20.4	18.9	18.0	14.2	13.5	12.6	3.4%	3.5%	3.7%
Average peers			**20.9**	**19.9**	**18.2**	**12.4**	**12.1**	**11.6**	**2.1%**	**2.3%**	**2.5%**
Sarantis – AXIA estimates			**14.9**	**13.1**	**11.3**	**9.1**	**7.6**	**6.3**	**2.5%**	**2.9%**	**3.4%**

Source: Capital IQ, AXIA Research

In terms of peer valuation, based on our estimates, Sarantis is trading at 2025F P/E and EV/EBITDA of 13.1x and 7.6x respectively which compares to the P/E and EV/EBITDA of 19.9x and 12.1x, respectively, for a selected group of peers.

We note that Sarantis' 5-year average P/E and EV/EBITDA stands at 14.5x and 9.3x, respectively.

In our TP of EUR 15.10 per share, for 2025, the group's P/E and EV/EBITDA multiples are adjusted to 18.0x and 10.6x respectively, still trading at a substantial discount to its global peers.

Downside Risks

- Geopolitical developments. Focusing on the war in Ukraine, the group's subsidiary in Ukraine is fully operational (production facilities in the country), with the war affecting both demand as well as operations
- Inflation. Persistent inflationary pressures limit the purchasing power of customers and their disposable income and could affect consumer spending. This will have a direct effect on the group's sales
- FX risk. This risk is mostly focused on fluctuations in exchange rates between the Euro and currencies of Central East and South Europe as 65% of the group's total sales derive from these countries Any appreciation or depreciation of the local currencies could have an impact on the group
- Raw material prices. This to reflect mostly in the Home Care category though, such as fluctuations in aluminum and plastic prices
- Supply chain disruptions. The group could face potential disruptions in the supply chain due to the issues Red Sea and this could lead to increases in transportation costs

Sarantis' Business Story

Operating in the field of consumer products, Sarantis Group has evolved over the past 25 years to become a market leader in the production and distribution of household products and mass cosmetics in Central East and South Europe.

The company owns and represents more than 100 brands in the Personal Care, Home Care and Beauty & Skin Care segments. It operates in 13 countries in Central East and South Europe and Portugal through own subsidiaries. It has eight production facilities, following the most recent acquisition in Poland (one in Greece, six in Poland and one in Ukraine) and an established distribution network in the countries it operates.

Additionally, focusing on the Beauty & Skin categories, the group exports products to more than 50 countries in Europe, Asia, Africa and Oceania through direct exports albeit this channel represents as small % of group sales currently (estimated at c. 3.3% in 2024).

Exhibit 7: 2023 Sales per market (EUR m and % of total)

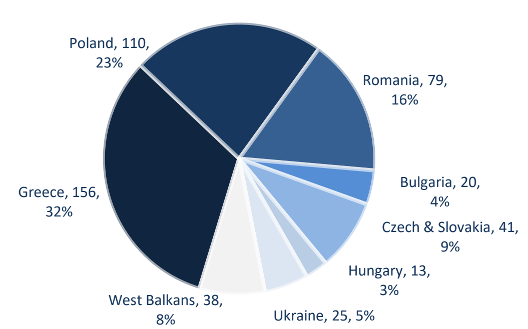
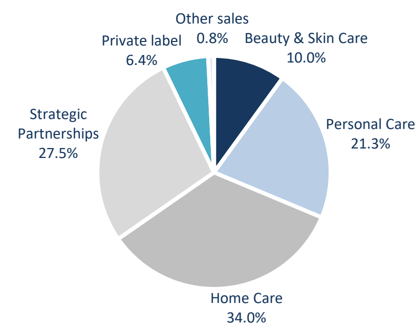


Exhibit 8: 2023 Sales per category (% of total)



Source: The Company, AXIA Research

Exhibit 9: Sales (EUR m)

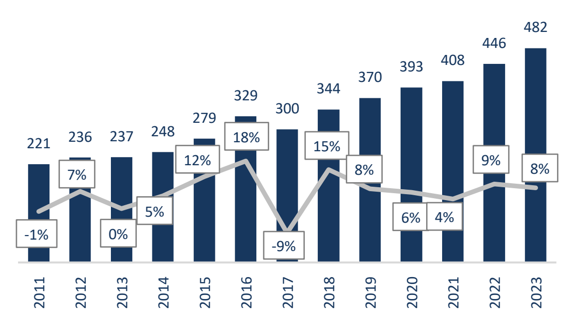
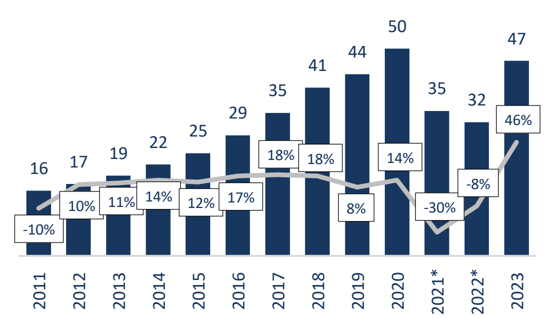


Exhibit 10: EBIT (EUR m)



**2021 and 2022 EBIT exclude the income from associates (sale of Sarantis' participation in the JV with Estée Lauder). Source: The Company, AXIA Research*

Product Categories

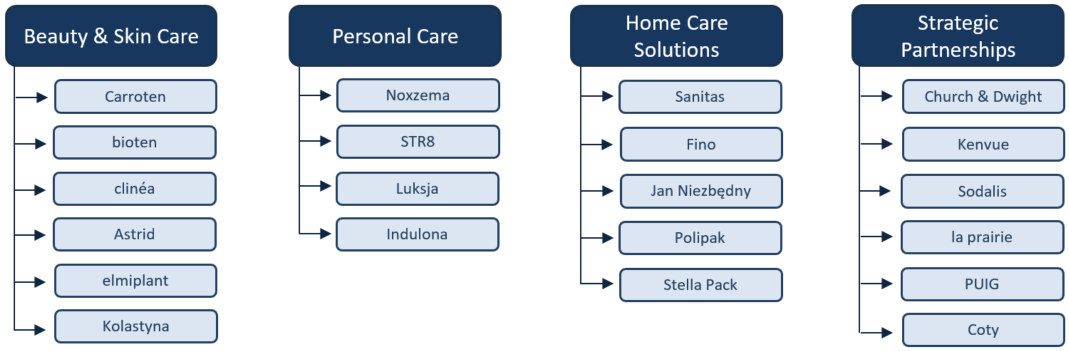
The group's products fall into three main categories: Beauty & Skin Care, Personal Care, Home Care Solutions.

The Beauty & Skin Care category includes skin care products and sunscreens. The Personal Care category encompasses deodorants, fragrances and skin cleansing products while the Home Care category covers food packaging and garbage bags.

The group also produces products related to the Home Category for private label.

Finally, besides own production, Sarantis maintains long-term strategic partnerships with well-known companies which are complementary to its own portfolio, acting as a brand builder for them within the targeted market.

Exhibit 11: Product categories and brand names



Source: The Company, AXIA Research

In the Beauty & Skin Care category, Sarantis claims a leading position for suncare products in key countries (Greece, Poland, Romania), while it is increasing its penetration in products related to skincare products. Among the category's most well-known brands are: Carroten, Bioten, Clinéa, Kolastyna and Astrid.

The Personal Care category captures fragrances, deodorants and skin cleansing products. Key brand names for Sarantis are: Noxzema, STR8, Luksja and Indulona.

Focusing on the Home Care category, the group has a leading position in its markets for products such as garbage bags, food packaging, cleaning tools, etc. (these include the brand names of Sanitas, Fino, Polipak and Stella Pack).

