

Kri Kri Dairy Company



Company Presentation

8th Annual Greek Roadshow
London, September 2013

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Invest in Greek Yogurt



Yogurt



in Greek



Invest





- ❑ One of the few listed companies globally with clear **exposure to the Greek Yogurt investment theme**
- ❑ **Profitable growth**, even during the Greek crisis and recession, supported by a sound financial position
- ❑ An **experienced and loyal management team** that has led Kri Kri from a local company to a major player in Greece and a reliable business partner in Europe and Emerging Markets
- ❑ A **highly efficient and automated production line** that is scalable and has easy access to considerable supplies of milk
- ❑ **High returns and dividend payments to shareholders**
- ❑ **Well positioned** to take advantage of the **enormous growth potential** in our product and geographical markets

Kri Kri at a glance



Key Financials

IFRS Consolidated (€ mn)	2012
Sales	59.3
Gross Profit Margin	37.1%
EBITDA Margin	12.9%
Net Profit Margin (after tax)	8.8%
ROAE	17%
Total Assets	48.6
Cash	7.4
ST Debt + LT Debt	3.0
Net Cash / (Debt)	4.4
Shareholders Equity (ex. M.I.)	32.5

Market Size and Share (2012)

	Market Size (€ mn)	Market Share	
Greek Yogurt	Greece	300	10.5%
	Germany	35	7%
	Denmark	15	40%
	Iraq	100	6%
	UK	210	0-
Ice Cream	Greece	300	11%
	Bulgaria	50	2%
	FYROM	30	4%
	Albania	20	2%

Entered the UK market of Greek Yogurt in August 2013 through an agreement with Waitrose

Organized to create value



Our approach to management and business development...

- ❑ From a local company to a major player in Greece and a reliable business partner abroad through organic growth
- ❑ Experienced and loyal management team
- ❑ Highly qualified and motivated employees
- ❑ Corporate governance adheres to best practice

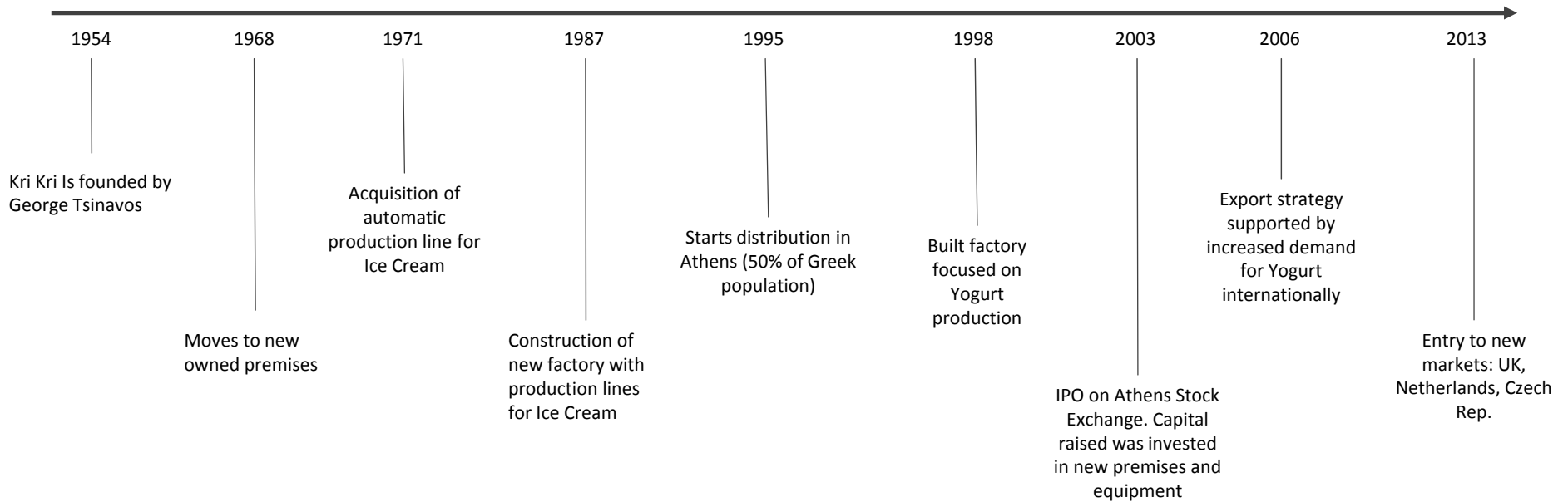
...in conjunction with our strategic choices

- ❑ Focus on the high growth – high margin products
- ❑ Highly efficient and scalable production line with easy access to large milk supplies
- ❑ Product innovation and Strategic partnerships
- ❑ Increase of market share in Greece and continued focus on exports
- ❑ Private Label (P.L.) products

...creates value for our shareholders

- ❑ Emerging stronger from the Greek crisis
- ❑ Sustainable profitable growth
- ❑ Sound financial position
- ❑ High returns and dividends to shareholders

Organic growth strategy



Experienced and loyal management team



Key information



**Panagiotis Tsinavos
(CEO & Chairman)**

- 30 years of experience in the dairy industry
- 30 years with Kri Kri
- MBA



**Stamatis Skianis
(Commercial Director)**

Key information

- 37 yrs of experience in the dairy industry
- 12 years with Kri Kri
- BSc in Business Administration



**Kostas Sarmadakis
(CFO)**

- 9 yrs of experience in the dairy industry
- 9 years with Kri Kri
- MSc in Finance



**Andreas Mylonas
(Exports Director)**

- 14 yrs of experience
- 4 years with Kri Kri
- MSc in International Food Marketing



