Financial results in the first quarter of 2015

Zagreb – 29 April 2015

Sales growth coupled with integration activities and completion of the largest investment in history

- **Sales at HRK 1,157.7**
  + 3.0% compared to the first quarter of 2014

- **Earnings before interest, taxes, depreciation and amortisation (EBITDA) at HRK 109.5**
  - 8.6% compared to the first quarter of 2014

- **Earnings before interest and taxes (EBIT) at HRK 73.6**
  - 14.2% compared to the first quarter of 2014

- **Net profit after minorities at HRK 44.6**
  + 39.3% compared to the first quarter of 2014

Comment of President of the Management Board and CEO

Commenting on the financial results and key business developments in the first quarter of 2015, Emil Tedeschi, CEO of Atlantic Grupa, pointed out:

"Despite challenging economic conditions in the region and beyond, especially in Russia and Ukraine, in the first quarter of 2015 Atlantic Grupa recorded sales growth and further improvement in net profitability. Among key business developments in the first quarter, we should point out the completion of construction and commissioning of the energy bars production plant in Nova Gradiška as the largest capital expenditure of Atlantic Grupa in the company's history and the integration of the acquired company Foodland d.o.o. that with the Granny's Secret brand represents the expansion of the Atlantic Grupa's branded portfolio.

In the remaining part of 2015, the focus will be on further growth and internationalisation of operations, operational and financial risk management, business optimisation as well as liquidity and financial liabilities management."

Financial summary of the first quarter of 2015

Key figures	Q1 2015	Q1 2014	Q1 2015/Q1 2014
Sales (in HRK millions)	**1,157.7**	1,124.3	3.0%
Turnover (in HRK millions)	**1,168.3**	1,132.4	3.2%
EBITDA margin	**9.5%**	10.6%	- 119 bp
Net income after MI (in HRK millions)	**44.6**	32.0	39.3%
Gearing ratio*	**51.9%**	52.3%	-48 bp

* Gearing ratio = Net debt/(Total equity+Net debt)

KEY DEVELOPMENTS in the first quarter of 2015

1. Completion of the construction of the new energy bars factory in Nova Gradiška

In March 2015, the new modern plant for the production of energy bars in Nova Gradiška was officially opened. HRK 100 million were invested in the construction and equipment of the plant. By the completion of the largest investment cycle in the history of Atlantic Grupa's business operations, the consolidation of Atlantic Grupa's production capacities continues, inhousing the production of energy bars from contractual external producers.

In only eight months, the new plant was constructed and equipped, the SAP business solution was implemented and IFS Food standard requirements were successfully implemented, resulting in obtaining the IFS certificate. With the IFS certification, Atlantic Grupa responds to customers' needs and facilitates the access to foreign markets. The latter is especially important taking into account that more than 99 percent of the production from this factory is intended for export, primarily to the markets of Western Europe.

2. Acquisition of Foodland d.o.o.

After signing the agreement on the 100% acquisition of the company Foodland d.o.o. (with headquarters in Belgrade and production plants at the foot of Kopaonik, in the village of Igroš) in November 2014, at the beginning of this year the Serbian Agency for Protection of Market Competition approved the Atlantic Grupa's acquisition of Foodland d.o.o., whereby all requirements for the company's integration in the Atlantic Grupa's business system and for the consolidation in Atlantic Grupa's results in 2015 have been met.

During the first quarter of 2015, the focus was on an intensive integration of Foodland d.o.o. into Atlantic Grupa with the aim of realising sales and costs synergies. Among first steps taken in this direction, we can point out transition to the regional distribution network of Atlantic Grupa and expansion of the regional presence of Bakina tajna brand through its listing into leading regional retail chains.

The company Foodland d.o.o. was founded in 1998 and its main activity is the production of natural healthy food from selected ingredients. The most important part of the product range under the brand Bakina tajna (Granny's Secret) includes delicacies such as savoury spreads and sauces (Ajvar relish, Pindjur relish, ketchup, pasta sauces) and sweet spreads (jams, jellies, sweets) as well as natural syrups and juices made from fresh fruit and vegetables. Vegetables and fruits selected for the production are the yield of the untouched nature of the broader area of Kopaonik and the local farms. All products are made with the highest percentage of fruit and vegetables and prepared in a traditional way, without additives or preservatives. Production at the Foodland plants is set up in accordance with the high standards of the worldwide HCCP certificates, ISO 9001 and BRC.