In terms of the performance of the divisions in FY23:

- sales of Home Care Solutions products amounted to EUR 164.1m (+4.7% y-o-y) and EBIT amounted to EUR 22.4m (+87.4% y-o-y) with the category representing 34.0% of the group's total sales and 47.6% of the EBIT. Sales of Private Label products (included in the Home Care category) amounted to EUR 30.7m (-5.9% y-o-y) and EBIT amounted to EUR -0.3m, representing 27.5% of group sales
- sales of Personal Care products reached EUR 102.8m (+17.2% y-o-y) and EBIT settled at EUR 13.2m (+54.9% y-o-y) or 21.3% and 28.0% of group sales and EBIT, respectively
- sales of Beauty & Skin Care products reached EUR 48.2m (+32.0% y-o-y) with the contribution of the category to the group's sales amounting to 10.0%, while EBIT reached EUR 5.4m (+14.0% y-o-y) or 11.5% of total EBIT

Exhibit 12: 2023 Sales (EUR m) per product category

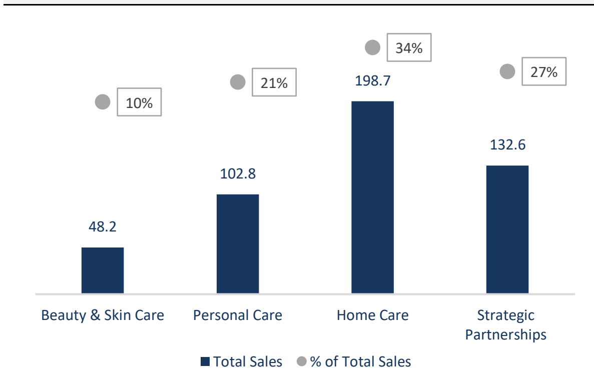
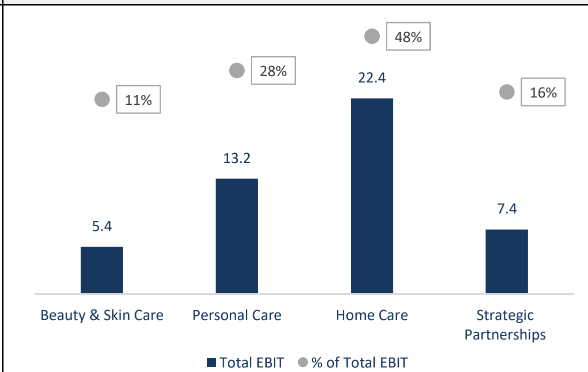


Exhibit 13: 2023 EBIT (EUR m) per product category



Source: The Company, AXIA Research

The geographical focus is on Central East and South Europe

In terms of geographical presence, Sarantis' business activities expand across Central East and South Europe while the largest markets are Greece, Poland and Romania, which collectively accounted for c. 72% of total sales and c. 73% of EBIT in 2023.

In Greece, the group offers all product categories and holds a leading market share in most of them. The country is a multi-channel market for Sarantis and a significant EBIT generator.

In Poland, the group is primarily established in Home Care but also offers Beauty & Skin and Personal Care products. Following the completion of the acquisition of Stella Pack in January 2024, Poland surpassed Greece and became the group's largest market in terms of sales.

Exhibit 14: Sarantis' markets

Source: The Company, AXIA Research

In total, Sarantis has presence in 13 countries with a total population of 161 million.

Most of the countries in which Sarantis has a presence are developing countries with their respective economies expected to grow at a pace higher vs. the EU average over the medium term. As expected, consumption patterns in the region in focus, for the product categories that Sarantis produces and distributes, remain weaker vs. those observed in the developed markets. The expectation for gradually increasing disposable income along with lower market penetration presents a growth opportunity for the group.

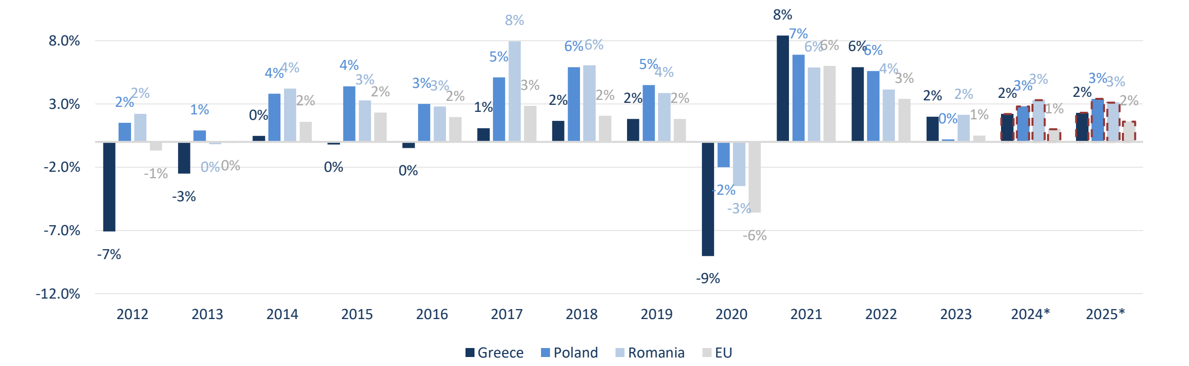
Key advantage to capture the increasing demand in the region is the well-recognized brand names that the group offers, many of which have a long history and entered the group's portfolio following targeted acquisitions.

Importantly, although competition remains intense, the group has been operating for a long period of time in Central East and South Europe and is familiar with the specific characteristics of each market, while at the same time, it has created a formidable distribution network that also allows the group to proceed with brand-focused expansion strategies as well as cross-selling initiatives.

In respect of the macroeconomic outlook of the key markets Sarantis operates:

- **Greece**. According to the European Commission's latest forecasts, the Greek economy is projected to maintain its upward trajectory as GDP is anticipated to grow by 2.2% in 2024 and 2.3% in 2025. Private consumption, the largest component of GDP (c. 70% of Greek GDP) is expected to remain resilient supported by declining unemployment, accumulated savings and higher disposable income. At the same time, inflation data indicates a moderation in price levels, which increases consumers' purchasing power and should further boost consumer spending

Exhibit 15: GDP evolution and estimates



European Commission's Economic Forecasts (Spring 2024). Source: AXIA Research

- **Poland.** Following the recent acquisition of Stella Pack, Poland will be the largest market for the group generating c. 1/3 of group revenues. Note that 6 out of the 8 production plants of the group are in Poland. Given the favorable demographics (population approaching 40 million people) and the economy being on a recovery phase, Poland should remain a market with high potential for the group. The European Commission forecasts GDP growth of 2.8% and 3.4% in 2024 and 2025 respectively, after a slight increase of 0.2% in 2023. Inflation is expected to decrease significantly from 10.9% to 4.3% in 2024
- **Romania.** With a population of almost 20 million people, Romania is a key market for the group. The outlook for the Romanian economy is optimistic with the European Commission expecting Romanian GDP to grow by 3.3% in 2024 and 3.1% in 2025
- **Czech & Slovakia** jointly form a significant market for Sarantis, accounting for c. 8.5% of total sales in 2023. Czech Republic's real GDP to rebound in 2024 and in 2025 following a 0.3% drop in 2023, burdened by the impact of inflation. Household consumption is expected to be the main GDP driver in 2024 and 2025 as the anticipated significant drop in inflation to support growth of real wages. Similarly, GDP growth that should exceed significantly the European average is also expected for Slovakia.
- **Ukraine.** The group's exposure in Ukraine begun in 2018 following the acquisition of Ergopack Group. Sarantis has a production unit and a wide distribution network in the country. Despite the war, the Ukrainian market has proved resilient contributing both in revenue and profitability, while it presents an opportunity for the group when the war is over.

History of value added-acquisitions

Targeted acquisitions have been key element of Sarantis growth strategy over the years. Depending on the target, the aim for these acquisitions had been for the group to expand its portfolio of products, to better position itself in a specific product sub-category or to enter into a new country or a new product category altogether.

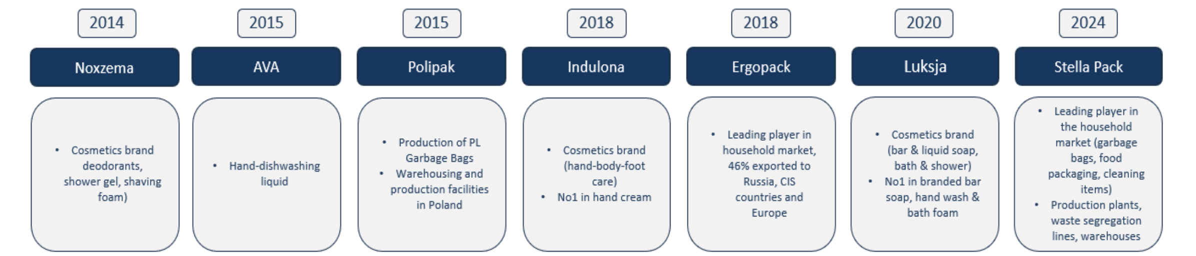
The acquisition targets have been brands with leading market shares with the prospect of further growth, either in the home market or other markets in which Sarantis operates.