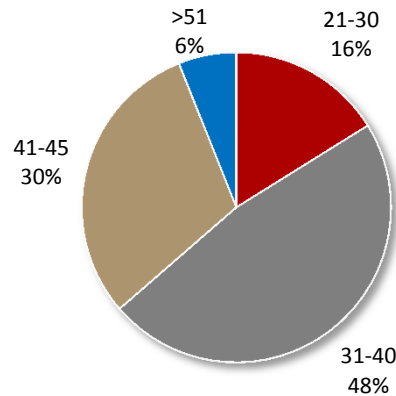
**George Kotsampasis
(COO)**

- 30 yrs of experience
- 20 years with Kri Kri
- BSc in Chemical Engineering

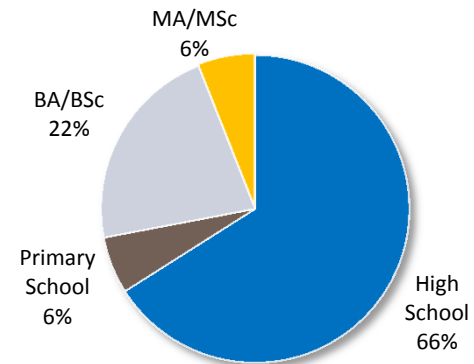
Young, well qualified and highly motivated workforce



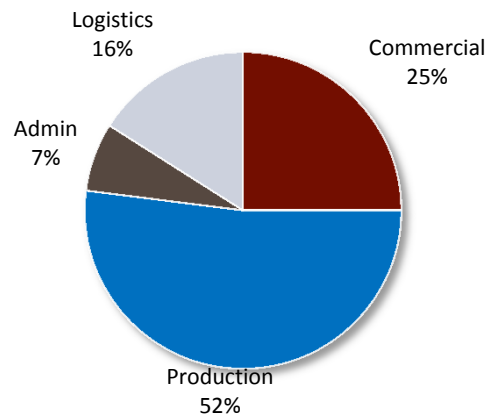
Young workforce...



...well qualified



...effectively deployed across the business



...that really enjoys working at Kri Kri

- Best workplace in Greece: 2011
- KPMG: Best Newly Established HR Department 2009
- Best workplace in Greece: 2007

Corporate Governance follows best practice guidelines



BoD Structure

- 7 members, of which
- 3 independent non-executive members
- Same person as Chairman and CEO – strong leadership, fast decision making

BoD Committees

- Audit Committee
- Remuneration Committee

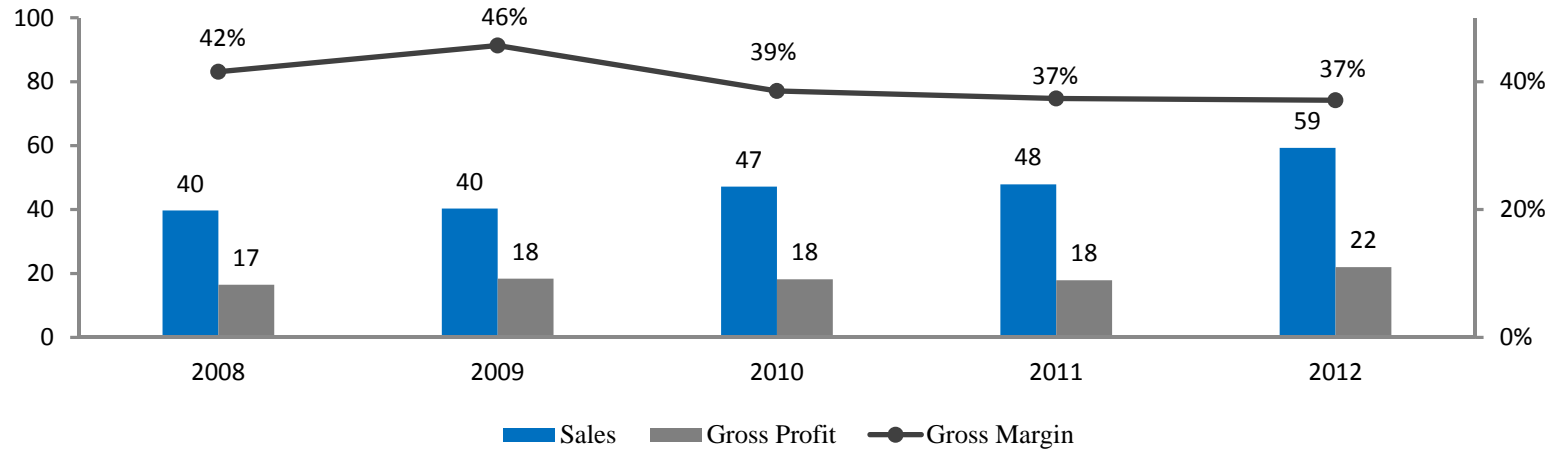
BoD Assessment

- At least on a bi-annual basis
- Follows a well documented process
- Results and findings are brought to BoD's attention for discussion and action

