

# 1

## FROM HOMEOPATHIC REMEDIES TO HERBAL EXTRACTIONS & SCIENTIFIC INNOVATIVE NATURAL PRODUCTS



# 2

## KORRES NATURAL PRODUCTS A FAST GROWING BRAND AWARENESS CASE

- Unique positioning in the market
- Strong portfolio of 500 innovative herbal products
- Experience in branding
- Focus on R&D and NPD
- Significant presence in 28 countries in Europe, Middle East, Asia, USA
- Successful development model
  - Sales CAGR<sub>03-07</sub>: 39,3%-Sales<sub>07</sub>: €36mil
  - EBITDACAGR<sub>03-07</sub>: 38,7%- EBITDA<sub>07</sub>: €6,5mil
  - Net ProfitCAGR<sub>03-07</sub>: 63,8%- Net Profit<sub>07</sub>: €3,2mil
  - Personnel CAGR03-07: 26,8%-2007: 251 people

Market Cap >€90mil

# 3

## FROM THE PHARMACY AND THE HERBS

- The Korres Natural Products has its roots in the first ever Homeopathic Pharmacy of Athens
- Founded in 1996, with the aim to utilise its extensive scientific resources for the creation of beneficial and safe products
- Today it offers a complete range of cosmetic, phytotherapy, homeopathy and nutraceutical products

# 4

## FOCUS ON 4 MAJOR PRODUCT CATEGORIES UNDER 2 BRANDS

#1 **Face** 40% of Sales<sub>07</sub>- Gross Profit Margin<sub>07</sub>: 71%

#2 **Body** 23% of Sales<sub>07</sub>- Gross Profit Margin<sub>07</sub>: 59%

#3 **Hair** 22% of Sales<sub>07</sub>-Gross Profit Margin<sub>07</sub>: 67%

#4 **Pharmaceuticals & Other** 15% of Sales<sub>07</sub>- Gross Profit Margin<sub>07</sub>: 49%

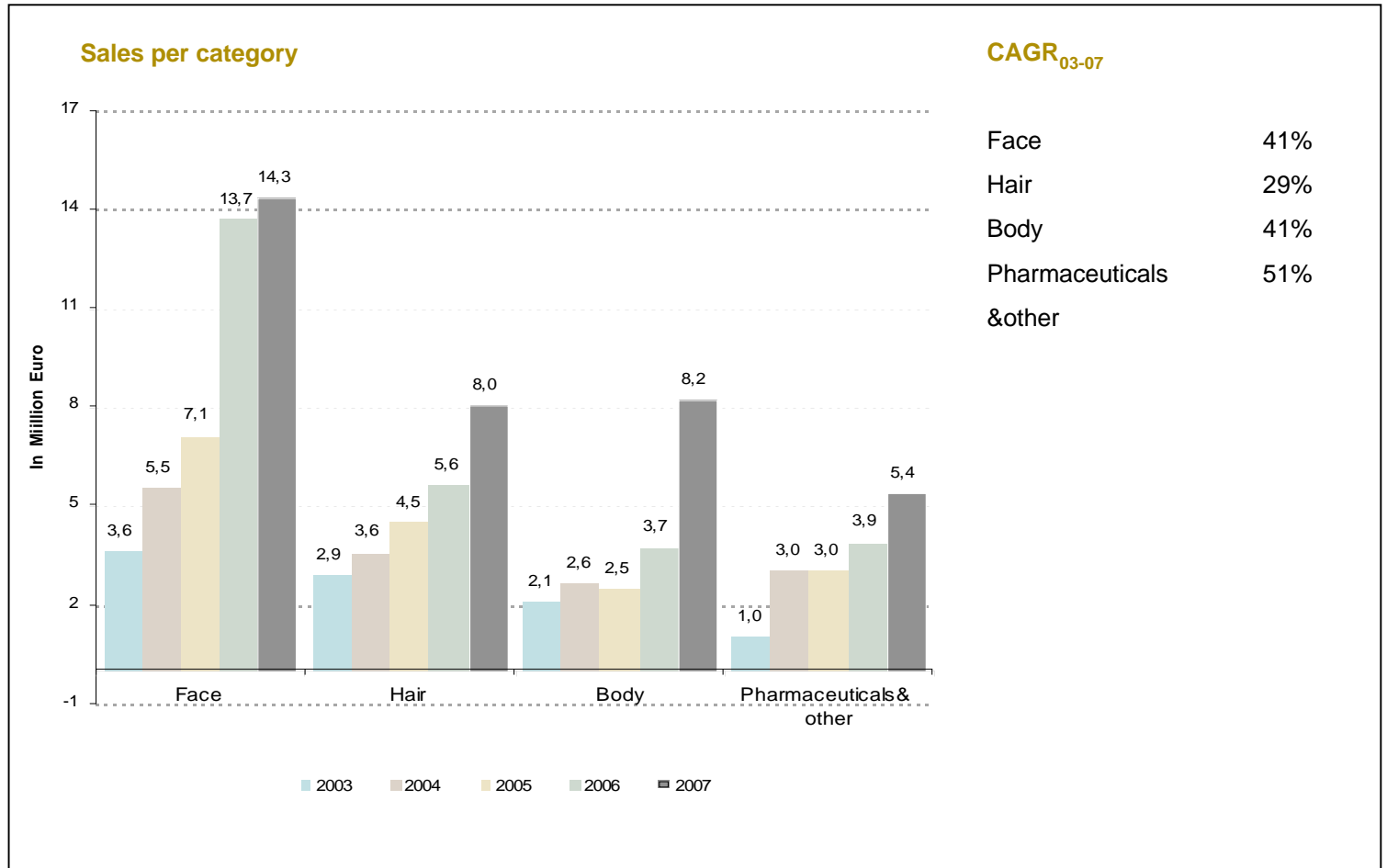
### 2 Brands

**Main Brand:** Korres Natural Products

**New Brand:** Kings & Queens, initially in body category

# 5

## HIGH GROWTH RATES IN ALL PRODUCT CATEGORIES



# 6

## HIGH PENETRATION IN PHARMACIES IN GREECE

- 5,600 Pharmacies (from which 1150 as a shop in shop),
- >50% penetration in the pharmacies
- 80% of homeopathic remedies in Greece through its 100% subsidiary  
Homeopathic Korres SA

KORRES PHARMACY

# 7

## 2 STORES IN GREECE

2 stand alone stores



ATTICA STORE ATHENS



ATHENS AIRPORT STORE

# 8

## GROWING INTERNATIONAL PRESENCE KORRES AT THE ELITE STORES OF THE WORLD 28 COUNTRIES through distributors

**Europe:** Greece, Cyprus, Romania, Russia, Italy, Spain, France, Andorra, Germany, UK, Austria, Switzerland, Belgium, Netherlands, Norway, Finland. **Middle East, Asia:** Dubai, Turkey, China & Hong Kong, Japan, Singapore, Korea, India, **USA, Canada, Australia, Caribbean, South Africa**