3. Own brands in the first quarter of 2015

In the Strategic Business Unit **Beverages**, Cockta launched new Cockta Easy that contains no sugar and therefore has no energy value, and is sweetened with sucralose and natural sweetener stevia. Also, Cockta Black Tonic was launched, as the mix of the legendary Cockta and light tonic bitterness, whereby for the first time in history caffeine was added to Cockta.

In the Strategic Business Unit **Savoury Spreads**, new Argeta packaging design was launched with innovative 'easy peel' packaging, which certainly contributed to good sales results in the first quarter of 2015.

In the Strategic Business Unit **Snacks**, Prima brand was redesigned, and the portfolio of the Najlepše želje brand was extended. The LOL subbrand was developed, intended for young people as the refreshment of the old brand among chocolate products.

In the Strategic Business Unit **Coffee**, the Grand Kafa brand presented Grand kafa Black'n'Easy revolutionary innovation in the coffee category which is Turkish coffee by all characteristics, but is prepared quickly and easily, in an instant way.

In the Strategic Business Unit **Pharma and Personal Care**, Plidenta was proclaimed the best toothpaste brand in the Croatian market according to the QUDAL market survey – QUality meDAL 2015/2016. Plidenta won the highest ranking with 5 stars, as the brand that consumers trust the most in terms of quality, and put it in the top position in the toothpastes category.

In this year’s Slovenian advertising festival, Atlantic Grupa won the competition for the traditional annual award Advertiser of the year for 2014. Expertise, long-term responsibility of brands and innovation in launching Atlantic’s brands on this market were the main arguments in selecting Atlantic Grupa as the best advertiser in the Slovenian market. At the same festival, Donat Mg won gold Effie, and Argeta a silver one, while according to the Effie Effectiveness Index, Atlantic Grupa was selected as the most effective advertiser.

4. Information technologies

During the first quarter of 2015, in the segment of business solutions, activities in the ERP (Enterprise Resource Planning) system segment were continued. The SAP solution implemented for the factory in Nova Gradiška, after the completion of the test production phase, was released in full production operation for support to the production of first series of goods for the market. Moreover, external audit firms performed analysis of the IT system for production support for the processes of IFS certification, and the system was assessed to be in compliance with the set certification requirements, which was another confirmation of the implementation quality.

Further integration of companies within Atlantic Grupa continues with the implementation of the SAP solution for the strategic distribution unit Croatia, made under the conceptual design of Atlantic Grupa (AG blueprint).

By acquiring the existing IT solutions of the company Foodland, the IT department assisted the integration of the acquired company in Atlantic Grupa’s systems. In the first phase, the integration of the existing infrastructural ICT solutions to the Group’s systems was implemented, retaining the existing business solution used by Foodland, while during 2015, the full transition to the business solutions of Atlantic Grupa is planned, with the aim to consolidate and standardise the processes.

SALES DYNAMICS in the first quarter of 2015

Sales profile by Strategic Business Units and Strategic Distribution Units

(HRK 000)	Q1 2015	Q1 2014	Q1 2015/ Q1 2014
SBU Beverages	**133,438**	132,540	0.7%
SBU Coffee	**220,382**	213,765	3.1%
SBU (Sweet and Salted) Snacks	**141,499**	133,598	5.9%
SBU Savoury Spreads	**96,493**	87,895	9.8%
SBU Sports and Functional Food	**189,393**	206,435	(8.3%)
SBU Pharma and Personal Care	**125,090**	120,951	3.4%
SDU Croatia	**188,866**	163,969	15.2%
SDU Serbia	**244,336**	232,791	5.0%
SDU International markets	**139,498**	135,772	2.7%
DU Slovenia	**161,703**	152,562	6.0%
Other segments*	**154,409**	181,351	(14.9%)
Reconciliation**	**(637,362)**	(637,295)	n/a
Sales	**1,157,745**	1,124,334	3.0%