Acquisition cost has been key to Sarantis M&A efforts. Given the group's synergistic model, the valuation multiple paid over most acquisitions over the past several years has been around 5x EV/EBITDA, post synergies.

The most recent acquisition for the group has been that of Stella Pack, a Polish consumer household products company that produces garbage bags and is active both online and offline (multi-channel). Stella Pack that is present in Poland, Romania and Ukraine reinforces Sarantis' leading position, especially in the Polish market. At the same time, the group expects gains from synergies given its extensive operations in the Polish market. Stella Pack is expected to add c. 17% to the group's EUR 61.6m of FY23 EBITDA without accounting synergies.

Sarantis management has stated that it continues to consider acquisition targets but only in the region that it currently operates. These could be bolt-on acquisitions but we note that the group's balance sheet could support a large acquisition, if the opportunity is presented.

Exhibit 16: Acquisitions over the last decade



Source: The Company, AXIA Research

The case of Estée Lauder

Since 2001, Sarantis had been in a JV with Estée Lauder for the sale and distribution of the latter's products in Greece, Romania, Bulgaria and Cyprus. In 2022, Sarantis announced the sale of its stake to Estée Lauder for EUR 55.2m. The proceeds from the divestment come in installments, with EUR 14m received in June 2022 while two more installments of c. EUR 20m each are expected to be received in January 2025 and January 2028. Note that this agreement has already been reflected in the group's P&L, so the remaining instalments will have a cash flow impact.

The new management

As Sarantis' net income quadrupled over the past 12 years, in 2023, the group welcomed changes in its management team. A new CEO and a new group CFO were presented:

- Ioannis Bouras, working with Sarantis group as Chief Commercial Officer since 2020 was named Deputy CEO and eventually CEO and Board Executive Member of Sarantis Board
- Christos Varsos, Partner in Consulting Services in EY Greece and with extensive experience in the FMCG sector holding various positions with Coca-Cola HBC, was named the group's new CFO and Executive Member of Sarantis' BoD

Focusing on organic growth, portfolio rationalization and innovation, the new management presented its strategic goals and guidance to investors in March 2024. This was the first time that the group provided detailed sales and profitability long-term guidance for the period 2024-28.

New management's strategic priorities and guidance

The strategy plan for the period 2024-28 that the new management presented to investors in March 2024 is driven by the group's efforts to create value by restructuring the product portfolio and focusing on profitable growth. Rationalization of the offered products leading to superior brand-building, expansion to new markets, production and efficiency improvements and innovation are the key drivers of group's new strategy.

Table 2: 2024-28 sales per category evolution - management forecasts

EUR m	2023	2024F*	2025F	2026F	2027F	2028F	CAGR 2023-2028F
Own Brands	349.7	457.6	486.0	514.4	544.2	575.7	10.5%
Beauty & Skin Care	48.2	59.4	70.2	79.6	89.9	101.0	15.9%
Personal Care	102.8	110.2	114.2	120.8	127.7	135.1	5.6%
Home Care	198.7	288.1	301.7	313.9	326.5	339.6	11.3%
Strategic Partnerships	132.6	140.6	148.1	155.1	162.4	168.4	4.9%
Group	**482.2**	**598.2**	**634.1**	**669.4**	**706.5**	**744.1**	**9.1%**

****incl. Stella Pack from 2024 onwards. Source: The Company, AXIA Research***

Specifically, the initiatives to drive revenues and profitability in the coming years include:

- Focus on the HERO SKUs. These are products that are already very successful in the market
- Portfolio optimization. The group aims to reduce the offered SKUs by 40%. This to simplify operations and create value by better stock management
- Multi-channel approach
- Selective international expansion
- Innovation
- Higher efficiency through infrastructure and digital transformation
- Integration of Stella Pack and optimization of operations in Poland

Table 3: 2024-28 P&L performance - management forecasts

EUR m	2023	2024F*	2025F	2026F	2027F	2028F
Net Sales	**482.2**	**595.2**	**627.9**	**662.5**	**698.9**	**737.4**
Gross Profit (incl. depreciation)	**182.0**	**225.1**	**239.3**	**254.5**	**270.6**	**287.6**
Gross Margin	*37.8%*	*37.8%*	*38.1%*	*38.4%*	*38.7%*	*39.0%*
Total Opex	**106.3**	**130.2**	**134.5**	**137.0**	**143.4**	**150.7**
EBITDA	**61.6**	**80.2**	**90.3**	**100.5**	**110.3**	**120.2**
EBITDA margin	*12.8%*	*13.5%*	*14.4%*	*15.2%*	*15.8%*	*16.3%*
EBIT	**47.1**	**61.0**	**67.6**	**76.9**	**85.7**	**94.6**
EBIT margin	*9.8%*	*10.3%*	*10.8%*	*13.8%*	*11.4%*	*10.3%*

****incl. Stella Pack from 2024 onwards. Source: The Company, AXIA Research***

Taking the above into account, management anticipates in the five-year period (2023-2028), to achieve a top line CAGR of 8.9% with sales rising from EUR 482.2m to EUR 737.4m. EBITDA is forecasted to double from EUR 61.6m in 2023 to EUR 120.2m in 2028 and EBIT to grow from EUR 47.1m in 2023 to EUR 94.6m in 2028.

The group aims to achieve the financial targets by growing business organically (post Stella Pack acquisition) and mainly considering volume growth and sales mix (so no pricing is incorporated for the coming years).

Focusing on 2024, management expects sales to grow by 23.5% y-o-y to EUR 595.2m, EBITDA to increase by 30.2% y-o-y to EUR 80.2m and EBIT to rise by 29.7% y-o-y to EUR 61.0m. Forecasted financials account for the contribution of Stella Pack following the completion of the acquisition in early January that should add EUR 81m in group sales, and EUR 10.5m in EBITDA (expected synergies of EUR 1.5m in 2024 and EUR 2.0m in 2025 in EBITDA).

Table 4: Capex - management forecasts

EUR m	2024F	2025F	2026F	2027F	2028F
Oinofyta Distribution Center	7.0	18.0			
Digital Transformation	5.0	4.0	3.0		
Stella	3.0	6.0	5.0	2.0	2.0
Rest of Group	5.0	5.0	4.0	6.0	6.0
Total	**20.0**	**33.0**	**12.0**	**8.0**	**8.0**

Source: The Company, AXIA Research

To proceed with its strategy, management incorporates a total capex of EUR 81m over the 5-year period. Key to this strategy is the EUR 25m of investments for its distribution center in Greece (Oinofyta). At the same time, EUR 12m digital-transformation investments to permit efficiency and optimization initiatives, while more than EUR 12m allows the newly acquired Stella Pack to proceed to regranulation investments as well as efficiencies and synergies with existing operations in Romania.

Considering the targeted investments, while driven by an expanding operating profitability, focused working capital management as well as the Estée Lauder receivables, management expects the group to generate FCF of more than EUR 375m by 2028. The healthy FCF generation to support dividend distribution and to give the group the ability to proceed to any potential acquisition opportunities.

Table 5: Free Cash Flow - management forecasts

EUR m	2023	2024F	2025F	2026F	2027F	2028F
EBITDA	61.6	80.2	90.3	100.5	110.3	120.2
Tax	9.6	10.2	11.5	13.3	14.9	16.5
Working Capital Change	-7.2	14.1	0.8	-0.6	0.4	2.2
Capex	7.3	20.0	33.0	12.0	8.0	8.0
Estée Lauder Sales Receivable			20.6			20.6
FCF	**51.9**	**35.9**	**65.6**	**75.8**	**87.0**	**114.1**

Source: The Company, AXIA Research

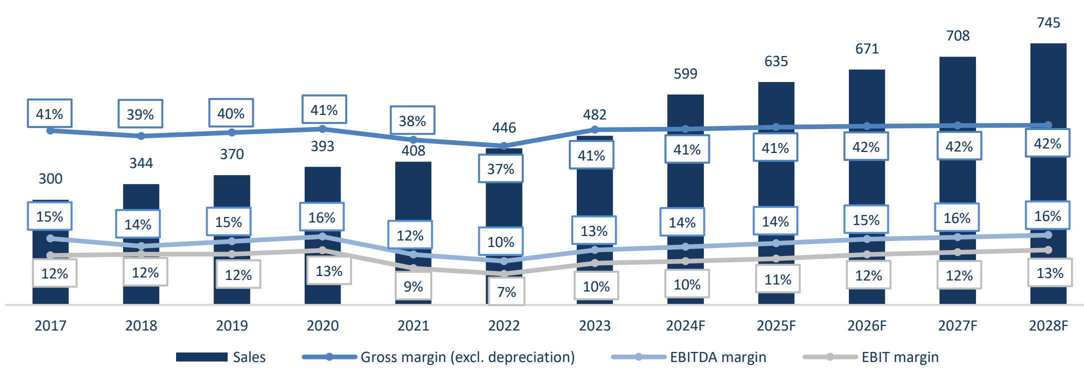
Discussing the new Business Plan, while adjusting our estimates

We view that the group's 5-year business plan is realistic and achievable as the company has the levers to achieve both the targeted top line growth and the gradual margin expansion.