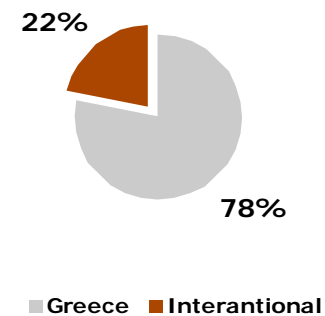


CAGR 03-07

Greece : 33,3%

International : 87%

Sales by region





# 9

## INTERNATIONAL PRESENCE 1,250 SELECTIVE – SEMI/SELECTIVE POINTS OF SALES

UK Harrods, Harvey Nichols, Liberty, Selfridges, John Lewis, Fenwicks, Heal's, Oliver Bonas, GERMANY Ludwig Beck, Quartier 206, KaDeWe, Apropos, Alsterhaus, Harald Lubner, ITALY Coin SPAIN Seven Sense, Oro Liquido, Soho Shop PORTUGAL Selected pharmacies, FRANCE & ANDORRA Le Bon Marché, Sephora, Le Printemps AUSTRIA Nana De Bary, Nägele & Strubell SWITZERLAND Septième, Globus, Schminckbar, Hyazinth BELGIUM & LUXEMBURG Selected Pharmacies nationwide (250 POS) NORWAY Luna Spa CYPRUS Ermes, Selected Pharmacies nationwide RUSSIA Selected points of sale (perfumeries)

Liberty\_London UK



Harrods\_London UK



Selfridges\_London UK



Ludwig Beck, Munich, Germany



Apropos\_Germany



Coin SIS, Milano, Italy



# 10

## INTERNATIONAL PRESENCE KORRES STORES - 18 STAND ALONE STORES VIA DISTRIBUTORS

Barcelona stores, Spain



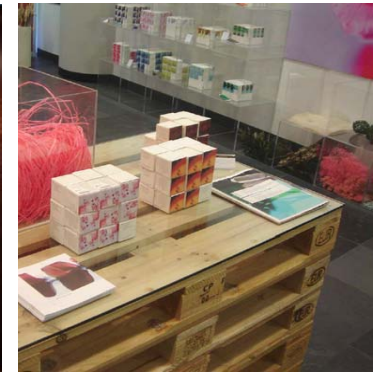
Helsinki store, Finland



Bucharest store, Romania



Lisboa store, Portugal



# 11

## INTERNATIONAL PRESENCE

18 STORES VIA DISTRIBUTORS

### STORE COUNT BY 2006 END

COUNTRY	CITY
GREECE	ATHENS ATTICA
	ATHENS AIRPORT
UK	LONDON
SPAIN	BARCELONA
	BARCELONA
	MATARO
FINLAND	HELSINKI

### STORE COUNT IN 2007

COUNTRY	CITY
CHINA	SHANGHAI
	BEIJING
	BEIJING
UK	GLASGOW
GERMANY	FRANKFURT
USA	NEW YORK SOHO
SPAIN	MADRID
	VALENCIA
TURKEY	ISTANBUL

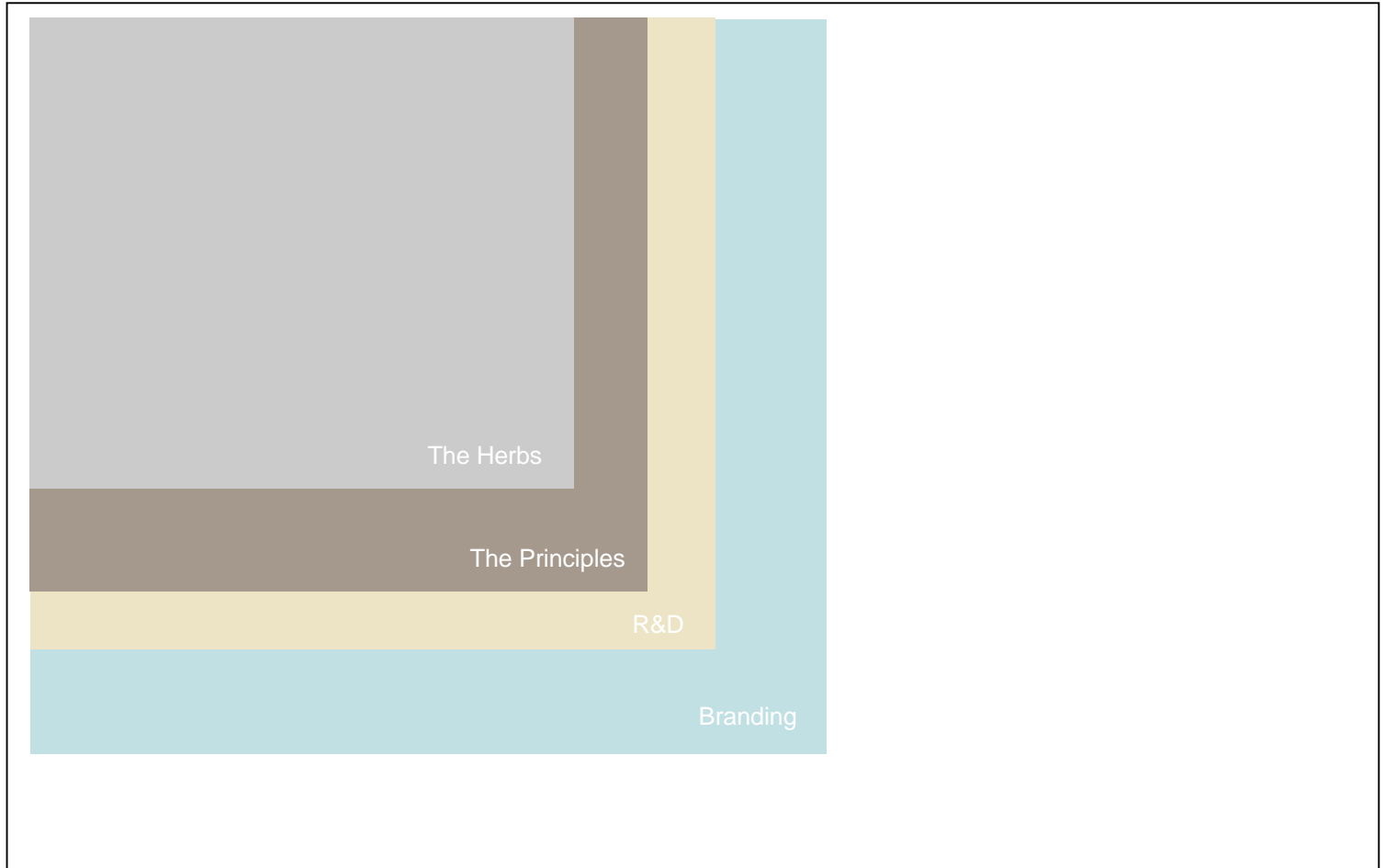
### STORE COUNT IN 2008 (up to now)