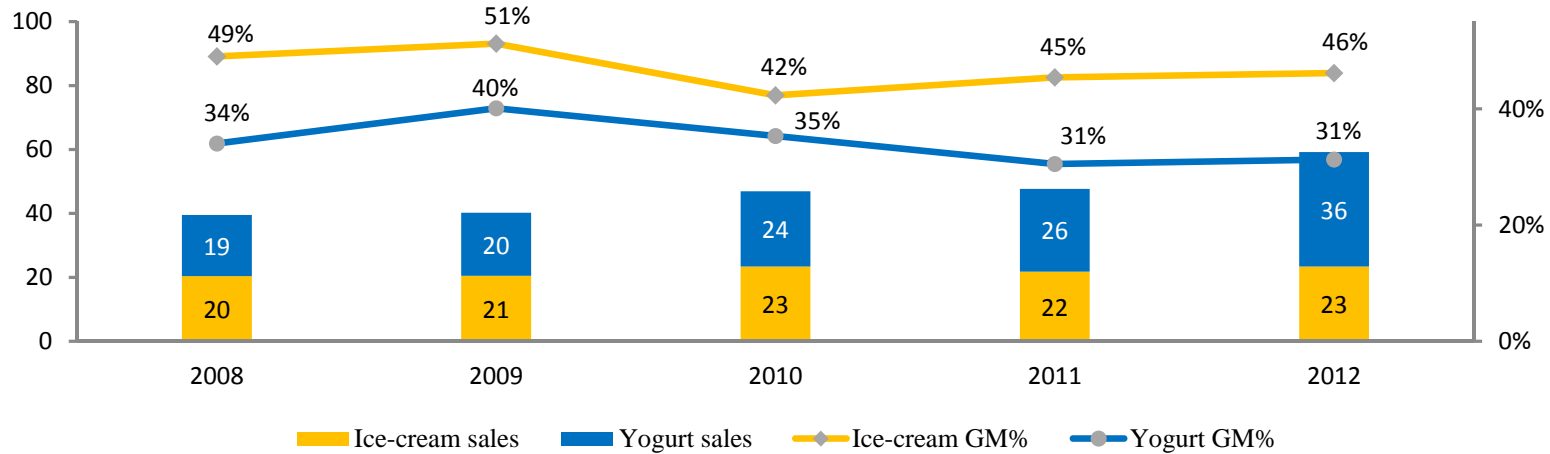


Focus on high growth – high margin products

Company Sales – Gross Profit (€ mn)



Sales and Gross Margin by product type (€ mn)





Efficient and scalable production line

Fully automated production lines

- ❑ **Yogurt** with 40,000 tons capacity per year 80% capacity utilization
- ❑ **Ice Cream** with 12,000 tons capacity per year 50% capacity utilization

Scalable production

- ❑ Building structure occupies 19,000 sq.m. in a 50,000 sq.m. plot of land that is privately owned
- ❑ Capacity will be increased by 80%, in less than a year (by summer 2014), following an investment of more than €8million in Greek Yogurt production

Easy access to sufficient milk supplies

- ❑ We utilize 20% of our region’s milk production (within a radius of 50 km)

Partnerships



- Co-branded products in collaboration with ION, one of the most famous chocolate brands in Greece



- Kri Kri has exclusive representation and distribution of Mars Ice Creams in Greece



Product Innovation



☐ Greek Frozen Yogurt



☐ Leader in the family pack yogurt segment



For Middle East markets



For developed western Europe markets



For balkan countries markets

☐ New yogurt flavors



Orange – carrot flavor



Kiwi flavor

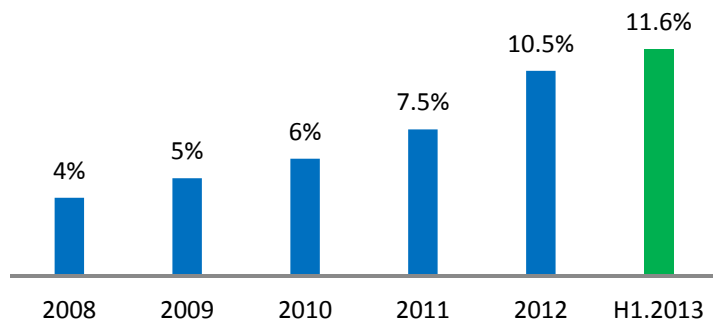


Plum flavor

Increase market share in Greece and focus on exports

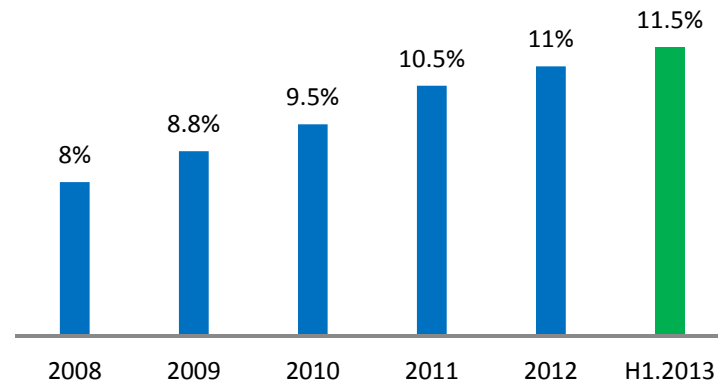


Greek Yogurt market share (volume) – Greece



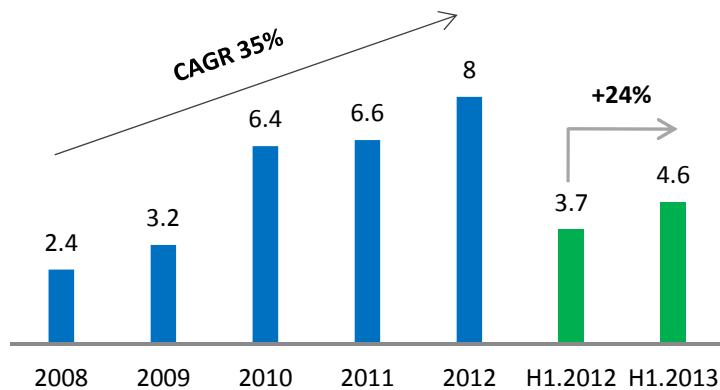
Source: IRI

Ice Cream market share – Greece

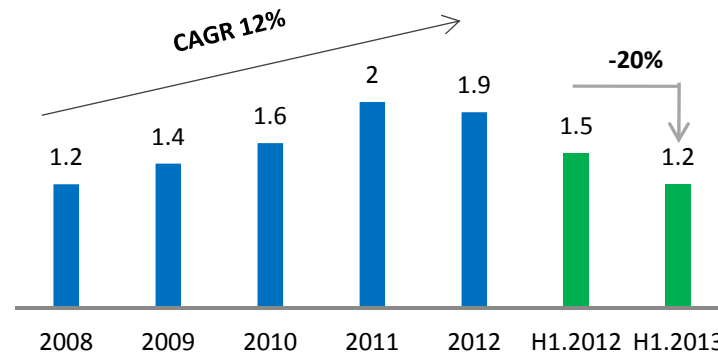


Source: Company's estimates

Greek Yogurt exports (€ mn)