In the first quarter of 2015, Atlantic Grupa **recorded sales of HRK 1.2 billion**, which is a 3.0% growth compared to the same period of the previous year. The growth was mainly impacted by the sales increase in the Strategic Business Units Snacks, Savoury Spreads and Coffee, Strategic Distribution Units Croatia and Serbia and the Distribution Unit Slovenia. Positive impacts on sales results were made by this year's Easter holidays at the beginning of April, while last year they were at the end of April, and by consolidated results of the acquired company Foodland d.o.o. (presented within SBU Savoury Spreads, results are consolidated as of 1 January 2015). If the effect of the Foodland acquisition is excluded, sales grew by 2.2%, and if the effects of the Foodland acquisition and unfavourable exchange rate movements are excluded, sales record a 4.6% growth compared to the first quarter of 2014. Unfavourable exchange rate movements are reflected in the average depreciation of the Russian ruble of 46.8% and the average depreciation of the Serbian dinar of 4.6% compared to the same period of the previous year.

Atlantic Grupa records sales by business segments in a way that sales of individual Strategic Business Units and Business Units represent the total sales to third parties in the markets (either directly from a Strategic Business Unit, or through a Strategic Distribution Unit or a Distribution Unit), while sales of Strategic Distribution Units and Distribution Units include both sales of external principals' products and sales of own products.

* Other segments include SDU HoReCa, SDU CIS, BU Baby Food, DU Macedonia and business activities not allocated to business and distribution units (headquarters and support functions in Serbia, Slovenia and Macedonia) which are excluded from the reportable operating segments.

** Line item "Reconciliation" relates to the sale of own brands which is included in the appropriate SBU and BU and in SDUs and DUs through which the products were distributed.

- The **Strategic Business Unit Beverages** recorded a mild growth in sales primarily due to the growth in sales of vitamin instant drinks under the Cedevita brand and the Kala brand in the spring waters category. It should be pointed out that the double-digit growth in vitamin instant drinks was recorded in the HoReCa channel, while Cedevita continues to increase its volume and value market shares in the markets of Croatia, Slovenia and Serbia despite the overall volume and value drop of the category in the markets of Slovenia and Croatia and the value drop in the market of Serbia*. Moreover, Cedevita candies recorded an exceptionally strong growth in sales due to launching Cedevita Kids Puc Puc powdered candies. The growth of the above mentioned categories largely annulled the drop in sales of the carbonated soft drinks category under the Cockta brand and the functional waters category under the Donat Mg brand, where the latter was mainly impacted by temporarily suspended distribution in Russia due to negotiations with the key buyer. However, it should be noted that the negotiations have been successfully completed in April.

- The **Strategic Business Unit Coffee** records an increase in sales primarily in the markets of Croatia, Slovenia and Bosnia and Herzegovina, which partly annulled the decrease in sales in the markets of Serbia and Macedonia. In the Croatian market, despite the volume and value drop of the overall market category*, Barcaffe recorded great results increasing its volume and value market shares (+2.7% greater value market share compared to the same period of the previous year*) primarily as a result of listing the Barcaffe brand into the leading Croatian retail chain in the last quarter of 2014. Also, Barcaffe in Slovenia continues to increase its volume and value market shares, while the overall market category records volume and value drops of 1.8% and 4.0%, respectively*. In the markets of Serbia and Macedonia lower sales are recorded as a consequence of further presence of aggressive price competition.

- The **Strategic Business Unit Snacks** recorded an increase in sales due to the increase in sales of chocolate, bars and new category launch – chips under the Chipsos brand in September last year. The market of Croatia records double-digit growth rates following the launching of Chipsos and increase in sales of flips under the Smoki brand, achieving volume and value increase in market shares*. In addition, the market of Bosnia and Herzegovina records sales growth in all categories, whereby it should be noted that Smoki records volume and value increase in market shares while the overall category records volume and value drops of 11.6% and 14.4%, respectively*. The market of Serbia recorded an increase in sales primarily due to the growth in sales of the chocolate category and effects of launching chips during the last year.