COUNTRY	CITY
SWITZERLAND	LA CHAUX DE FONDS
	NEUCHATEL
FRANCE	PARIS
USA	NEW YORK (BROOKLYN)

\*Korres products are also sold over 21 shop-in-shops worldwide

# 12

## COMPETITIVE ADVANTAGES



# 13

## INNOVATIVE PRODUCTS

BASED ON 4 LARGE GROUPS OF NATURAL INGREDIENTS

**Herbs with pharmaceutical properties**, e.g. Calendula, Echinacea, Hypericum, Evening Primrose

**Greek flora herbs**, e.g. Thyme, Basil, Rosemary, Mastiha, Crocus

**Food ingredients** e.g. Yogurt, Thyme-honey, fully incorporated in our products

**Natural raw materials** the attributes of which are reinforced by the latest global Cosmetology research

**Replace substances such as mineral oils, silicones, propylene glycol, parabens etc** with natural ingredients which are safe and skin friendly

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## INNOVATIVE PRODUCTS

BASED ON 4 LARGE GROUPS OF NATURAL INGREDIENTS

Herbs with pharmaceutical properties



Greek Flora herbs



Food ingredients



Natural Raw material



# 15

## INVEST IN GREEK FLORA

### THROUGH OUR R&D AND NPD

with 100% organically grown and extracting active herbal ingredients

- **The Establishment of our subsidiary Phyto 12 (60% participation)**, with the aim to trade and distribute natural extractions and to develop extracting processes

### THROUGH STRATEGIC PARTNERSHIPS

- **Co operation with the Pharmacology School of the Pharmacy Department of ATHENS UNIVERSITY**, working on industrial research development programs aiming to fully explore the attributes of Greek flora pharmaceutical plants
- **Co operation with Chios MASTIHA Growers Association (CMGA)**-development of a Mastiha product range. Recently acquired 5,13% of Mediterra which is the exclusive distributor of Chios Mastiha in Greece on behalf of CMGA
- **Co operation with the Cooperative de Safran of Crocus Kozani through its 15,6% participation in KROCUS KOZANIS PRODUCTS**, exclusive representation and distribution of the organic Kozani Crocus apart from Greece also abroad and the development of KROCUS products

# 16

## OUR PRINCIPLES

### 4 basic principles:

- Use of organically grown and extracting herbs and natural ingredients of the highest quality
- Clinically tested effectiveness without over promising results
- Combination of science and high aesthetics
- Reasonable prices



# 17

## FOCUS ON THE DEVELOPMENT OF INNOVATIVE PRODUCTS

- **4% of total sales** is allocated for R&D and NPD
- **A team of 43 chemists and chemical engineers**, develop and manage new product ideas, following the most strict procedures
- **130 new products in the pipeline** to be launched up to the end of 2010

# 18

## EXPERIENCE IN BRANDING

- High brand awareness – 15% market share in pharmacies in Greece
- Only 13% of sales is allocated for advertising
- First time on TV in 2007
- Awarded plenty of times for its product development, promotion and packaging



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## NEW BRAND KINGS & QUEENS

New target group\_ New distribution channels



# 20

## NEW BRAND KINGS & QUEENS

**ROYALS & HERBS** -Stories and myths of royals and herbs

### PRODUCT RANGE

Showergels, body milks, body butters, soaps, amenities

### CHARACTERISTICS

-Luxurious bulk -Colour and fragrance -Maximal packaging -Herbal ingredients -Paraben Free  
-Mineral oil Free



# 21

## NEW BRAND KINGS & QUEENS

New target group\_Alternative distribution channels

### DISTRIBUTION

-Masstige Category -Affordable price -Alternative Distribution Channels



# 22

## NEW BRAND KINGS & QUEENS

- Launched in July 2007

### in Greece

Fena Fresh in Thessaloniki and at supermarkets (Sklavenitis, AB Vasilopoulos, Massoutis, Carrefour)

Major chain stores and superstores-cosmetic stores (Attica, Aroma, Gallery de Beaute)

Already present in 1,200 points of sales

### in International Markets

The Netherlands in an exclusive partnership with the European cosmetics

Store chain Douglas

Exports to France, Germany, UK and Russia

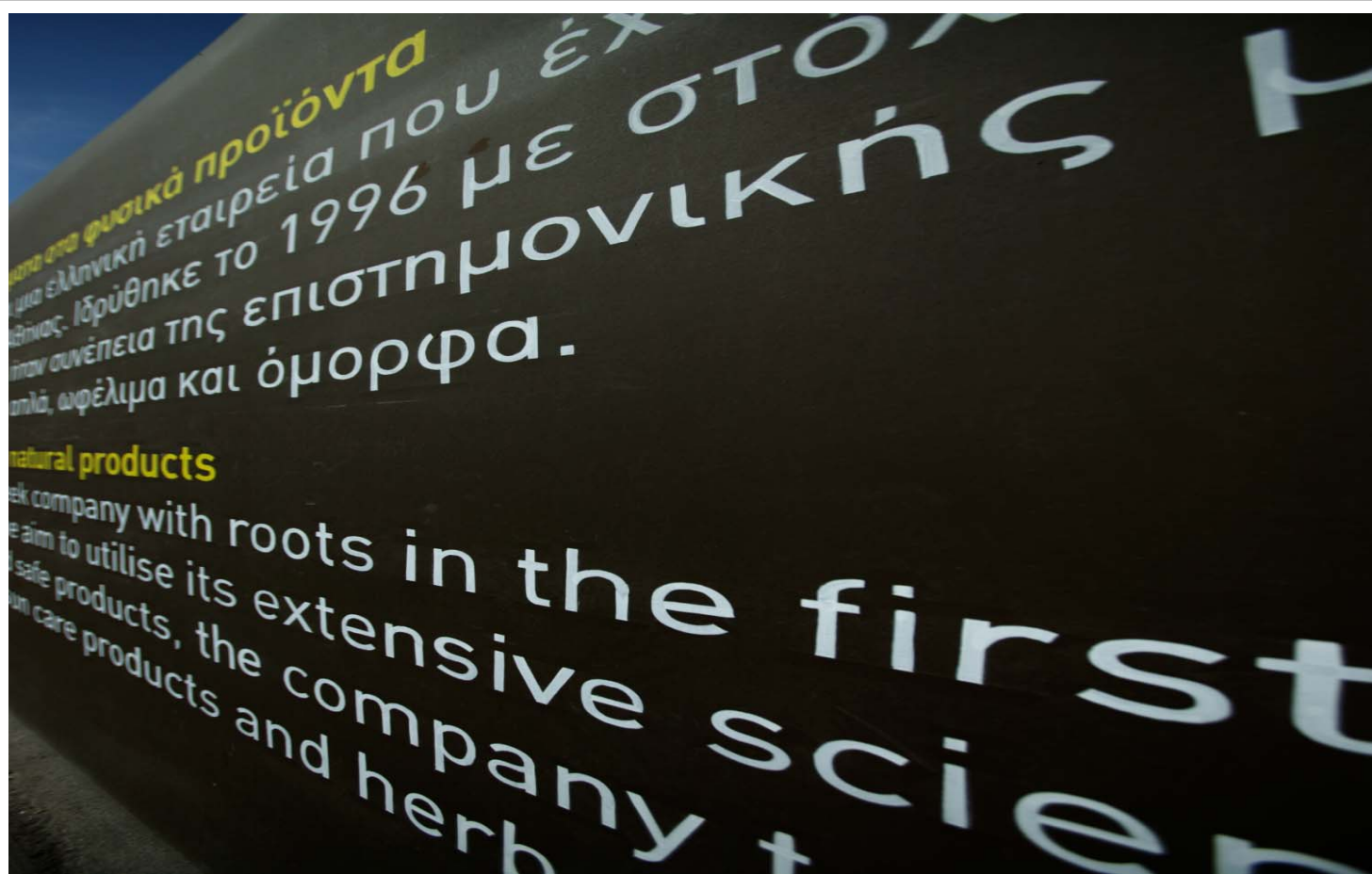
- Sales 2007: €1,6mil. The contribution of the new brand to total sales is expected to be significant in the following years.