We understand the competitive pressures in the countries the group operates, but its established presence in these countries, its wide product portfolio, along with its healthy financial position should allow Sarantis to continue to compete and claim its market share in these expanding markets, as it has been doing already. As upside risk to the forecasts, we consider pricing, as well as the prospect of higher sales in the Beauty & Skin Care category (given that this category represents only 10% of group sales currently) both from the Central East and South Europe region as well as from exports. M&A is also an option that the group is actively seeking and is very likely that there will be acquisition opportunities to consider. Looking at what its strategy all these years, management targets acquisitions that add (rather quickly) value to the group.

Our forecasts are broadly aligned to the business plan, and in our numbers, we are anticipating Sarantis to achieve 2023-28 top line CAGR of 9.1%, with EBITDA CAGR over the same period of 14.5% and net income CAGR 15.3%. By the end of 2028, we expect the group to have a net cash position at EUR 211m.

Exhibit 17: Sales and profitability margins - AXIA forecasts (EUR m, %)



Source: The Company, AXIA Research

Sales growth on the back of better-focused market penetration

All divisions are anticipated to register strong sales growth over the next 5 years with the Beauty & Skin Care and the Home Care forecasted to record double digit GAGR on the back of i) targeted management initiatives (efforts for further penetration of the existing markets and to export to new markets), as well as ii) the impact from the recent Stella Pack acquisition.

We view that the strategy to focus and leverage upon the HERO portfolio is making sense as it should allow the group to more effectively market these products in the markets it already has strong presence. At the same time to promote these products (as is the case for Bioten and Clinéa) in new markets in which the group already operates.

Enablers to these efforts are the i) brand name recognition ii) established and wide distribution network and iii) financial ability. Innovation has been another trait that has allowed Sarantis to increase market penetration by offering increased value to consumers.

Furthermore, we believe that the strategy to tap selected new international markets (starting in Southeast Asia and the Middle East) by focusing on exporting Beauty & Skin Care products makes sense and can provide substantial growth to the group. We highlight the distribution-strategy (directly placed with the retailers), this exposes Sarantis products immediately to a high number of potential customers, while limiting the distribution costs for the group. Thus far this strategy is yielding results with the reception by the customers been positive. Going forward, the assortment of the offered products to increase including suncare products, a product sub-category that the company knows well (leading position in Greece). The success of the exports strategy of Sarantis to be a significant driver of sales and profitability for the group.

Therefore, focusing on the product categories Beauty & Skin has the highest upside in terms of sales growth assisted by exports. Home Care sales to be boosted by the Stella Pack acquisition and the impact this will have (mainly) in the Polish market. In any case the category incorporates strong brand names that will be supported by the HERO strategy and increasing consumer needs. Similarly, the Personal Care category is seen as posting healthy growth over the coming years as Sarantis, on the back of the HERO philosophy, targets to better penetrate market segments.

Beauty & Skin Care category: Outsized growth is expected

The Beauty & Skin Care category is Sarantis' smallest in terms of revenues but is the one with the highest growth potential over the medium term. Suncare products dominate in sales in this category and are expected to grow at a strong pace over the coming years. In terms of strategy (beyond the group's well recognized suncare brand names), it should be driven by the group's decision to focus on two brand names in this category (Clinéa and Bioten) and use these names to penetrate existing markets in Central East and South Europe as well as to drive exports. Specifically:

Suncare products

Starting with Sun Care, we estimate that this sub-category currently represents about half of the Beauty & Skin Care revenues. The group has long and strong presence in Greece offering products under a well-recognized brand name (Carroten). At the same time, Kolastyna is a leading suncare brand name in Poland and Astrid is a well-known suncare product in Czech Republic while Sarantis also claims a leading position in this category in Romania. The changing environmental conditions (warm weather) lead to the use of suncare products beyond the summer months. In fact, suncare has become an all-year product providing strong organic growth potential. Importantly Suncare to be a key product in the export drive effort of the group towards the markets of Southeast Asia and Middle East. In any case the group is already selling suncare products in international markets such as Australia and the US.

We model this product category to grow at a CAGR of 10.4% over the period 2023-28.

Clinéa and Bioten product lines

Beyond Sun Care, focusing on the other sub-categories of Beauty & Skin Care, Sarantis is expected to proceed with its expansion strategy both within the countries the group already operates as well as internationally, spearheaded by the Clinéa and Bioten product lines.

These two product lines have already been successful in the markets introduced and the group sees high potential to build on this success. There is substantial growth prospect in large markets in Central East and South Europe (especially in Poland, Romania, Hungary) as well as in Greece to push for skincare products, given Sarantis' strong market presence in these markets.

In respect of new markets, the group has already introduced its Bioten and Clinéa lines in the Philippines, through an agreement with the store chain Watsons. The reception of these brands has been positive with sales growing substantially since introduction (Bioten has posted a 7x growth since its launch in the market 3 years ago).

Given the successful launch, Sarantis is pushing towards this new channel, building on its partnership with Watsons, a leading Personal Care and Beauty retailer in Asia. We believe that this drive can succeed given the balanced value vs. quality offering of the products. The Philippines market to continue to be in focus, while other markets in Southeast Asia but also markets in the Middle East are on the radar.

Considering the small starting base, in our numbers, sales of Skin Care (excluding Sun Care) in existing markets could increase almost 3x between 2023-28 to c. EUR 25m, with exports, conservatively, growing by more than 2x over the same period.

All in all, sales of Beauty & Skin Care from EUR 48.2m in 2023 are estimated to grow to EUR 101m in 2028, pointing to a revenue CAGR of 15.9%. Revenue CAGR growth in the existing markets (including suncare products) is estimated at 14.7%, while export revenues are seen growing at an 18.6% CAGR.

Table 6: Beauty & Skin Care Category sales - AXIA forecasts (EUR m)

EUR m	2023	2024F	2025F	2026F	2027F	2028F	CAGR 2023-2028F
Beauty & Skin Care	**48.2**	**59.4**	**70.2**	**79.6**	**89.9**	**101.0**	**15.9%**
o/w Existing	*33.2*	*39.9*	*45.8*	*52.1*	*58.8*	*65.8*	*14.7%*
o/w Exports	*15.0*	*19.5*	*24.4*	*27.5*	*31.1*	*35.2*	*18.6%*

Source: The Company, AXIA Research

Personal Care: Lots of HEROs

In the Personal Care Category, Sarantis already enjoys a leading market share in specific categories, selling well-recognized brand names. The way forward in this category is to expand specific product sub-categories, while in parallel penetrating new segments. Specifically:

On the back of its strong presence in the supermarkets, we would expect the group to continue to focus on mass fragrances and deodorants markets building on the strong brand name recognition. These are high margin products. At the same time, the group can further grow the hair care and body wash sub-categories that, although competitive, Sarantis offers “value for money” propositions, assisted by its effective distribution network.

In parallel, brand name recognition could allow the group to penetrate new segments. We highlight the example of the fragrances division successfully targeting the young gamers segment. As a result, the STR8 brand grew 40% over the last 2 years and gained a leading position of choice with Gen Z.

Innovation will remain a crucial part of the strategy of this segment aiming to offer high quality and more value to consumers.

We expect healthy growth for this category. In our numbers, the Personal Care category to post revenues of EUR 135m by 2028, up from EUR 102.8m revenues in 2023, representing a 5.6% CAGR. This growth includes a small part of revenues from the recently acquired Stella Pack.