- The **Strategic Business Unit Savoury Spreads** recorded a sales growth due to the growth in organic sales on the regional markets (Croatia, Slovenia, Serbia) and international markets (primarily Switzerland) and the integration of the acquired Foodland's portfolio (Bakina tajna and Amfissa brands). The Croatian market records an increase in sales due to the increase in sales of Argeta primarily due to the listing of Argeta in the leading retail chain in the last quarter of 2014. Argeta records volume and value growth in market shares in Croatia and Serbia whereby in Serbia the overall category records value and volume drops of 7.1% and 2.4%, respectively*. If the effect of the Foodland's production portfolio was excluded, the strategic business unit Savoury Spreads would record sales slightly above the same period of the previous year.

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* AC Nielsen Retail Panel, December 2014 – January 2015 (percentage movements on an annual level)

- The decrease in sales of the **Strategic Business Unit Sports and Functional Food** is a consequence of the decrease in sales of private labels, own brands Multipower and Champ and the decrease in sales in the markets of Germany, Switzerland and Russia, partly annulled by the increase in sales on the market of the United Kingdom, several smaller markets and the increase in sales of the own brand Multaben.

- The **Strategic Business Unit Pharma and Personal Care** records an increase in sales due to the increase in sales of (i) the Multivita range in Russia, (ii) the Neva range, especially Melem, as the result of aggressive marketing investments in the previous year and (iii) the pharmacy chain Farmacia as the consequence of the increase in non-prescription sales of the existing locations and opening of two new specialised stores. However, even if the effect of opening new locations is excluded, the pharmacy chain Farmacia records a 4% sales growth compared to the same period of the previous year.

- Double-digit growth in sales of the **Strategic Distribution Unit Croatia** is the result of (i) an increase in sales from the distribution of own brands, primarily Barcaffe and Argeta, as well as Cedevita and Kala, (ii) an increase in sales of principals' brands Johnson & Johnson, Ferrero, Unilever and Vivera, (iii) the distribution of the new principal Hipp, and (iv) the effect of earlier Easter holidays compared to the same period of the previous year. The Strategic Distribution Unit Croatia records a 9.4% growth in sales, once the effect of the new principal Hipp distribution excluded.

- The **Strategic Distribution Unit Serbia** records a growth in sales due to the distribution of new principals L'oreal and Alkaloid and the integration of Foodland. Also, the growth is a consequence of the increase in flips under the Smoki brand, where Smoki in the market of Serbia increases its volume and value market shares despite a significant volume and value drop of the overall category*. If the beginning of the distribution of new principals L'oreal and Alkaloid that were not distributed in the same period of the previous year and the distribution of the acquired Foodland's product portfolio are excluded, the Strategic Distribution Unit Serbia records a slight decrease in sales.

- The **Strategic Distribution Unit International Markets** recorded an increase in sales primarily in the markets of the United Kingdom, Switzerland and Austria. Among the growing segments, we point out savoury spreads with the Argeta brand and functional waters with the Donat Mg brand.

- The increase in sales of the **Distribution Unit Slovenia** is a consequence of the increase in sales of coffee with the Barcaffe brand, functional waters with the Donat Mg brand, Argeta in the savoury spreads segment, flips under the Smoki brand and the increase in sales of long-standing external principals such as Ferrero.

- **Other segments** recorded a decrease in sales following the decrease in sales primarily of the Business Unit Baby Food and Strategic Distribution Unit CIS, which was partly mitigated by the increase in sales of the Strategic Distribution Unit HoReCa.