# 23

## CAPACITY TO COVER THE INCREASED DEMAND

INVESTMENTS 03-07: €16,3MIL

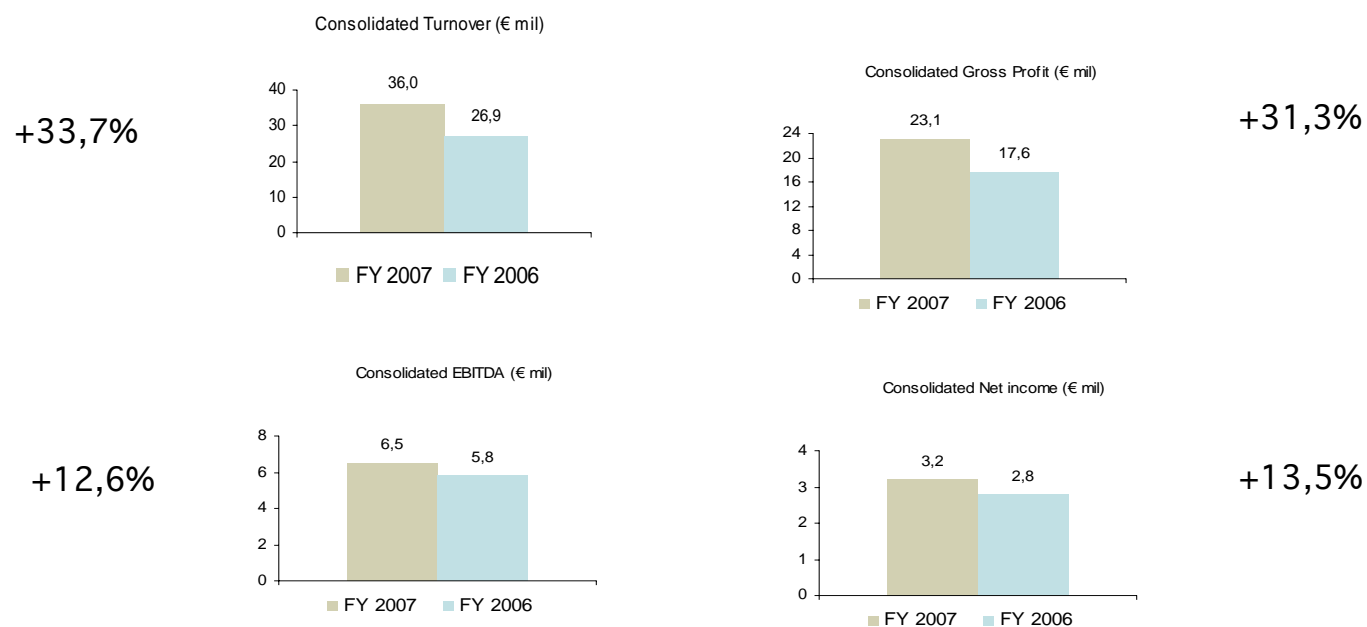
- 6,500sqm production facilities, located in Oinofyta (57 km north of Athens) in 13,000sq.m land
- 80% of the production is realized in house and the rest 20% is outsourced
- 8x the current production output (with 3 shifts) after the completion of new mechanical equipment's installation





## FINANCIAL FY '07 HIGHLIGHTS

- **Revenues** increased by **33,7%** to €36,0m (€26,9m in FY 2006)
- **Gross Profit** increased by **31,3%** to €23,1m (€17,6m in FY 2006)
- **EBITDA** increased by **12,6%** to €6,5m (€5,8m in FY 2006)
- **Net income** increased by **13,5%** to €3,2m (€2,8m in FY 2006)

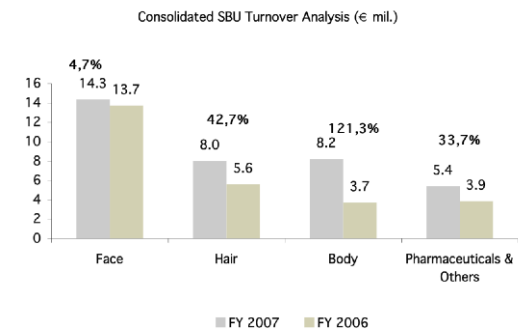
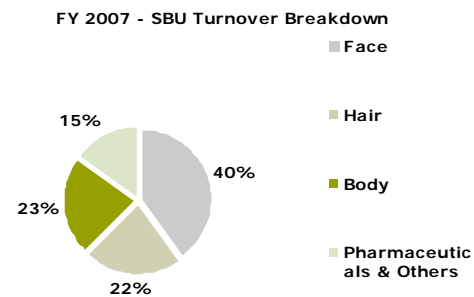