Table 7: Personal Care Category sales - AXIA forecasts (EUR m)

EUR m	2023	2024F*	2025F	2026F	2027F	2028F	CAGR 2023-2028F
Personal Care	**102.8**	**110.2**	**114.2**	**120.8**	**127.7**	**135.1**	**5.6%**
o/w Existing	*102.8*	*105.9*	*110.1*	*115.6*	*121.4*	*127.5*	*4.4%*
o/w Stella Pack		*4.3*	*4.0*	*5.1*	*6.3*	*7.6*	

incl. Stella Pack from 2024 onwards. Source: The Company, AXIA Research

Home Care: Growth by providing value to consumer needs

Positive macro outlook, market penetration and innovation, are the elements that should allow Sarantis to expand further in the Home Care category. The average usage per sub-category (garbage bags, food packaging, cleaning tools) in Central East and South Europe remains below the average spending of Western Europe for these products. Therefore, increasing disposable income should drive demand for these products. Furthermore, following the HERO strategy, we would expect the group to focus on specific products, as well as in specific sub-categories, aiming to increase growth.

Even with common Home Care products, like garbage bags, Sarantis has already demonstrated that innovation that adds value to consumers could lead to growth. Therefore, the focus towards introducing innovative products in order to claim a larger market share is expected to persist.

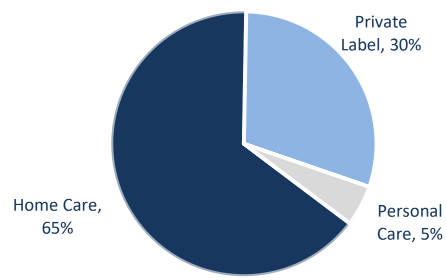
The acquisition of Stella Pack has been a transformational development for Sarantis’ Home Care category. The acquisition of an established player with strong brands and production capabilities is reinforcing Sarantis’ leading position in the Polish market (but also in Romania and Ukraine), enriching the group’s already strong portfolio in this market. By bringing Stella Pack to Sarantis network, we should expect sales of Stella Pack to be supported, while allowing the group for cross-selling opportunities.

Table 8: Stella Pack

EUR m	1H24 reported	2024F (guidance)
Net Sales	**39.2**	**81.1**
Gross Profit	11.0	**21.1**
Gross Profit margin	*27.9%*	*26.0%*
EBITDA	**5.6**	**10.5**
EBITDA margin	*14.2%*	*13.0%*
Depreciation	**2.0**	**3.2**
EBIT	**3.6**	**7.3**
EBIT margin	*9.2%*	*9.0%*

Source: The Company, AXIA Research

Exhibit 18: Stella Pack's contribution to 1H24 sales per category



Source: The Company, AXIA Research

We note that c. 15% of 2023 Home Care revenues were related to Private Label products (or 6.4% to total group sales). The percentage of Private Label to Home Care sales to increase closer to 19% following Stella Pack acquisition as part of the company's sales was towards Private Label. Although Private Label profitability is minimal, it is important for the group's production optimization efforts, and this reflects to the profitability of the rest of the Home Care category.

In our numbers, the Home Care category from EUR 198.7m revenues in 2023 to post revenues of EUR 340.8m by 2028, representing a 11.4% CAGR.

Table 9: Home Care Category sales - AXIA forecasts (EUR m)

EUR m	2023	2024F*	2025F	2026F	2027F	2028F	CAGR 2023-2028F
Home Care (incl. Private Label)	**198.7**	**289.3**	**303.0**	**315.0**	**327.7**	**340.8**	**11.4%**
o/w Existing Home Care	*164.1*	*172.3*	*180.9*	*190.0*	*199.5*	*209.4*	*5.0%*
o/w Stella Pack (Home Care)		*55.6*	*58.4*	*59.8*	*61.2*	*62.7*	
o/w Existing Private Label	*30.7*	*57.3*	*59.3*	*60.8*	*62.2*	*63.7*	*15.7%*
o/w Stella Pack (Private Label)		*25.7*	*27.4*	*28.5*	*29.6*	*30.8*	
o/w Other Sales	*3.9*	*4.1*	*4.3*	*4.5*	*4.7*	*5.0*	*5.0%*

**incl. Stella Pack from 2024 onwards. Source: The Company, AXIA Research*

Strategic Partnerships: High demand from 3rd parties but very selective approach by Sarantis

About 27.5% of total sales in 2023 came from strategic partnerships, either relating to mass distribution or to selective distribution of products. These are mainly agreements Sarantis has made with global brands to distribute their products in specific markets and, in essence, to help them in the brand-building effort. Sarantis has such agreements with brands including COTY, la prairie, PUIG, etc.

For the group, 3rd party distribution is not primary business, but it provides additional earnings, while it optimizes the effectiveness of the distribution network. As the macroeconomic outlook in the markets in which Sarantis has distribution agreements remains favorable, this to support sales growth for the 3rd party brands and this to further add to Sarantis' profitability.

Given the group' s distribution network expanding in Central East and South Europe, the demand for strategic partnerships is high but Sarantis is expected to add new names only if it makes sense for its strategy (i.e multi-country agreements) and these are profitable agreements.

In our numbers, the Strategic Partnerships category from EUR 132.6m of revenues in 2023 is forecasted to post revenues of EUR 168.4m by 2028, representing a 4.9% CAGR.

Table 10: Strategic Partnerships sales - AXIA forecasts (EUR m)

EUR m	2023	2024F	2025F	2026F	2027F	2028F	CAGR 2023-2028F
Strategic Partnerships	**132.6**	**140.6**	**148.1**	**155.1**	**162.4**	**168.4**	**4.9%**
o/w Mass distribution	*86.0*	*91.2*	*95.7*	*99.6*	*103.5*	*106.6*	*4.4%*
o/w Selective distribution	*46.6*	*49.4*	*52.4*	*55.5*	*58.8*	*61.8*	*5.8%*

Source: The Company, AXIA Research

A growth model that clearly targets margin expansion

Along with expectations for strong top line growth, the group should be able to expand margins as it benefits by product mix, targeted actions related to optimization of production and efficiency as well as operating leverage.

The increasing participation of the Beauty & Skin Care products to the group's sales mix is a key driver to the group's profitability growth. Beauty & Skin Care is a category that commands higher margins (1H24 EBIT margin at 21% vs group EBIT margin at 10.5%) that should further increase on the back of operational leverage.

At the same time, we note the group's strategy to optimize the portfolio by reducing the number of SKUs by focusing on more successful ones. The reduced complexity to also increase efficiency of production and distribution and to improve stock management. Furthermore, in terms of production, management is proceeding with investments targeting automation and simplification of processes thus improving productivity. As an example of this, we note that Stella Pack produces garbage bags from 100% post-consumer waste and following the acquisition, Sarantis is expected to invest in this area (regranulation) in order to fully exploit the benefits of this process. The above efforts are already having a positive impact on the group's gross margin.

The acquisition of Stella Pack is anticipated to offer opex synergies among the group's operations in Poland as well.

Finally, the export strategy, spearheaded by the higher margin Beauty & Skin products, is also accretive. Recall that Sarantis does not incur any additional distribution costs given that these products to be placed directly with established store chains (pharmacies and drug-store chains). The strategy to be similar in all markets outside Central East and South Europe.

Exhibit 19: EBIT margins in 2023

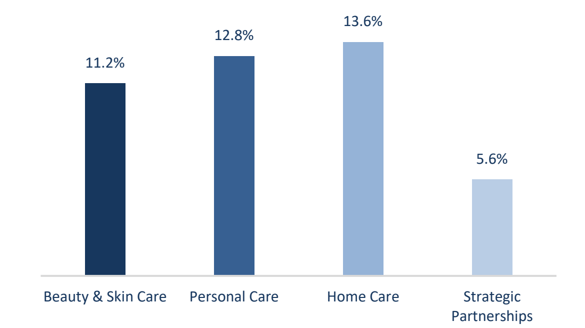
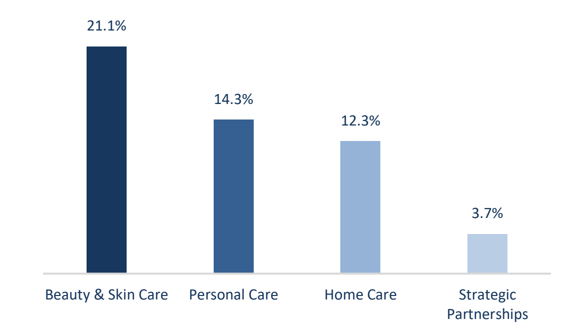


Exhibit 20: EBIT margins in 1H24



Source: The Company, AXIA Research

We model gross margin (excluding depreciation) at 41.0% in 2024 from 40.8% in 2023 mainly reflecting the expected strong y-o-y growth of the Beauty & Skin Category and efficiency improvements, despite some initial margin pressure from Stella Pack (before synergies and efficiencies kick in). For 2025, we conservatively account for a c. 40bps expansion of the gross margin to 41.4%, that should grow further to c. 41.9% by 2028.