* AC Nielsen Retail Panel, December 2014 – January 2015 (percentage movements on an annual level)

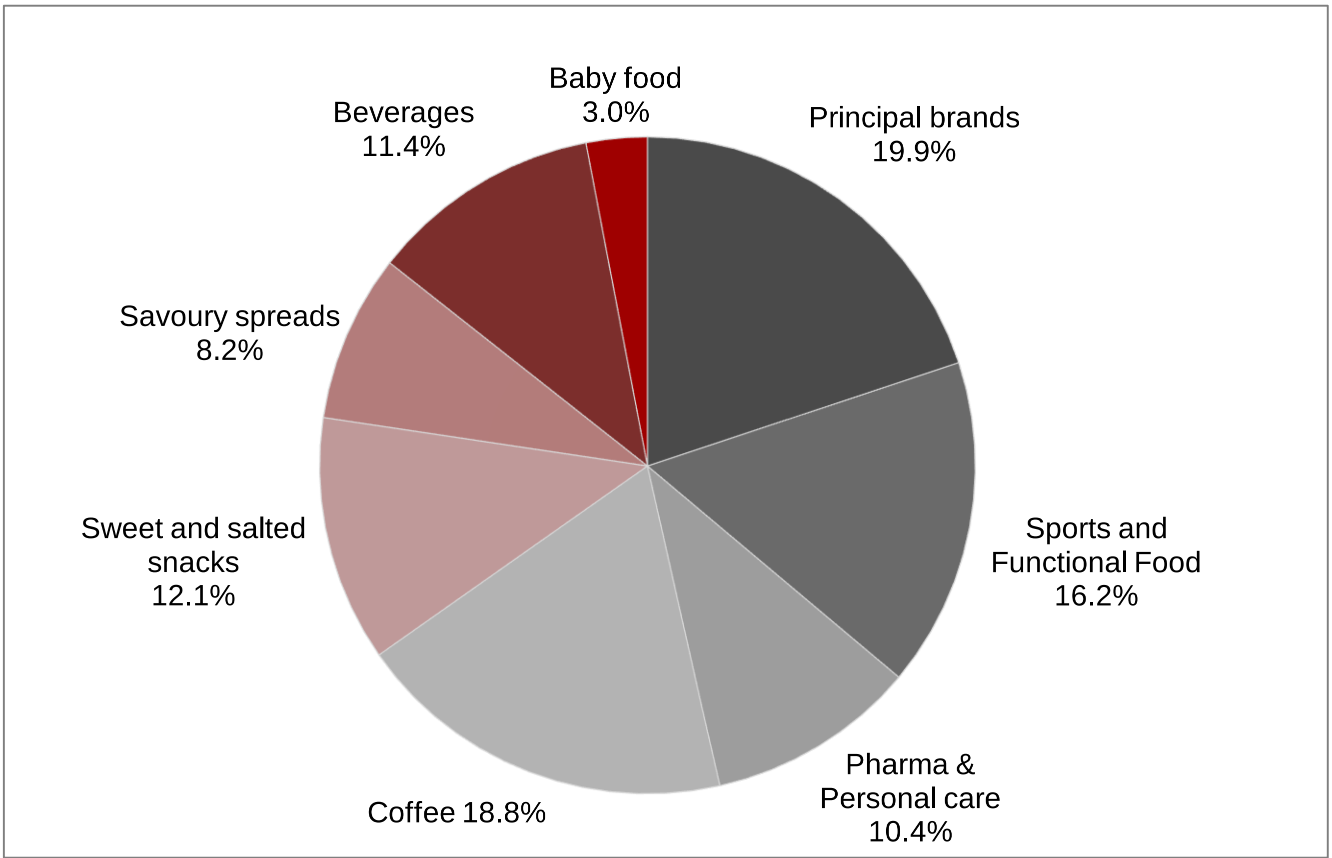
The double-digit decrease in sales of the Business Unit Baby Food and Strategic Distribution Unit CIS comes primarily due to political instability in Ukraine, unfavourable macroeconomic environment and strong depreciation of the Russian ruble (the average depreciation of the Russian ruble of 46.8% compared to the same period of the previous year).

Within the Strategic Distribution Unit CIS, the market of Ukraine records almost 80% lower sales compared to the same period of the previous year, while the drop in sales of the Donat Mg brand is a result of the suspended distribution during negotiations with the key buyer. However, it should be noted that the negotiations have been successfully completed in April.

The decrease in sales of the Distribution Unit Macedonia is primarily a result of the decrease in sales of coffee due to extremely aggressive price competition and the decrease in sales of savoury spreads. The decrease in sales was partly annulled by the increase in sales of the snacks segment and the increase in sales of the external principal Ferrero.