# 26

## FY '07 SALES GROWTH BY BU

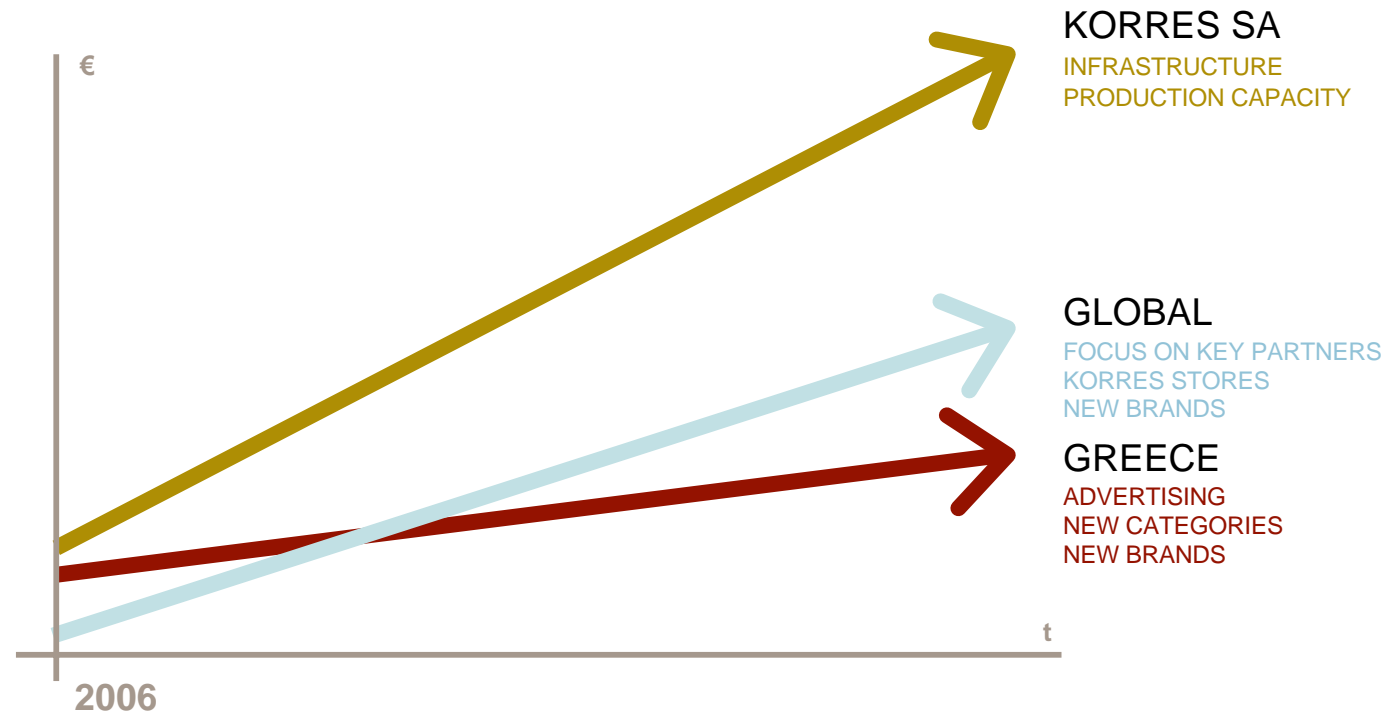
- Face products continued to be the highest contributor to total sales (40%), while body and hair categories gained 11pp, participating by 22,0% and 23% respectively in sales
- 121,3% growth in body category came apart from the launch of the new brand K&Qs, also from the development of sun care products and the organic growth of the core category.
- 42,7% in hair products driven by the significant growth of hair colorants

+4,7% in Face  
 +42,7% in Hair  
 +121,3% in Body  
 +38,9% in Pharmaceuticals and others



# 27

## STRATEGY GROWTH FOCUS



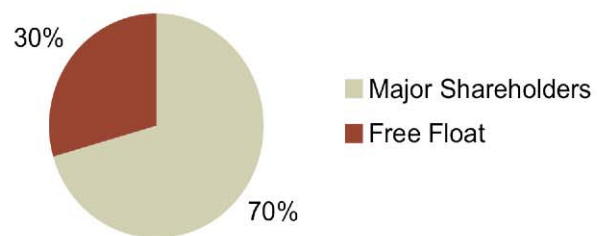
# 28

## STRATEGY 2008-2010

GROW	<b>GREECE</b>	<p>GROWTH STRATEGY</p> <p>DEVELOPMENT</p>	<p><b>DRIVERS</b></p> <ul style="list-style-type: none"> <li>• Grow the existing product categories</li> <li>• New product categories</li> <li>• New brand –upscale pricing</li> <li>• New distribution channels</li> </ul>
	<b>INTERNATIONAL</b>	<p>FOCUS STRATEGY</p> <p>ESTABLISHMENT</p>	<ul style="list-style-type: none"> <li>• Developed markets: UK, US, Germany, Spain and Japan</li> <li>• Emerging markets: China and Russia</li> <li>• Modelisation of stores</li> <li>• New distribution channels</li> </ul>
	<b>NEW BRAND</b>	<p>EXPANSION STRATEGY</p> <p>KINGS &amp; QUEENS</p> <p>ENTRANCE</p>	<ul style="list-style-type: none"> <li>• New product categories</li> <li>• Penetrate the mass distribution channels</li> <li>• New geographical regions</li> </ul>

# 29

## SHAREHOLDING STRUCTURE



Major shareholders	Participation (%)
George Korres	56,10%
Helen Philippou	5,6%
Peter Katsoulas	4,5%
Apostolos Korres	4,2%

## IMPORTANT DISCLOSURE

- The present was compiled by the company KORRES S.A. NATURAL PRODUCTS (hereinafter the Company) exclusively for investors and market professionals
- In no way does the present constitute an offer or invitation to purchase Company shares.
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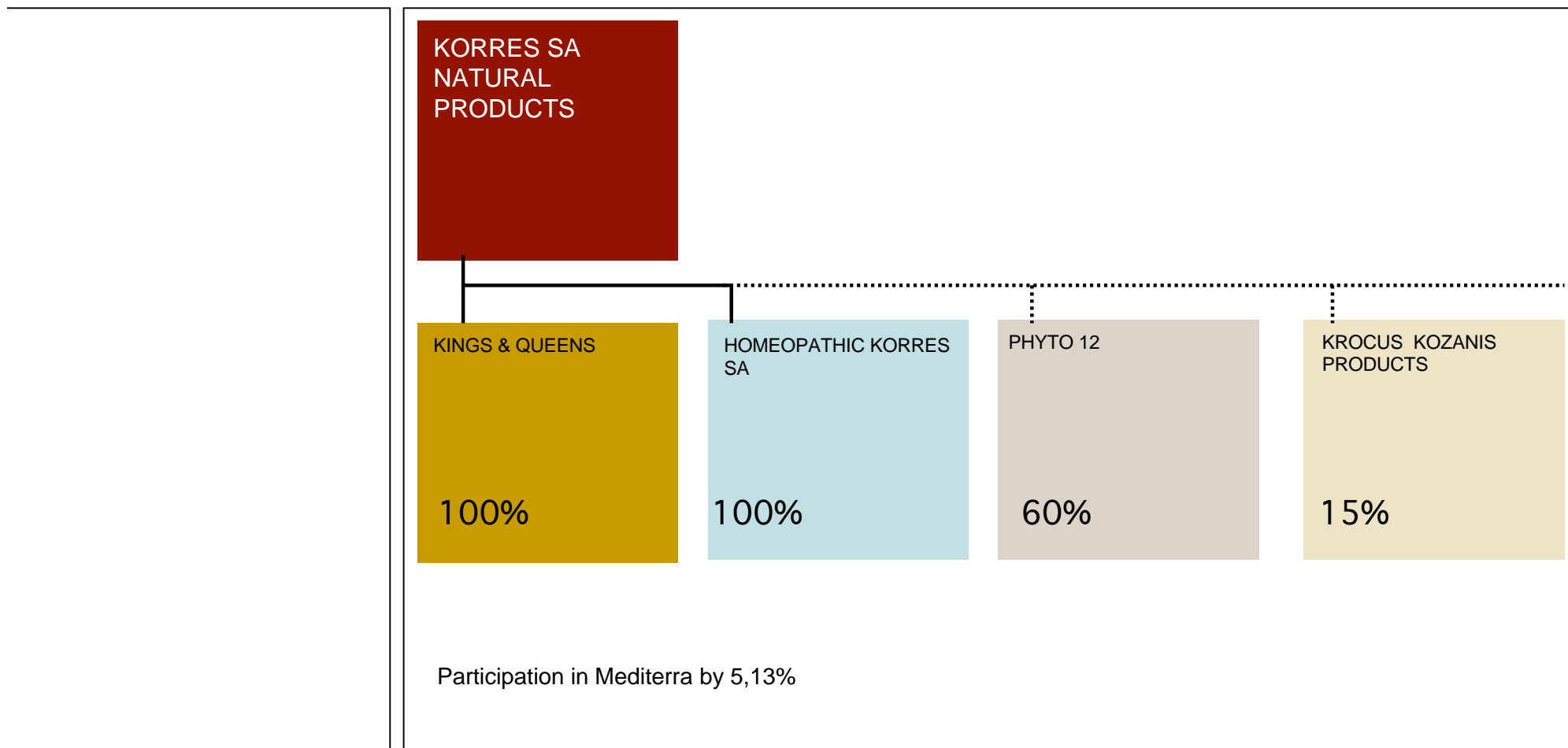