At the same time, the percentage of SG&A to sales is expected to gradually decline from 28.3% in 2023 to 25.8% in 2028. This is because of optimization of the distribution and the advertising and promotional expenses. Operational leverage and the focus on the HERO products to drive the improvement in the selling costs.

As a result of the above, Sarantis' EBITDA margin from 12.8% in 2023 is expected to grow to 13.6% in 2024 and gradually expand further to 16.3% by 2028. As an upside risk in these estimates, we are considering pricing, as the group's market position could allow for price increases in specific products that could further support margin expansion.

A strong balance sheet that allows management to consider different options

Cash flow generation: High cash conversion ratio and targeted capex

Free cash flow generation to remain strong and to accelerate in the coming years on the back of increased operating profitability and reduced capex requirements.

Specifically, we forecast EBITDA to grow at a 14.5% CAGR over the period 2023-28. At the same time, on the back the working capital management efforts (following the impact of the acquisition of Stella Pack in 2024), operating profitability to lead to strong operational profitability growth. Note that, within the fiscal year, there is seasonality in operating profitability, as the working capital increase in 1H (mainly on the back of the suncare products), unwinds in 2H.

In respect of investments, the company has guided to a total capex of EUR 81m between 2024 and 2028 (excluding the amount related to the acquisition of Stella Pack) of which the bulk (65% or EUR 53m) to be invested in 2024 and in 2025. Most of the capex this and next year will be towards improving distribution capabilities in Greece (Oinofyta distribution center), Digital Transformation investments as well as investments related to Stella Pack operations in order to drive efficiency and synergies (including regranulation investments). Note that part of the investments in Oinofyta and for Digital transformation to be funded by RRF low-interest loans. We follow the guidance of the management in terms of capex although as the company disclosed, we incorporate some to be slippage of few million Euros from 2024 to 2025 due to the delay in the commencement of these investments.

Sarantis is to receive EUR 41.2m from the divestment deal with Estée Lauder between 2025 and 2028. The second installment of EUR 20.6m to be recorded in early 2025 with the last one of EUR 20.6m to be received in early 2028.

Taking into account the above, in our numbers, FCF from EUR 51.9m in 2023 to settle at EUR 4.8m in 2024 (accounting for Stella Pack acquisition) before jumping to EUR 63.7m in 2026 assisted also by the payments relating to Estée Lauder. All in all, for the period 2024-28, we calculate total FCF generation of EUR 333.6m.

Table 11: Free Cash Flow - AXIA forecasts (EUR m)

EUR m	2023	2024F*	2025F	2026F	2027F	2028F
EBITDA	61.6	81.2	91.4	102.9	111.8	121.2
Tax	9.6	10.4	11.9	13.7	15.3	17.0
Working Capital Change	-7.2	-17.1	-2.5	-2.7	-6.0	-5.7
Capex	7.3	-48.9*	-34.0	-13.0	-9.0	-9.0
Estée Lauder Sales Receivable			20.6			20.6
FCF	**51.9**	**4.8**	**63.7**	**73.5**	**81.6**	**110.0**

incorporating Stella pack acquisition, Source: The Company, AXIA Research

Net cash position to increase to EUR 211m by 2028

At the end of 2023, the group had a net cash position of EUR 43.6m. In 1H24 because of i) the Stella Pack acquisition ii) the repayment of debt related to Stella Pack, ii) the dividend paid for FY23, iv) the payments related to the buyback program, v) the seasonal jump in WC and vi) the investments for the period, group had a net debt position of EUR 34.9m. Nevertheless, on the back of a seasonally strong FCF generation in 2H, we would expect the group’s net debt position to be marginal at EUR 3m.

For the coming years, assuming no acquisitions, Sarantis net cash position to continue to grow and is forecasted to reach EUR 211m by end-2028.

Exhibit 21: Net debt including leases (EUR m)

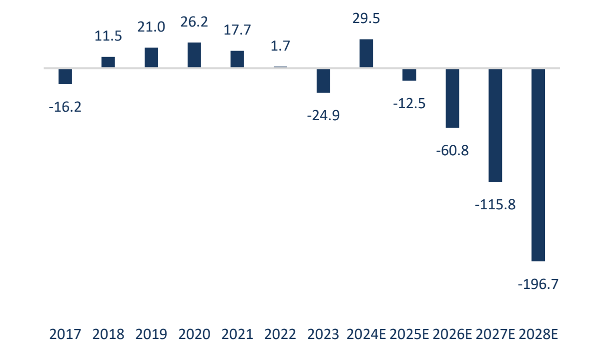
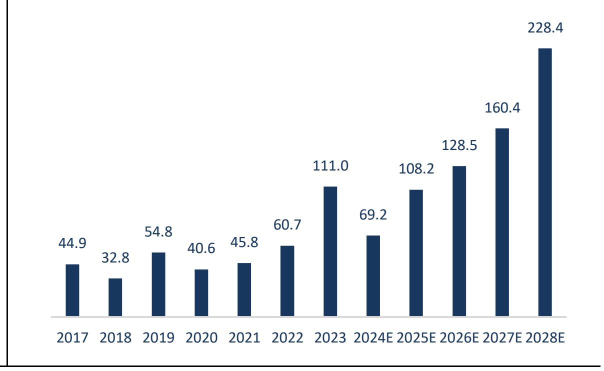


Exhibit 22: Cash (EUR m)



Source: The Company, AXIA Research

We point to the fact that the group has been able to maintain a net cash or a very low net debt position despite investments and acquisitions. Leverage over the years never exceeded 1.0x Net Debt to EBITDA. This is because the group has been very focused with its acquisition strategy, trying not to overreach.

In respect of dividends, in our estimates, we take a conservative scenario and we account for a 38% dividend payout, yielding, at current price levels, 2.5% in 2024, gradually increasing to 4.1% by 2028.

Financials: 2023-28F EBITDA CAGR of 14.5%

We estimate revenues for 2024 to increase 24.1% y-o-y to EUR 599.4m on the back of the Stella Pack acquisition as well as strong organic growth mainly related to the Beauty & Skin segment. Specifically, we account for c. 6.5% organic growth to EUR 513.8m, while Stella Pack to add another EUR 85.6m to the group's top line in 2024.

In 2025, we expect healthy organic growth, driven again by the Beauty & Skin Care category on the back of an acceleration of exports. The Home Care category is also expected to produce notable top line growth assisted by increased HERO-products penetration and growth in the Polish market, assisted by Stella Pack operations. Group revenues in 2025 are forecasted at EUR 635.4m or 6.0% higher y-o-y.

Table 12: AXIA Research P&L estimates (EUR m)

EUR m	2023	2024F*	2025F	2026F	2027F	2028F
Net Sales	**482.2**	**599.4**	**635.4**	**670.5**	**707.7**	**745.3**
COGS	-285.3	-353.6	-372.1	-391.2	-412.1	-433.3
Gross Profit (excl. depreciation)	**196.9**	**245.7**	**263.3**	**279.4**	**295.6**	**311.9**
Gross Margin	*40.8%*	*41.0%*	*41.4%*	*41.7%*	*41.8%*	*41.9%*
Other Operating Income	1.0	1.2	1.3	1.3	1.4	1.5
Administrative Expenses	-24.1	-31.3	-32.9	-32.5	-34.2	-35.9
Distribution Expenses	-112.2	-134.4	-140.2	-145.4	-151.0	-156.4
EBITDA	**61.6**	**81.2**	**91.4**	**102.9**	**111.8**	**121.2**
EBITDA margin	*12.8%*	*13.6%*	*14.4%*	*15.3%*	*15.8%*	*16.3%*
EBIT	**47.1**	**61.2**	**68.6**	**78.5**	**86.7**	**95.4**
EBIT margin	*9.8%*	*10.2%*	*10.8%*	*11.7%*	*12.3%*	*12.8%*
Net Income	**39.3**	**49.2**	**56.1**	**64.6**	**72.1**	**80.1**

****incl. Stella Pack from 2024 onwards. Source: The Company, AXIA Research***

Overall, for the period 2023-28, sales CAGR is estimated at 9.1% with sales reaching EUR 745.3m in 2028, as Beauty & Skin Care products grow at an estimated 15.9% CAGR, while apart from Stella Pack, the other categories (including selective distribution) grow on the back of strategic initiatives and market positioning.