The Strategic Distribution Unit HoReCa records an increase in sales of 9.0%, whereby all regional markets (Croatia, Serbia, Slovenia and Macedonia) record growth. Analysed by segments, the growth in sales is a consequence of the growth in sales of coffee, vitamin instant drinks under the Cedevita brand (mitigating the drop in sales of carbonated soft drinks) and the growth in the distribution of external principals.

Sales profile by segments



Sales profile by markets

(in HRK millions)	Q1 2015	% of sales	Q1 2014	% of sales	Q1 2015/ Q1 2014
Croatia	**298.9**	25.8%	267.6	23.8%	11.7%
Serbia	**261.8**	22.6%	246.3	21.9%	6.3%
Slovenia	**180.2**	15.6%	170.0	15.1%	6.0%
Bosnia and Herzegovina	**79.8**	6.9%	78.2	7.0%	2.1%
Other regional markets*	**61.7**	5.3%	59.9	5.3%	2.9%
Key European markets**	**148.9**	12.9%	155.7	13.8%	(4.4%)
Russia and CIS	**49.0**	4.2%	69.0	6.1%	(29.0%)
Other markets	**77.6**	6.7%	77.8	6.9%	(0.3%)
Total sales	**1,157.7**	100.0%	1,124.3	100.0%	3.0%

- **The Croatian market** recorded an exceptionally strong growth in sales of 11.7% due to: (i) an increase in sales of own brands, primarily Barcaffe in the coffee category and Argeta in the savoury spreads category, as well as Donat Mg in the functional waters category, Cedevita in the vitamin instant drinks category, Kala in the waters category and the pharmacy chain Farmacia, (ii) an increase in sales of the existing principals, especially Ferrero, Unilever, Vivera, Rauch and Johnson & Johnson, (iii) the distribution of the new principal Hipp, and (iv) effect of earlier Easter holidays. The Croatian market records 8.2% higher sales, once the effect of the beginning of the Hipp distribution excluded.
- The increase in sales in the **market of Serbia** is a result of: (i) the integration of the acquired company Foodland d.o.o., (ii) the increase in sales of own brands, including Cedevita in the vitamin instant drinks category, Najlepše želje in the chocolate category and Bananica in the bars category, and (iii) the distribution of new principals Alkaloid and L'oreal that were not distributed in the same period of the previous year. The market of Serbia records a mild sales growth, once the distribution of new principals and the effect of the Foodland acquisition excluded.

* Other regional markets: Macedonia, Montenegro, Kosovo
** Key European markets: Germany, the United Kingdom, Italy, Switzerland, Austria, Sweden, Spain

- The greatest contribution to the growth in sales of the **Slovenian market** was made by: (i) the Barcaffe brand in the coffee segment, (ii) the functional waters category with the Donat Mg brand, (iii) the vitamin instant drinks category with the Cedevita brand, (iv) the savoury spreads segment with the Argeta brand, (v) the flips category with the Smoki brand, and (vi) the growth in sales of the existing principals, especially Ferrero and Rauch.

- The growth in sales in the **market of Bosnia and Herzegovina** is the result of increased sales of (i) wafers and biscuits and the Najlepše želje brand in the snacks segment, (ii) the Grand Kafa brand in the coffee segment, and (iii) the Cedevita brand in the vitamin instant drinks category. On the other hand, poor macroeconomic situation resulted in lower consumption of premium products, including Argeta and Donat Mg.