# 33

## GROUP STRUCTURE



- 1996 Setting up *G. Korres Ltd.*
- 2000 Converted into a S.A. under the name *Korres SA-Natural Products*  
First steps to enter foreign markets
- 2001 Deal with Harvey Nichols (UK)
- 2002 Setting up the subsidiary *Korres UK* and opening the 1<sup>st</sup> flagship store in Chelsea, London
- 2003 Product distribution agreement with PLIAS  
Cooperation with Mastiha producers (Chios, Greece)
- 2004 Acquisition of factory in Oinofyta  
Opening 2 new Korres shops in Barcelona (local distributor)  
Setting up subsidiary *Korres USA* \_Deal with Sephora
- 2005 Opening 2 Korres shops in Athens  
Opening 1 shop in Helsinki (local distributor)  
Sale of subsidiaries *Korres USA & UK*
- 2006 Relocation at Oinofyta  
Opening 2 new shops - 1 in Helsinki (Finland), 1 in Mataro (Spain)  
Exports in Asia, China & Japan  
Acquisition of *Homeopathic Korres GP*

2007 Listing to the Stock Exchange in the Small-Mid Cap category

Launch of the new brand Kings & Queens, by Establishing its 100% subsidiary Kings & Queens

Establishment of its subsidiary Phyto 12 (60% participation)

Opening of 9 (1 in Shanghai, 2 in Beijing, 1 in Glasgow, 1 in Frankfurt, 1 in New York Soho, 1 in Madrid, 1 in Valencia, 1 in Istanbul) new Korres Stores abroad, reaching a total of 14 stores

- 1998** Award for Innovation and Production, Ministry of Development
- 2000** Award for Entrepreneurship, EOMMEX
- 2002** Gold Award for Packaging & Praise for the Corporate Identity, Greek Awards for Graphic Artist and Imagery
- 2003** Award for Development and Innovation, Hellenic Business Society and awarded by the President of the Greek State
- 2003** Gold Star for Packaging, Association of Industrial Producers of Packaging Material
- 2004** Gold Award Prix de Beauté in the haircare category for the shampoo Mastiha-oil and Wheat proteins
- 2004** Gold Awards for Packaging and Advertising Prints & Honor for Corporate Identity and Corporate website (www.Korres.com), Hellenic Awards for Graphics and Design
- 2004** Gold Ermis for Packaging for liquid hand soaps, Association of Advertising & Communication Companies
- 2004** Bronze Ermis for Packaging for the facial range, Association of Advertising & Communication Companies
- 2005** Korres George, Greek Businessman of the Year, STATUS magazine
- 2005** Gold Award for Korres BOOKS logo, Hellenic Graphic and Design Awards
- 2005** Gold Award Prix de Beauté for Korres COLOUR\_PENCILS
- 2005** Gold Award Retail Manager and Rising Star of the Year, Retail Business magazine, sponsored by the Ministry of Development
- 2006** Star in Packaging for Kozani Crocus and Honor for gift boxes, Pan-Hellenic Packaging Contest “Greek Stars 2006»
- 2006** Honor for Jam with figs, plums & honey, Gourmet magazine – Eleytherotypia newspaper

- 2006** Company of the Year Award for corporate development and creativity, Vôte Beauté magazine
- 2006** Gold Ermis Product Identity and Packaging for Kozni Crocus, Association of Advertising & Communication Companies
- 2006** Gold Ermis Promotional Materials/Structures of for Korres Colour, Association of Advertising & Communication Companies.
- 2006** Star in Packaging for Kozani Crocus, International Packaging Contest “Stars 2006”
- 2006** Ranked 247 amongst the 500 highest developing companies in Europe, by the 500 Growth Entrepreneurs for growth association
- 2007** Korres George, Greek businessman of the Year, STATUS magazine
- 2007** Honored by the Pharmaceuticals Association of Thessalonica for his contribution to the Greek Business development, 7thPharmaPoint
- 2007** Best Hand Launch Award for the Thyme Honey hand cream at the Pure Beauty Awards
- 2007** Gold Award Prix de Beauté for Korres Colour\_Concealer & Compact Powders
- 2007** Ermis Silver (2nd prize) in the category of Product Identity and Packaging for the Korres Bag, by the Greek Association of Communication and Advertising companies
- 2007** Korres store in Annankatu listed as one out of 101 best (product/brand or phenomenon) by Kotivinkki magazine in Finland
- 2007** Best Eye Cream, Sunday Mirror Beauty Awards for Eyebright
- 2007** Ranked 460 amongst the 500 highest developing companies in Europe, by the 500 Growth Entrepreneurs for growth association
- 2007** Distinction for International Business Development, the Leading Companies Greece Awards
- 2007** Best Natural Eyeshadow for Korres in Olive Green at Natural Health Beauty Awards 2008
- 2007** Best Mask for Korres Cinnamon and Clay Mask at SELF Magazine Healthy Beauty Awards

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## PRODUCT CATEGORIES

### Face:

Moisturising Creams, Emulsions, Lotions, Facial Masks, Eye Creams, Men's Care products, Make-up products

### Hair:

Shampoos, Conditioners, Styling products, Hair Colourants

### Body:

Shower Gels, Body Waters & Butters, Hand Soaps, Sponges, Sun Care products

### Pharmaceutical:

Anti-cellulite products, Anti-lice products, Insect Repellents ,Syrups & Drops, Homoeopathy medicines

### Other products:

Hotel supplies (*Korres Little Natural Products*), Mastiha Products (Korres Greek Flora\_Mastiha), Oral Hygiene Products, Nutraceuticals (instant drinks with vegetable fibers, jams, teas, energy bars, etc.)