Ice Cream exports (€ mn)

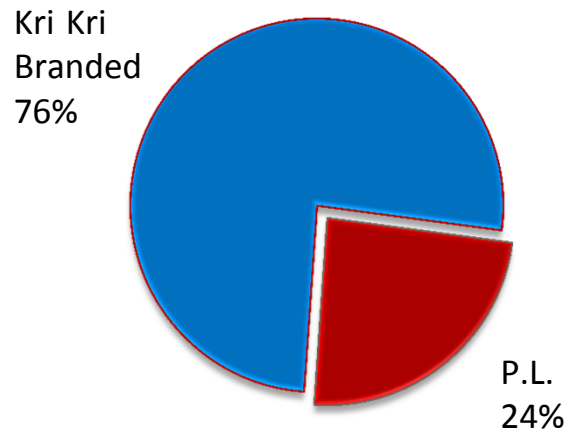


Private Label Products



Private label products are a strategic way to increase our sales given that they are capturing a bigger share of consumers wallet year by year

Sales Breakdown (2012)



Preferred supplier in Greece and Europe

We produce P.L. products for Greek and European super market chains

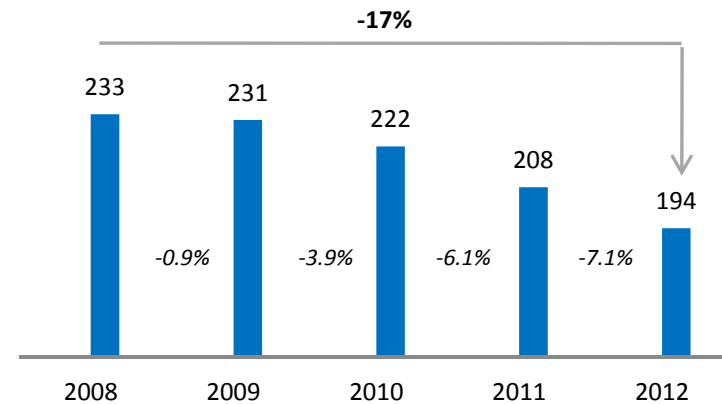




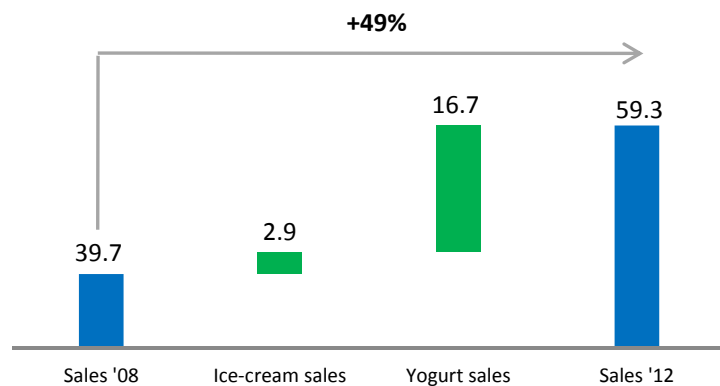
Emerging stronger from the Greek crisis

- Despite the continued decrease of GDP in Greece, Kri Kri has managed to increase its sales and profitability year after year proving that:
 - Our strategy and business model deliver results in good and bad times
 - Demand for our products remains healthy even in bad economic situations

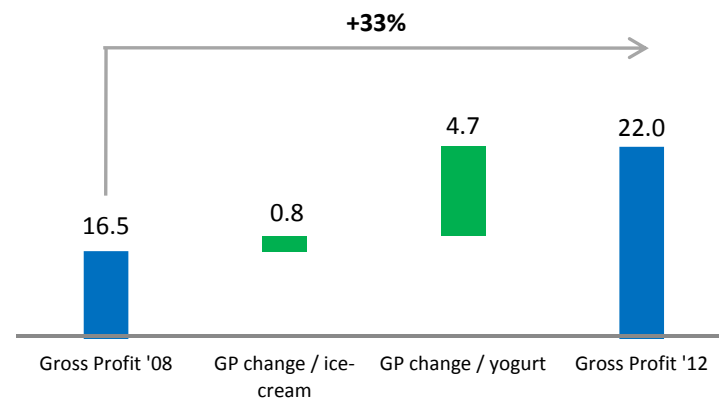
Greek GDP (€ bn)



Sales growth (€ mn)



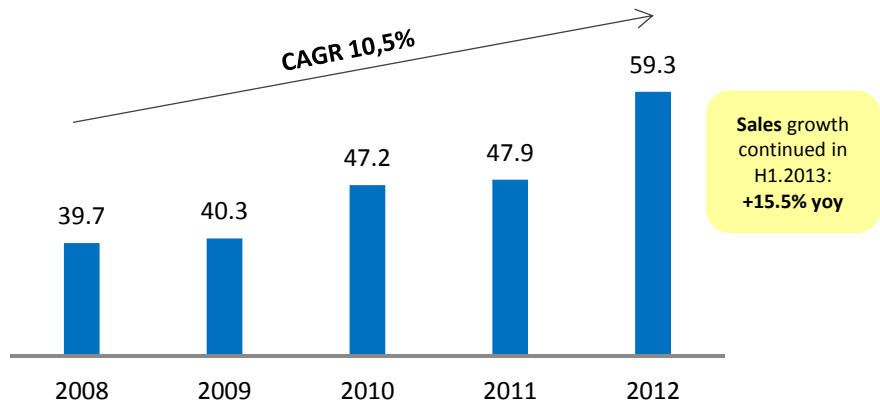
Gross Profit growth (€ mn)