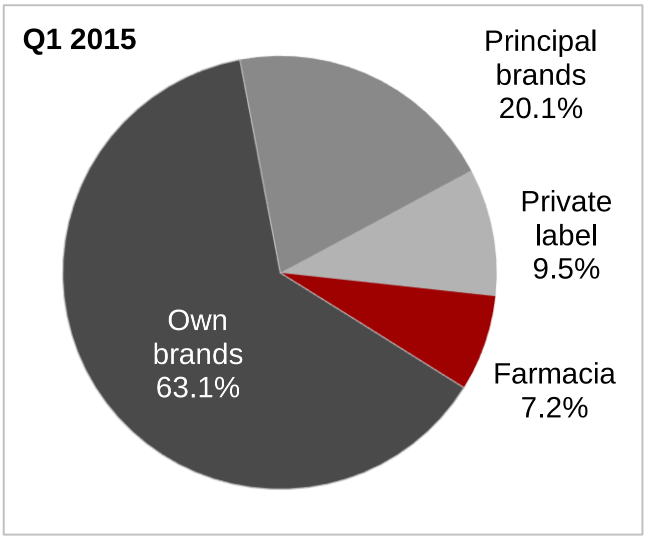
- **Other regional markets** achieved higher sales due to the increase in sales in the market of Montenegro, which largely annulled the significant decrease in sales in the market of Kosovo and a milder decrease in the market of Macedonia. The growth in sales in this group of markets is recorded by functional waters with the Donat Mg brand, vitamin instant drinks with the Cedevita brand, chocolate with the Najlepše želje brand, flips with the Smoki brand and Ferrero in the principal brands segment (distributed in the market of Macedonia). On the other hand, coffee and savoury spreads record a decrease in sales.

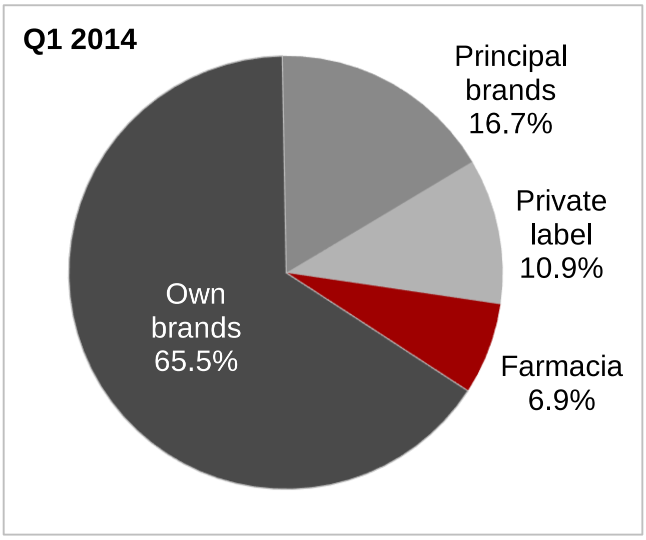
- The decrease in sales in the **Key European markets** is a consequence of the decrease in sales in the markets of Germany, Italy, Switzerland and Sweden, which was partly annulled by the increase in sales in the markets of the United Kingdom, Austria and Spain. Analysed by segments, the decrease in sales is recorded by private labels and own brands Multipower and Champ in the sports and functional food segment, while the increase in sales was recorded by functional waters with the Donat Mg brand, savoury spreads with the Argeta brand and Multaben in the sports and functional food category.

- Strong depreciation of the Russian ruble and political instability in Ukraine resulted in a strong drop in sales in the **markets of Russia and the Commonwealth of Independent States.** The drop in sales was recorded by the Donat Mg brand in the functional waters category, the Argeta brand in the savoury spreads segment, the Multipower brand in the sports and functional food segment and the Bebi brand in the baby food segment. The drop in sales was partly annulled by the increase in sales of the Multivita brand in the market of Russia.

- **Other markets** recorded a minor decrease in sales due to the decrease in sales of private labels in the sports and functional food segment, which was partly annulled by the increase in sales in the savoury spreads and functional waters segments.

Sales profile by product category





- In the first quarter of 2015, **own brands** recorded sales of HRK 731.0 million, which is a very mild decrease of 0.8% compared to the same period of the previous year. Lower sales were recorded by the following brands: (i) Cockta and Donat Mg in the beverages segment (where Donat Mg records the decrease on the temporarily suspended distribution in Russia due to negotiations with the key buyer that have been successfully completed in April), (ii) Bebi in the baby food segment, and (iii) Multipower and Champ in the sports and functional food segment. On the other hand, the growth was recorded by the following brands: (i) Barcaffe in the coffee segment, (ii) Cedevita, Kala and Kalnička in the beverages segment, (iii) Argeta in the savoury spreads segment, (iv) Najlepše želje in the chocolate category, (v) Melem in the pharma and personal care segment, and (vi) Multaben in the sports and functional food segment. If the effect of the integration of Bakina tajna and Amfissa brands following the acquisition of Foodland d.o.o. is excluded, own brands recorded a decrease in sales of 1.9%.