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## FOCUS ON THE DEVELOPMENT OF INNOVATIVE PRODUCTS

### Innovative and globally competitive natural ingredients based formulas

OUR PRODUCTS DO NOT CONTAIN:	DISADVANTAGES	REPLACED WITH NATURAL INGREDIENTS:	ADVANTAGES
Parabens	Conservatives everyone is overexposed to	Organic acids, food conservatives	Natural, mild, safe
Oil products (mineral oil)	Synthetics, which clog skin pores	Excellent quality natural oils	Exceptional compatibility, does not clog pores, moisturising properties
Silicones	Synthetic, non bio-degraded, which clog the pores, burden hair	Combination of dry vegetable oils	Exceptional compatibility, does not clog pores, does not burden hair, moisturising properties
Propylene-glycol	Dissolution responsible for allergies	Butylene glycol	High compatibility, friendly to the skin
Ethanolamines	Controllers of pH responsible for allergies, rashes	Amino acid L-arginin	High compatibility, moisturising properties
Synthetic vitamin E (D- and L-tocopherol)	Only D-tocopherol has proven anti-oxidant action	Natural vitamin E (D-tocopherol)	Has a double anti-oxidant action
Non-standard natural extracts	Unstable effectiveness	Active natural extracts	Maximum and constant effectiveness

## FINANCIAL INFORMATION – FINANCIAL RESULTS

(in thousand)	2003	2004	2005	2006	2007	Average annual growth rate
<b>Sales</b>	9,547	14,779	17,064	<b>26,914</b>	<b>35,977</b>	39,3%
<b>Gross profit</b>	6,245	9,141	10,652	<b>17,590</b>	<b>23,086</b>	38,7%
<b>% of turnover</b>	65.4%	61.9%	62.4%	<b>65.4%</b>	<b>64,2%</b>	
<b>Earnings before interest, tax, depreciation &amp; amortization (E.B.I.T.D.A.)</b>	1,574	3,038	3,155	<b>5,811</b>	<b>6,542</b>	42,8%
<b>% of turnover</b>	16.5%	20.6%	18.5%	<b>21.6%</b>	<b>18,2%</b>	
<b>Earnings before tax (E.B.T.)</b>	932	1,994	2,010	<b>4,041</b>	<b>4,599</b>	49,0%
<b>% of turnover</b>	9.8%	13.5%	11.8%	<b>15.0%</b>	<b>13%</b>	
<b>Earnings after taxes (E.A.T.)</b>	448	1,112	1,132	<b>2,841</b>	<b>3,226</b>	63,8%
<b>% of turnover</b>	4.7%	7.5%	6.6%	<b>10.6%</b>	<b>9,0%</b>	



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## FINANCIAL INFORMATION – BALANCE SHEET

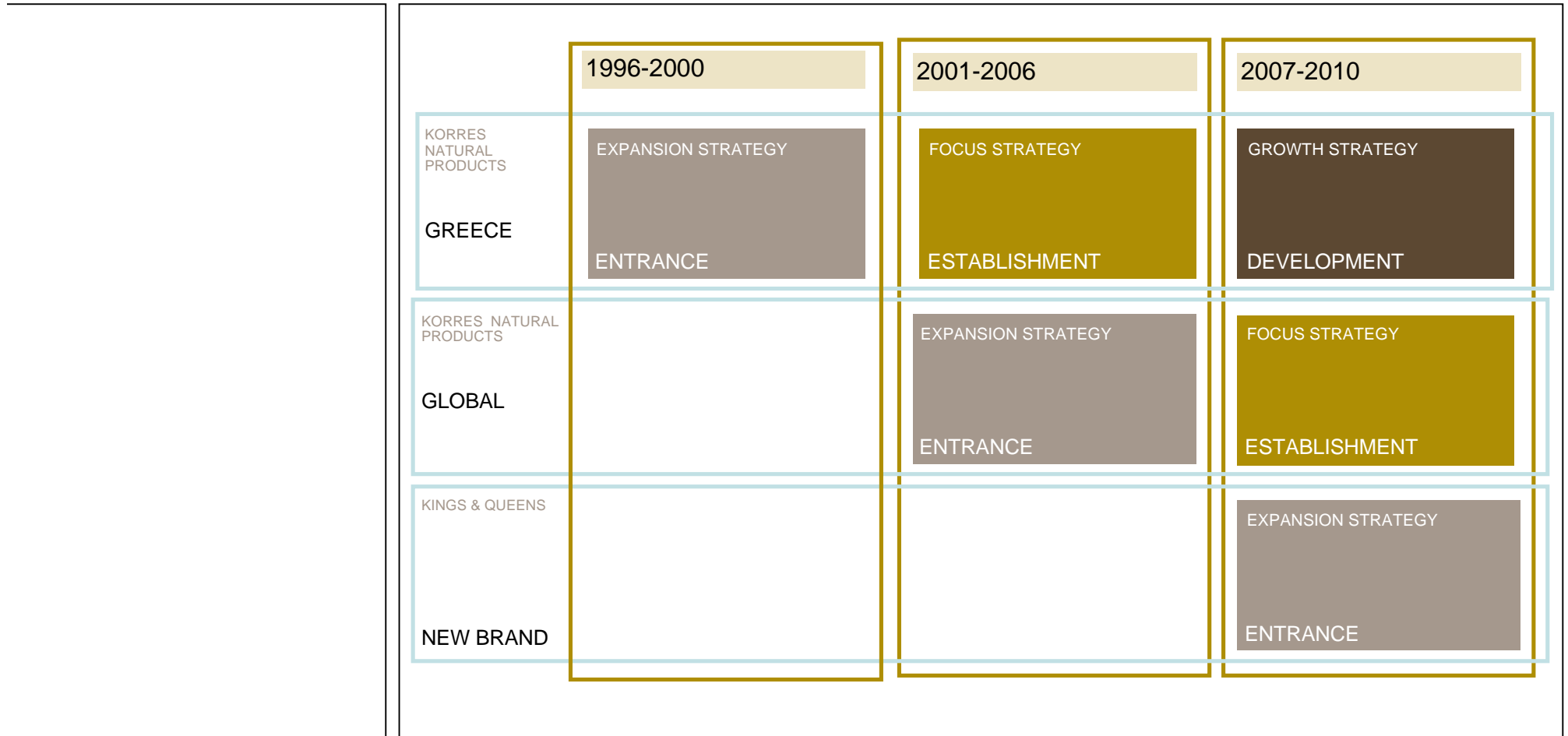
(in thousand Euro)	2003	2004	2005	2006	2007
<b>ASSETS</b>					
Total non-current assets	7,051	7,023	11,303	<b>13,750</b>	<b>17,743</b>
Current assets	7,795	10,369	13,111	<b>19,239</b>	<b>31,844</b>
<b>Total Assets</b>	<b>14,846</b>	<b>17,393</b>	<b>24,415</b>	<b>32,989</b>	<b>49,587</b>
<b>EQUITY &amp; LIABILITIES</b>					
Total equity	2,220	3,332	4,604	<b>6,573</b>	<b>18,868</b>
Long-term liabilities	5,109	4,750	5,340	<b>10,241</b>	<b>8,867</b>
Short-term liabilities	7,517	9,311	14,472	<b>16,174</b>	<b>21,851</b>
Total liabilities	12,626	14,061	19,811	<b>26,415</b>	<b>30,718</b>
<b>Total Equity and Liabilities</b>	<b>14,846</b>	<b>17,393</b>	<b>24,415</b>	<b>32,989</b>	<b>49,587</b>