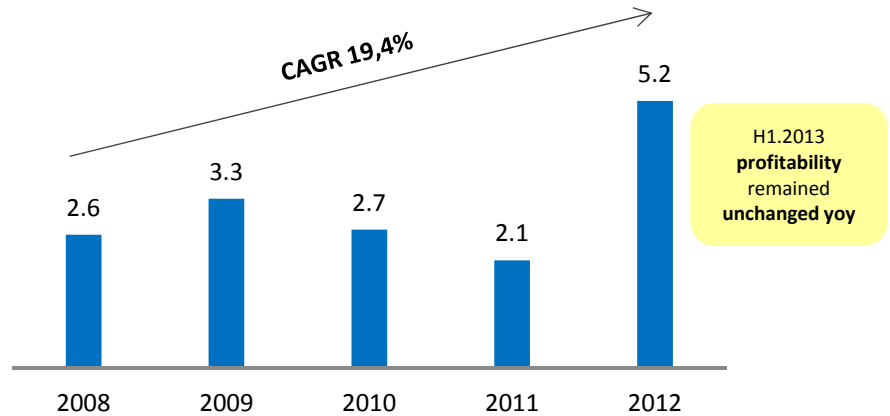
Sustainable profitable growth



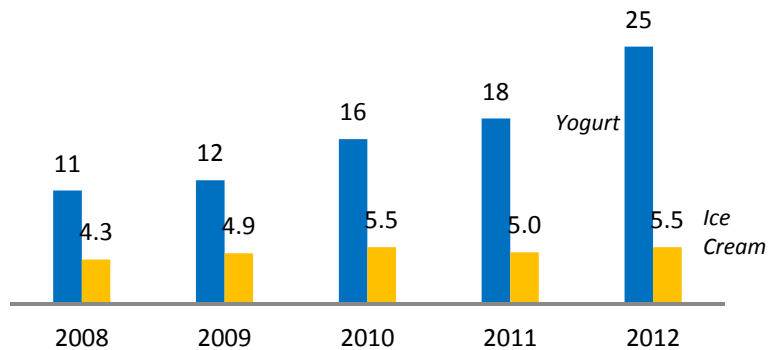
Sales (€ mn)



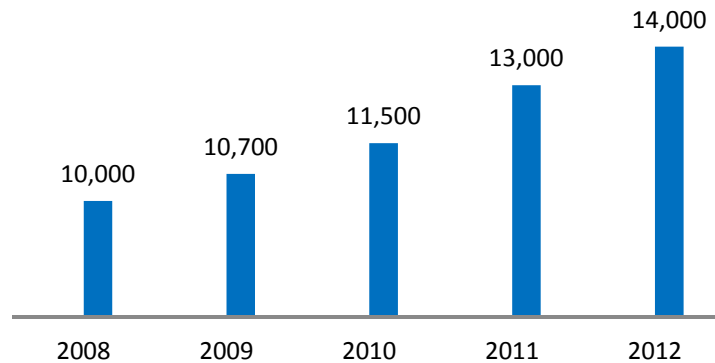
Net Profit – after Taxes (€ mn)



Production ('000 tons)