EBITDA in 2024 is forecasted at EUR 81.2m or 31.9% higher y-o-y with EBITDA margin expanding 78bps y-o-y to 13.6% reflecting mainly the strong growth of the higher margin Beauty & Skin category but also production and operational efficiencies.

In 2025, EBITDA is seen increasing 12.6% y-o-y to EUR 91.4m with the respective margin expanding by 84bps y-o-y. Again, this margin expansion to reflect optimization of operations following ongoing investments, synergies related to Stell Pack and the overall SKU-reduction strategy. The expected growth of Beauty & Skin Care sales to add to the group's profitability.

2023-28 EBITDA CAGR is estimated at 14.5% with EBITDA reaching EUR 121.2m by 2028, reflecting optimization of the sales mix and operating leverage.

Depreciation charges to increase y-o-y in 2024 as a result of the Stella Pack acquisition but also because of the increased capex for the year. Higher investment spending to also reflect on the depreciation charges in 2025.

Net financial expenses in 2024 of EUR 1.63m mainly to reflect represent the group's increased debt levels during the first part of the year as a result of the Stella Pack acquisition. Going forward, we expect minimal net financial impact as Sarantis remains net cash positive for the entire period under focus.

Accounting for a 17.5% effective corporate tax rate (increased profitability in countries with a lower corporate tax rate), we estimate Sarantis net income at EUR 49.2m in 2024 and EUR 80.1m in 2025. The 2023-28 EPS CAGR is estimated at 15.3%.

1H24 performance: delivering on the strategy

Sarantis' 1H24 results (released on September 2, 2024) verified the soundness of the strategic initiatives the management is pushing, leading the group to post strong y-o-y organic sales and EBIT growth. The 1H24 results support management's FY24 guidance, while leading to expectations for overperformance.

Table 13: Net sales by category in 1H24 (reported and like-for like)

EUR m	Volume (units)	Net sales reported	Net sales (like-for-like (excl. Stella Pack)
Beauty, Skin & Sun Care	**7.4%**	**44.3**	**44.3**
y-o-y		*36.9%*	*36.9%*
% of total net sales		*14.6%*	*16.8%*
Personal Care	**16.4%**	**52.5**	**48.7**
y-o-y		*20.9%*	*12.3%*
% of total net sales		*17.3%*	*18.5%*
Home Care	**28.0%**	**104.2**	**80.5**
y-o-y		*33.0%*	*2.6%*
% of total net sales		*34.4%*	*30.6%*
Private Label	**78.8%**	**30.7**	**19.0**
y-o-y		*92.9%*	*19.2%*
% of total net sales		*10.1%*	*7.2%*
Strategic Partnerships	**2.1%**	**69.7**	**69.7**
y-o-y		*15.5%*	*15.5%*
% of total net sales		*23.0%*	*26.5%*
Other sales		**1.2**	**1.2**
% of total net sales		*0.4%*	*0.5%*
Total Net sales		**302.6**	**263.4**
y-o-y		*30.2%*	*13.4%*

Source: The Company, AXIA Research

Excluding the first-time consolidation of Stella Pack, Sarantis posted a 13.4% increase in sales to EUR 263.4m in 1H24 with the EBIT margin expanding by 187bps y-o-y, leading to an organic EBIT growth of 11.2% to EUR 29.4m. Part of the EBIT increase is attributed to the pressured profitability last year (as a result of the of the beauty brand Clinéa) but the larger part is related to sales mix and production and efficiency improvements. Specifically,

- Beauty, Skin & Sun Care products sales increased by 36.9% y-o-y to EUR 44.3m with the category's EBIT up 130% y-o-y.
- Organic sales growth of Personal Care products (exc. Stella Pack) reached 12.3% y-o-y to EUR 48.7m, while the EBIT growth of the category came to 27.9%.
- Like-for-like sales of Home Care Solutions products amounted to EUR 80.5m, up 2.6% y-o-y, with EBIT expanding 13.7% y-o-y. At the same time Private Label (that we include in Home Care) was up 19.2%, providing, as expected, no profits for the group.

Table 14: EBIT by segment in 1H24 (reported and like-for like)

EUR m	EBIT reported	EBIT like-for-like (excl. Stella Pack)
Beauty, Skin & Sun Care	**9.4**	**9.4**
y-o-y	*130.3%*	*130.3%*
% of total EBIT	*29.5%*	*32.0%*
Personal Care	**7.5**	**7.4**
y-o-y	*28.6%*	*27.9%*
% of total EBIT	*23.5%*	*25.2%*
Home Care	**12.8**	**10.5**
y-o-y	*38.5%*	*13.7%*
% of total EBIT	*40.1%*	*35.7%*
Private Label	**-0.1**	**-0.2**
y-o-y		
% of total EBIT	*-0.3%*	*-0.7%*
Strategic Partnerships	**2.6**	**2.6**
y-o-y	*-3.4%*	*-3.4%*
% of total EBIT	*8.2%*	*8.8%*
Other sales	**-0.3**	**-0.3**
% of total EBIT	*-0.9%*	*-1.0%*
Total EBIT	**31.8**	**29.4**
y-o-y	*47.5%*	*36.2%*

Source: The Company, AXIA Research

All in all, the characteristic of the 1H24 performance was the strong sales growth amid significant market share gains (especially for the Beauty, Skin & Sun Care and Personal Care products) that we deduct from the fact that that the growth rates registered in these categories are higher than the growth rates of the markets in focus. Market share gain is attributed to the successful efforts to push the HERO portfolio. Furthermore, there was margin expansion on the back of product mix (higher Beauty, Skin & Sun Care sales) but also because of production and efficiency improvements. This is clear from the EBIT margin expansion of the Personal and Home Care categories.

Table 15: Net sales by country in 1H24 (reported and like-for like)

EUR m	Net sales reported	Net sales like-for-like (excl. Stella Pack)
Greece	**88.9**	**88.9**
y-o-y	*18.5%*	*18.5%*
% of total net sales	*29.4%*	*33.8%*
Poland	**94.3**	**63.1**
y-o-y	*69.8%*	*13.7%*
% of total net sales	*31.2%*	*24.0%*
Romania	**48.5**	**41.8**
y-o-y	*30.3%*	*12.3%*
% of total net sales	*16.0%*	*15.9%*
Czech & Slovakia	**22.6**	**22.6**
y-o-y	*15.7%*	*15.7%*
% of total net sales	*7.5%*	*8.6%*
West Balkans	**19.6**	**19.6**
y-o-y	*11.2%*	*11.2%*
% of total net sales	*6.5%*	*7.4%*
Ukraine	**12.0**	**10.6**
y-o-y	*0.0%*	*-11.6%*
% of total net sales	*4.0%*	*4.0%*
Bulgaria	**10.6**	**10.6**
y-o-y	*16.9%*	*16.9%*
% of total net sales	*3.5%*	*4.0%*
Hungary	**6.2**	**6.2**
y-o-y	*-3.5%*	*-3.5%*
% of total net sales	*2.0%*	*2.4%*
Total Net sales	**302.6**	**263.4**
y-o-y	*30.2%*	*13.4%*

Source: The Company, AXIA Research

Importantly, in terms of geographical performance, we stress the 18.5% y-o-y sales growth and the 75.8% y-o-y EBIT growth from Greece. Recall that in this market, Sarantis incorporates also the sales from exports (in Southeast Asia and elsewhere). At the same time, the key markets of Poland, Romania and Czeck & Slovakia posted strong organic sales and EBIT growth.