(in thousand Euro)	2003	2004	2005	2006	2007
<b>Inflows from operating activities</b>	(1,308)	(545)	(1,494)	<b>2,634</b>	<b>1,214</b>
<b>Inflows from investment activities</b>	(754)	(319)	(1,394)	<b>(2,943)</b>	<b>(5,804)</b>
<b>Inflows from financing activities</b>	2,165	651	3,580	<b>1,033</b>	<b>4,994</b>
<b>Increase in cash &amp; cash equivalents*</b>	103	(213)	0692	<b>725</b>	<b>405</b>

\* Compared to the respective previous period

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## DEVELOPMENT STRATEGY 1996-2010

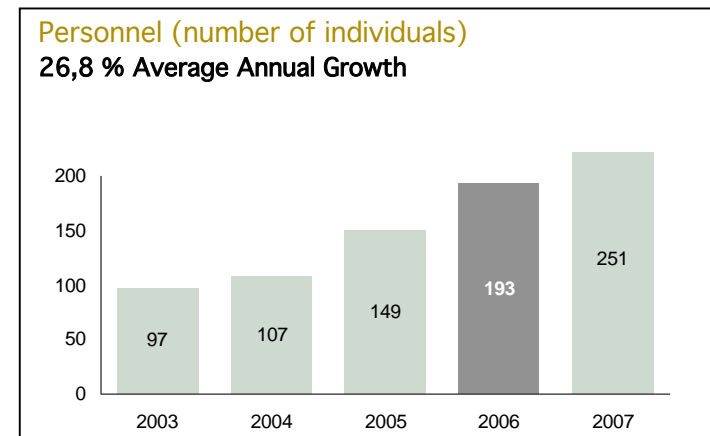
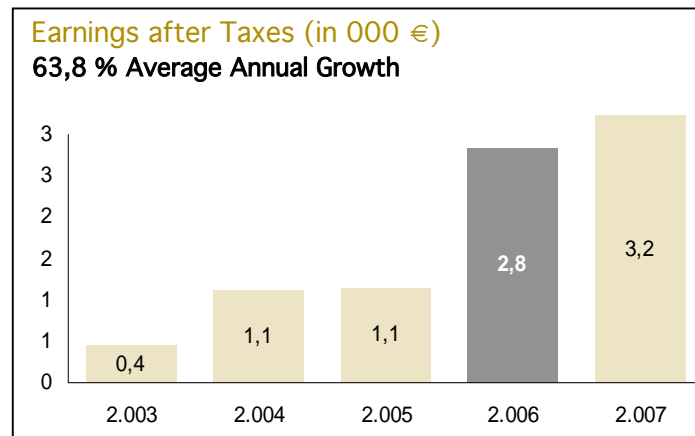
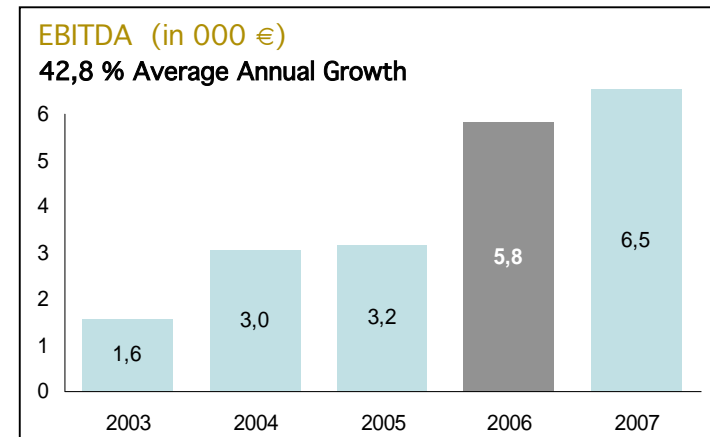
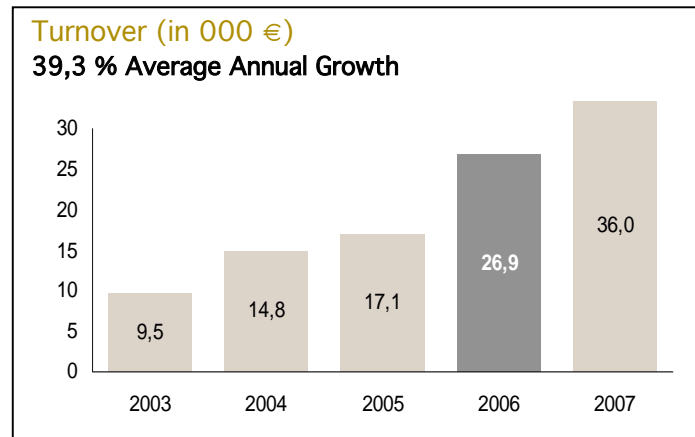


## DEVELOPMENT STRATEGY 1996-2010 KORRES NATURAL PRODUCTS

	1996-2000	2001-2006	2007-2010
<u>BRAND</u>	EXPANSION STRATEGY Unique positioning City Pharmacies CEO centered - Word of mouth ENTRANCE	FOCUS STRATEGY Establishment of New Categories Network Expansion Senior Staffing Airport – Attica Department Store Print Campaigns ESTABLISHMENT	GROWTH STRATEGY Innovative Technology Support of key points Matrix structure No additional openings TV Campaigns DEVELOPMENT
<u>DISTRIBUTION</u>			
<u>STRUCTURE</u>			
<u>STORES</u>			
<u>COMMUNICATION</u>			
GREECE			
<u>BRAND</u>	EXPANSION STRATEGY Cult / Global brand Launch in 30 markets Senior Staffing 6 stand alone stores PR Companies ENTRANCE	FOCUS STRATEGY New Categories Focus in top markets Key Partners Modelisation - Development Print / TV ESTABLISHMENT	
<u>DISTRIBUTION</u>			
<u>STRUCTURE</u>			
<u>STORES</u>			
<u>COMMUNICATION</u>			
ABROAD			

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## SUCCESSFUL DEVELOPMENT MODEL



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