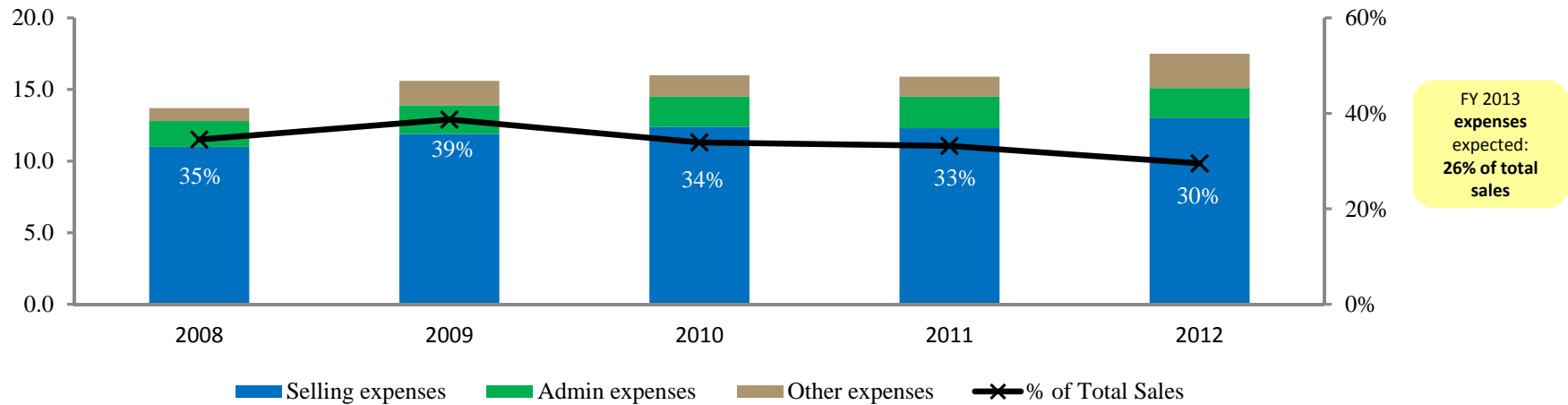
Selling points in Greece



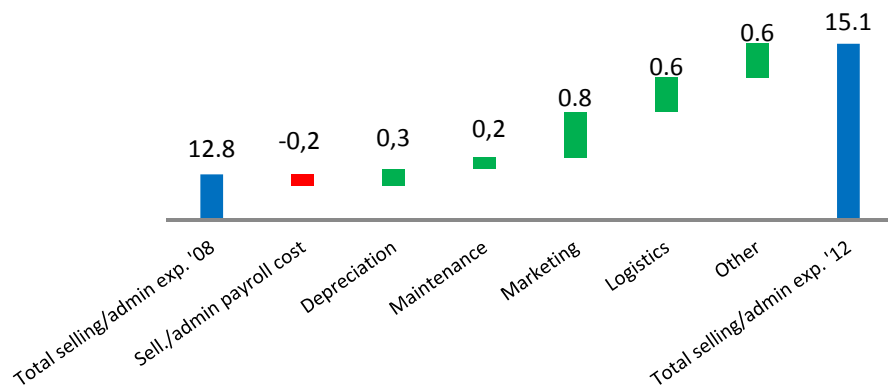


Sustainable profitable growth

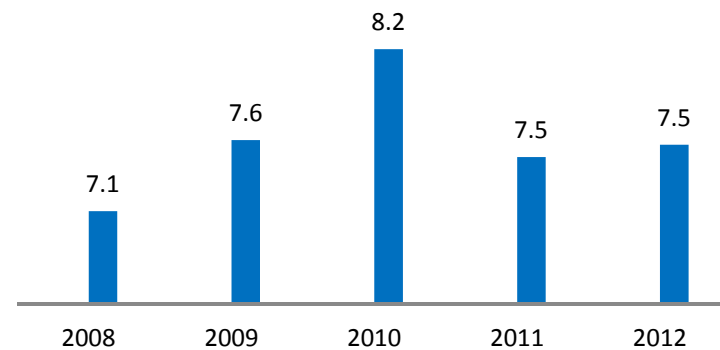
Structure of expenses (excl. COGS) (€ mn)



Evolution of selling & admin expenses (€ mn)



Total Payroll cost (€ mn)

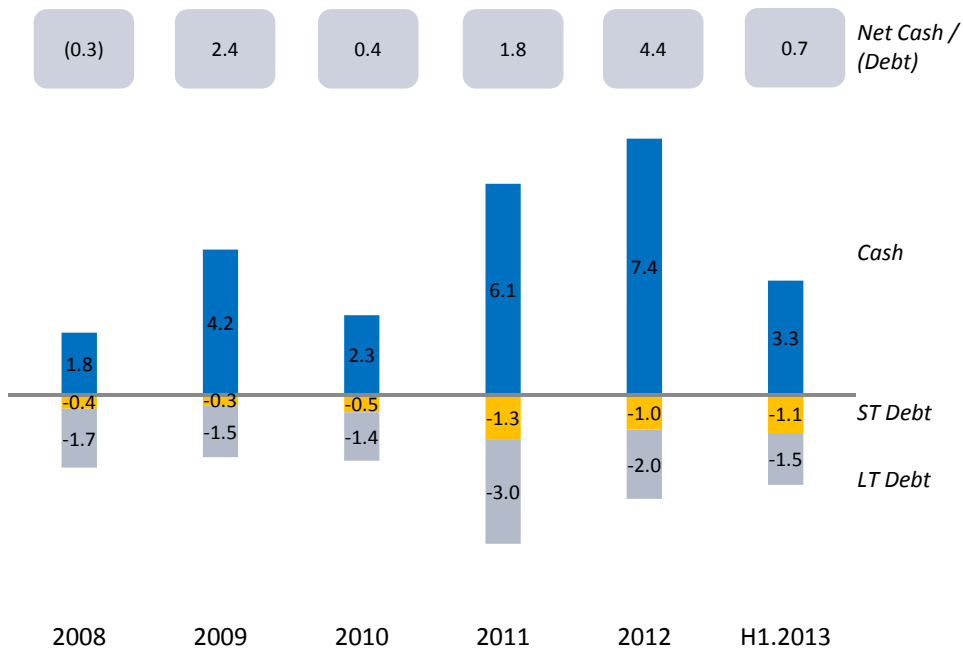




Sound financial position

Prudent financial management has led to cash reserves in excess of short and long term borrowing thereby minimising the risk to investors while maintaining debt capacity to finance future growth

Net Cash / (Debt) (€ mn)



Key indicators

	H1.2013	2012	2011	2010
Liquidity	2.3	3.6	2.7	2.3
Gearing	7%	8%	13%	6%
Operating cash flows (€ mn)	(1.9)	5.2	2.4	3.8

Liquidity is defined as: Current Assets / Current Liabilities

Gearing is defined as: Loans / (Equity + Loans)

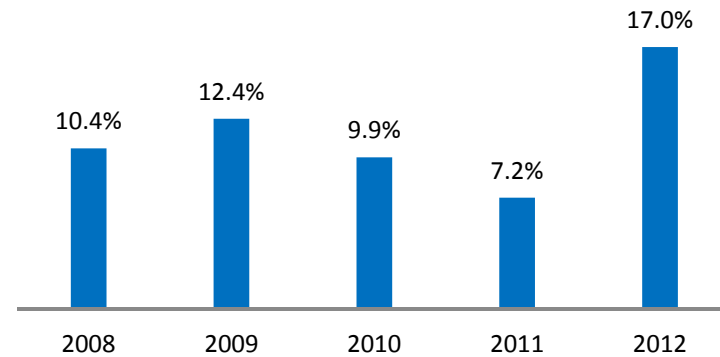
- ❑ Change in operating cash flow due to increased WC needs in H1.2013 on the back of rapid sales growth
- ❑ Our sound financial position allows us to extend credit to clients, in a controlled way, to support business expansion