Table 16: EBIT by country in 1H24 (incl. & excl. Stella Pack)

EUR m	EBIT reported	EBIT like-for-like (excl. Stella Pack)
Greece	**12.4**	**12.4**
y-o-y	*75.8%*	*75.8%*
% of total EBIT	*39.0%*	*42.2%*
Poland	**6.3**	**5.1**
y-o-y	*97.5%*	*60.3%*
% of total EBIT	*19.8%*	*17.3%*
Romania	**7.4**	**6.3**
y-o-y	*34.2%*	*13.2%*
% of total EBIT	*23.3%*	*21.4%*
Czech & Slovakia	**2.8**	**2.8**
y-o-y	*26.4%*	*26.4%*
% of total EBIT	*8.8%*	*9.5%*
West Balkans	**1.5**	**1.5**
y-o-y	*7.2%*	*7.2%*
% of total EBIT	*4.7%*	*5.1%*
Ukraine	**-0.4**	**-0.5**
y-o-y		
% of total EBIT	*-1.3%*	*-1.7%*
Bulgaria	**1.4**	**1.4**
y-o-y	*51.7%*	*51.7%*
% of total EBIT	*4.4%*	*4.8%*
Hungary	**0.4**	**0.4**
y-o-y	*-28.4%*	*-28.4%*
% of total EBIT	*1.3%*	*1.4%*
Total EBIT	**31.8**	**29.4**
y-o-y	*47.5%*	*36.2%*

Source: The Company, AXIA Research

In terms of balance sheet, the group reported net debt of EUR 43.9m vs. EUR 43.6m of net cash by end-2023. The swing does not come as a surprise as it is attributed to i) the acquisition of Stella Pack that was funded by cash reserves, alongside with the repayment of the Stella Pack's external debt of EUR 8.5m, ii) the share buyback program with a total cost of EUR 8.5m, iii) the dividend payment for FY23 and iv) the seasonal WC pressure. As noted previously, we expect strong cash flow generation in the second part of the year that should drive Sarantis' net debt closer to zero by end-December, 2024.

Finally, upon the release of the 1H24 results, management pointed to the committed loan facilities of EUR 54m that provide a war chest to fund acquisitions.

Detailed Financials

Income Statement	2023	2024F	2025F	2026F	2027F	2028F
Revenue	482.2	599.4	635.4	670.5	707.7	745.3
y-o-y	8.0%	24.3%	6.0%	5.5%	5.5%	5.3%
EBITDA reported	**61.6**	**81.2**	**91.4**	**102.9**	**111.8**	**121.2**
y-o-y	*-6.4%*	*31.9%*	*12.6%*	*12.5%*	*8.7%*	*8.4%*
EBITDA margin	*12.8%*	*13.6%*	*14.4%*	*15.3%*	*15.8%*	*16.3%*
EBIT	47.05	61.21	68.59	78.54	86.71	95.44
Net financial income/(expenses)	1.88	-1.63	-0.64	-0.23	0.69	1.67
Net Income	**39.3**	**49.2**	**56.1**	**64.6**	**72.1**	**80.1**
EPS	**0.59**	**0.74**	**0.84**	**0.97**	**1.08**	**1.20**
Declared Dividend (Total)	14.66	18.68	21.30	24.55	27.40	30.45
DPS	0.22	0.28	0.32	0.37	0.41	0.46

Balance sheet	2023	2024F	2025F	2026F	2027F	2028F
Total non-current assets	**234.3**	**287.5**	**278.0**	**266.7**	**250.6**	**213.3**
Tangible & intangible assets	169.4	218.3	229.5	218.1	202.0	185.3
Total current assets	**319.3**	**314.9**	**360.9**	**388.3**	**431.2**	**510.0**
Inventories	97.9	111.4	112.1	113.6	118.6	123.5
Cash and equivalent	111.0	69.2	108.2	128.5	160.4	228.4
Trade receivables	319.3	314.9	360.9	388.3	431.2	510.0
Total assets	**553.5**	**602.4**	**638.9**	**655.0**	**681.9**	**723.3**
Total equity	**353.6**	**375.7**	**410.4**	**450.5**	**495.2**	**544.9**
Total non-current liabilities	**90.9**	**102.0**	**99.0**	**71.0**	**48.0**	**35.0**
Trade and other payables	70.0	84.3	88.7	93.2	98.2	103.3
Total current liabilities	**109.0**	**124.8**	**129.2**	**133.7**	**138.7**	**143.8**
Total Equity and Liabilities	**553.7**	**602.6**	**638.8**	**655.4**	**682.1**	**723.8**
Gross debt (excl. leases)	70.3	75.3	75.3	50.3	30.3	20.3
Net Debt (incl. leases)	(43.6)	3.2	(35.8)	(81.1)	(133.1)	(211.0)
Net Debt/ EBITDA	(0.71)	0.04	(0.39)	(0.79)	(1.19)	(1.74)

Cash Flow	2023	2024F	2025F	2026F	2027F	2028F
EBT	48.6	59.6	68.0	78.3	87.4	97.1
WC Changes	(2.2)	17.1	2.5	2.7	6.0	5.7
Net Cash from operating activities	59.3	47.8	76.8	84.8	90.5	98.8
Capex	(7.3)	(48.9)	(34.0)	(13.0)	(9.0)	(9.0)
Net Cash from investing activities	(6.9)	(63.9)	(34.0)	(13.0)	(9.0)	(9.0)
Dividends Paid	(9.8)	(14.7)	(18.7)	(21.3)	(24.6)	(27.4)
Net Cash from financing activities	(5.7)	(25.8)	(3.7)	(51.5)	(49.6)	(21.8)
Net increase/(decrease) in cash and equivalent	**46.7**	**-41.8**	**39.0**	**20.2**	**32.0**	**68.0**

Per share data	2023	2024F	2025F	2026F	2027F	2028F
EPS	5.29	5.62	6.14	6.74	7.41	8.15
BVPS	5.29	5.62	6.14	6.74	7.41	8.15
DPS	0.22	0.28	0.32	0.37	0.41	0.46

Valuation ratios	2023	2024F	2025F	2026F	2027F	2028F
P/E	18.8	14.9	13.1	11.3	10.2	9.1
P/BV	2.1	2.0	1.8	1.6	1.5	1.3
EV/EBITDA	11.2	9.1	7.6	6.3	5.4	4.3
EV/Sales	1.4	1.2	1.1	1.0	0.8	0.7
EV/EBIT	14.6	12.0	10.2	8.3	6.9	5.5
Dividend Yield (%)	2.0%	2.5%	2.9%	3.4%	3.7%	4.2%
FCF yield (%)	7.2%	-0.2%	3.1%	10.0%	11.1%	9.4%
ROA	7.0%	8.2%	8.8%	9.9%	10.6%	11.1%
ROE	11.0%	13.1%	13.7%	14.3%	14.6%	14.7%
ROIC	21.8%	26.7%	27.2%	29.8%	32.8%	36.2%

Growth rates	2023	2024F	2025F	2026F	2027F	2028F
Revenues	8.0%	24.3%	6.0%	5.5%	5.5%	5.3%
EBITDA	-6.4%	31.9%	12.6%	12.5%	8.7%	8.4%
EBIT	-10.4%	30.1%	12.1%	14.5%	10.4%	10.1%
EBT	-4.9%	22.5%	14.1%	15.2%	11.6%	11.1%
Net income	-13.4%	25.0%	14.1%	15.2%	11.6%	11.1%

Profitability ratios	2023	2024F	2025F	2026F	2027F	2028F
Gross margin	37.8%	37.7%	37.8%	38.0%	38.2%	38.4%
EBITDA margin	12.8%	13.6%	14.4%	15.3%	15.8%	16.3%
EBIT margin	9.8%	10.2%	10.8%	11.7%	12.3%	12.8%
Net income margin	8.1%	8.2%	8.8%	9.6%	10.2%	10.8%

Leverage	2023	2024F	2025F	2026F	2027F	2028F
Gross Debt (excl. leases) (EUR m)	70.3	75.3	75.3	50.3	30.3	20.3
Net Debt (incl. leases) (EUR m)	(43.6)	3.2	(35.8)	(81.1)	(133.1)	(211.0)
Net Debt/Equity	(0.12)	0.01	(0.09)	(0.18)	(0.27)	(0.39)
Net Debt/EBITDA	(0.71)	0.04	(0.39)	(0.79)	(1.19)	(1.74)

Source: The Company, AXIA Research

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Rating history for GR. SARANTIS S.A.

Date	Rating	Share Price (EUR)	Target Price (EUR)
18/03/2021	Neutral	9.00	10.10
16/09/2024	Buy	10.96*	15.10

*Share price close as of 13/09/24.

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