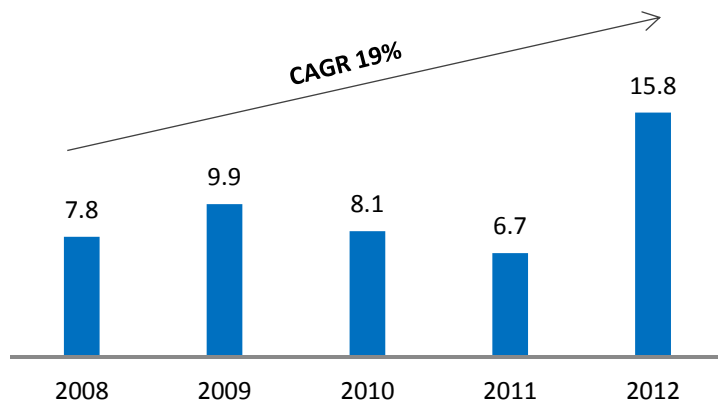
High returns and dividends to shareholders

- ❑ A highly profitable business model with return to investors of 17%
- ❑ Dividends have increased year on year in line with profitability
- ❑ Uninterrupted dividend payments since 2004

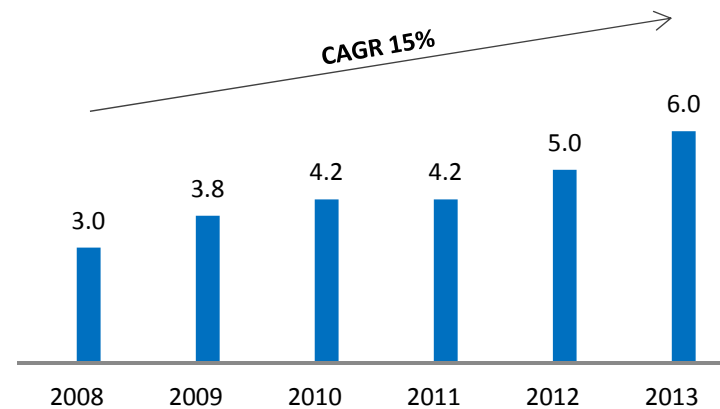
ROAE (%)



EPS (€ cents)



DPS* (€ cents)



*Includes dividends and capital returns to shareholders. The 2010 capital return is evenly split between 2009 and 2010 as it was for both years

Positioned for Growth



Greek Yogurt – a market with enormous potential globally

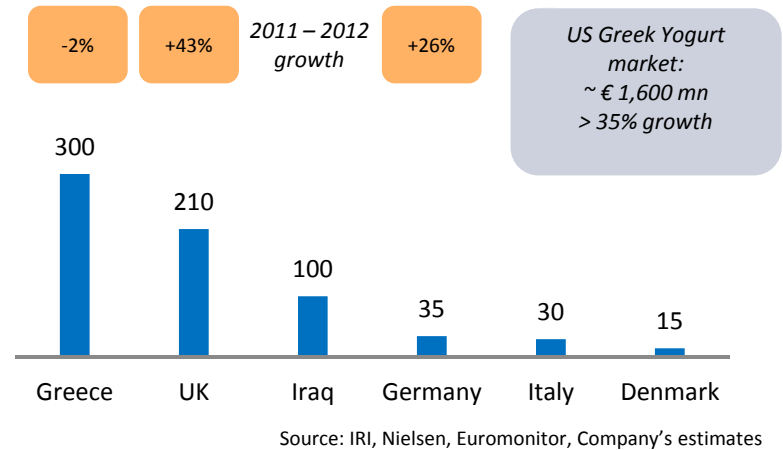


Greek Yogurt is one of the fastest growing food products ever with huge potential to grow in Europe and US; markets which now discover Greek Yogurt and make it part of their daily diet

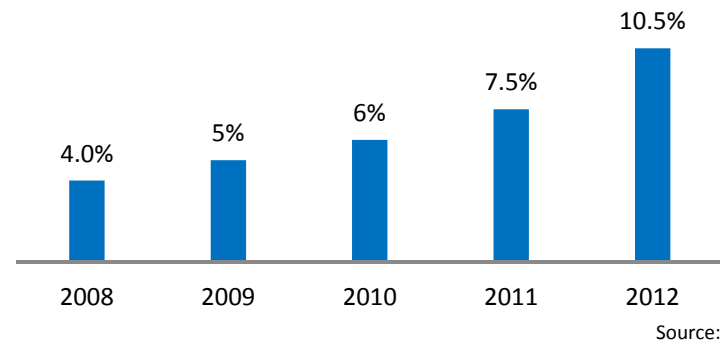
Key competitive advantages

- ❑ An established player in the Greek market with substantial experience in Greek Yogurt production
- ❑ We are exporting Greek Yogurt in 10 countries over 7 years with great success. Testimonials of our current clientele prove our reliability as a business partner and are a “passport” to enter new markets
- ❑ The verdict on a recent litigation in the UK (FAGE vs. Chobani) might set a precedent on giving the right on the use of the term “Greek Yogurt” only to companies located in Greece

Greek yogurt - Huge growth potential (€ mn)



Greek Yogurt market share (volume) – Greece



Greek Yogurt – new investment plan



Implementation of a new investment plan of €8m that aims to increase Greek yogurt production capacity by 80%

Key investment points

- New, fully automated production line that will allow production facilities to cope with increased demand
- ROI (est) >25%
- Payback period (est): 3.5 years
- Debt financing of 80% of total budget through a 5 yr non-convertible bond
- State subsidised investment: 35% of total investment outlay will be netted off against future profits for tax purposes thereby increasing future cash flows to shareholders
- Competitive borrowing rate at 5.5% p.a.

Ice Cream – a market gap in emerging markets

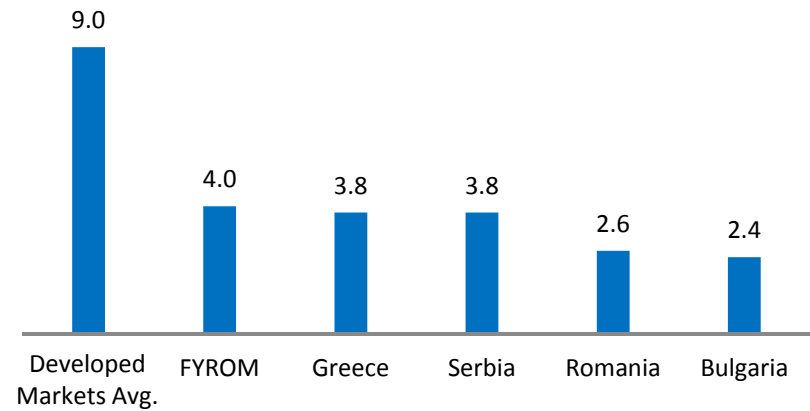


As the disposable income in emerging markets increases so does the appetite for new dietary products such as ice cream

Key competitive advantages

- Geographical proximity to Emerging Markets such as Serbia, FYROM, Bulgaria and Romania where we export
- Willingness and ability to enter frontier markets, such as Iraq, where our competitors have not set foot yet
- The only Greek ice cream company with a wide range of delicious products that have won our customers trust for decades

Ice cream consumption per capita 2012 (lt/yr)



Source: Euromonitor

Financial Performance



Group Financial Results 2012



Group (€ '000s)	FY.2012	FY.2011	yoy (%)
Sales	59,299	47,907	24%
Gross Profit	22,012	17,893	23%
Gross Margin	37.1%	37.3%	
EBITDA	7,644	5,170	48%
EBITDA Margin	12.9%	10.8%	
EBIT	5,797	2,812	106%
Profit before tax	5,813	2,350	147%
Net Profit after tax	5,236	2,035	157%

- ❑ Strong sales growth +24% yoy driven by robust demand for all product categories and across all geographies
- ❑ Gross Profit Margin was maintained at a high level, 37%, as a result of our product mix and pricing policy
- ❑ OpEx containment boost profit after tax +157% yoy

Financial Performance – Greek Yogurt



€'000s	FY.2012	FY.2011	yoy (%)
Sales	35,759	25,868	38%
Gross Profit	11,224	7,946	41%
Gross Profit Margin	31.4%	30.7%	
EBIT	4,710	1,768	166%
EBIT Margin	13.2%	6.8%	

- Exceptional sales growth +38% yoy driven by:
 - increased demand for Greek yogurt in markets abroad
 - production of private label Greek yogurt

- Maintained our high Gross Profit Margin (31%) while increased our market share in 2012 on the back of a competitive pricing policy

- Limited OpEx growth

Financial Performance – Ice Cream



€'000s	FY.2012	FY.2011	yoy (%)
Sales	23,363	21,838	7%
Gross Profit	10,762	9,907	9%
Gross Profit Margin	46.1%	45.4%	
EBIT	3,534	2,956	20%
EBIT Margin	15.1%	13.5%	

- Sales growth is supported by:
 - strategic partnerships with MARS and ION
 - favorable weather conditions during the summer months
 - consistent pricing strategy
 - KRI-KRI remains the only Greek ice cream company with nationwide distribution, allowing it to address the rising trend of consuming Greek products

- Focused on enhancing profitability through:
 - improvement in margins on the back of market consolidation
 - OpEx streamlining



Group Financial Results H1.2013

Group (€ '000s)	H1.2013	H1.2012	yoy (%)
Sales	35,384	31,339	13%
Gross Profit	13,198	12,509	18%
Gross Margin	37.3%	39.9%	
EBITDA	5,895	6,067	-3%
EBITDA Margin	16.7%	19.4%	
EBIT	4,743	4,742	0%
Profit before tax	4,774	4,781	0%
Net Profit after tax	4,174	4,121	1%

- ❑ Strong sales growth +13% yoy (+16% on comparable basis) driven by increased demand for yogurt
- ❑ A drop in Gross Profit Margin due to higher raw materials prices
- ❑ EBITDA margin remains high, albeit at a lower level than H1.2012, as it was impacted by the increased investment in our advertising campaign aimed at gaining market shares in Greek Yogurt
- ❑ Bottom line remained unchanged yoy having successfully absorbed the increase in raw material costs and the elevated advertising costs

Financial Performance – Greek Yogurt



€'000s	H1.2013	H1.2012	yoy (%)
Sales	20,591	16,684	23%
Gross Profit	6,183	5,420	14%
Gross Profit Margin	30.0%	32.5%	
EBIT	2,508	2,487	1%
EBIT Margin	12.2%	14.9%	

- Strong sales growth +23% yoy driven by:
 - increasing market shares in Greece
 - entry to new markets abroad

- Gross Profit Margin at 30%, marginally lower yoy, due to higher raw materials prices

- Increased advertising and promotional costs in H1 as part of our strategy to enhance our market shares

Financial Performance – Ice Cream



€'000s	H1.2013	H1.2012	yoy (%)
Sales	14,457	14,557	-1%
Gross Profit	7,018	7,053	-1%
Gross Profit Margin	48.5%	48.5%	
EBIT	2,816	2,994	-6%
EBIT Margin	19.5%	20.6%	

- ❑ Sales unchanged despite the adverse weather conditions at the beginning of the summer
- ❑ EBIT Margin was maintained at c.20% at the end of H1.2013



Dividend Policy and Payments

Dividend policy:

To increase our dividend distribution annually, in line with profitability, cash availability and investing needs

Year of payment	Type	€ '000s
2006	Dividend of 2005	655
2007	Dividend of 2006	898
2008	Dividend of 2007	987
2009	Dividend of 2008	1,260
2010	Capital return*	2,800
2012	Capital return	1,653
2013	Capital return	1,984

**Total Dividends:
€10.2mn or 16% of
market cap (as of
end of Aug.13)**

*The 2010 capital return covered the 2009 financial year and was paid in advance for the 2010 financial year

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