- **Principal brands** recorded sales of HRK 233.3 million, representing an extremely strong growth of 24.0% as a consequence of the increase in sales of the existing principals, primarily Ferrero, Unilever, Rauch, Johnson & Johnson and Durex, as well as the beginning of the distribution of new principals such as Hipp in the Croatian market and Alkaloid and L'oreal in the Serbian market.

- With sales of HRK 110.5 million, **private labels**[1] recorded a drop of 9.6% compared to the first quarter of 2014 due to the drop in sales of private labels in the sports and functional food segment as a consequence of smaller orders by several buyers who realise the majority of sales in the Russian market, and to a lesser extent of the decrease in sales of private labels in the pharma and personal care segment.

- The pharmacy chain **Farmacia** recorded sales of HRK 83.0 million, which is a 7.8% growth compared to the same period of 2014 due to the increase in sales of the existing Farmacia locations (primarily non-prescription sales of 8%) and newly-opened specialised stores. In the first quarter of 2015, two new specialised stores were opened and as at 31 March 2015 the pharmacy chain Farmacia consisted of 48 pharmacies and 27 specialised stores.

[1] Sales for 2014 were restated, following the new classification of some principals

PROFITABILITY DYNAMICS in the first quarter of 2015

Atlantic Grupa's profitability

(in HRK millions)	Q1 2015	Q1 2014	Q1 2015/Q1 2014
Sales	**1,157.7**	1,124.3	3.0%
EBITDA	**109.5**	119.7	(8.6%)
EBIT	**73.6**	85.7	(14.2%)
Net profit/(loss)	**44.5**	32.3	37.6%
Profitability margins			
EBITDA margin	**9.5%**	10.6%	-119 bp
EBIT margin	**6.4%**	7.6%	-127 bp
Net profit margin	**3.8%**	2.9%	+97 bp

In the first quarter, Atlantic Grupa recorded **EBITDA** in the amount of HRK 109.5 million, which is a decrease compared to the same period of the previous year. The result also reflects the consolidation of the result realised in the first quarter of 2015 by the acquired company Foodland d.o.o. If the effect of the acquired company Foodland d.o.o. is excluded, Atlantic Grupa recorded an 8.0% lower EBITDA.

- Cost of goods sold increased primarily due to changes in the sales mix with the emphasis on a greater share of principal brands that increased to 20.1% of sales from 16.7% in the same period of the previous year.
- Costs of production material recorded an increase of 2.0% primarily due to significantly higher prices of raw coffee on global markets compared to the same period of the previous year and the integration of the acquired company Foodland d.o.o.
- Costs of services increased due to higher IT investments (licence lease, maintenance) as a consequence of the SAP system implementation and the SALMEX project development.
- Staff costs increased due to a higher number of employees as a result of employment related to the opening of the new energy bars factory in Nova Gradiška and the integration of the acquired company Foodland d.o.o. As at 31 March 2015, Atlantic Grupa had 5,232 employees, 354 more compared to the same period of the previous year, of which 133 employees relate to the acquired company Foodland d.o.o..
- In the first quarter of 2015, marketing expenses decreased due to savings made primarily in the beverages, coffee and pharma and personal care segments, that fully annulled their increase in the sports and functional food segment.

- In the first quarter of 2015, Atlantic Grupa recorded a significant gain on financial (forward) instruments (in the coffee segment) due to the positive effect of the EUR/USD exchange rate presented in line item other gains/losses-net.

The significant 37.6 percent increase in net profit was impacted by: (i) a significant decrease in interest expense of 22.0% as a consequence of lower EURIBOR interest rates and on average lower margins (compared to the same period of the previous year), (ii) realised net gains on foreign exchange differences compared to the same period of the previous year, and (iii) decrease in the effective tax rate to 17% from the last year’s 20%.

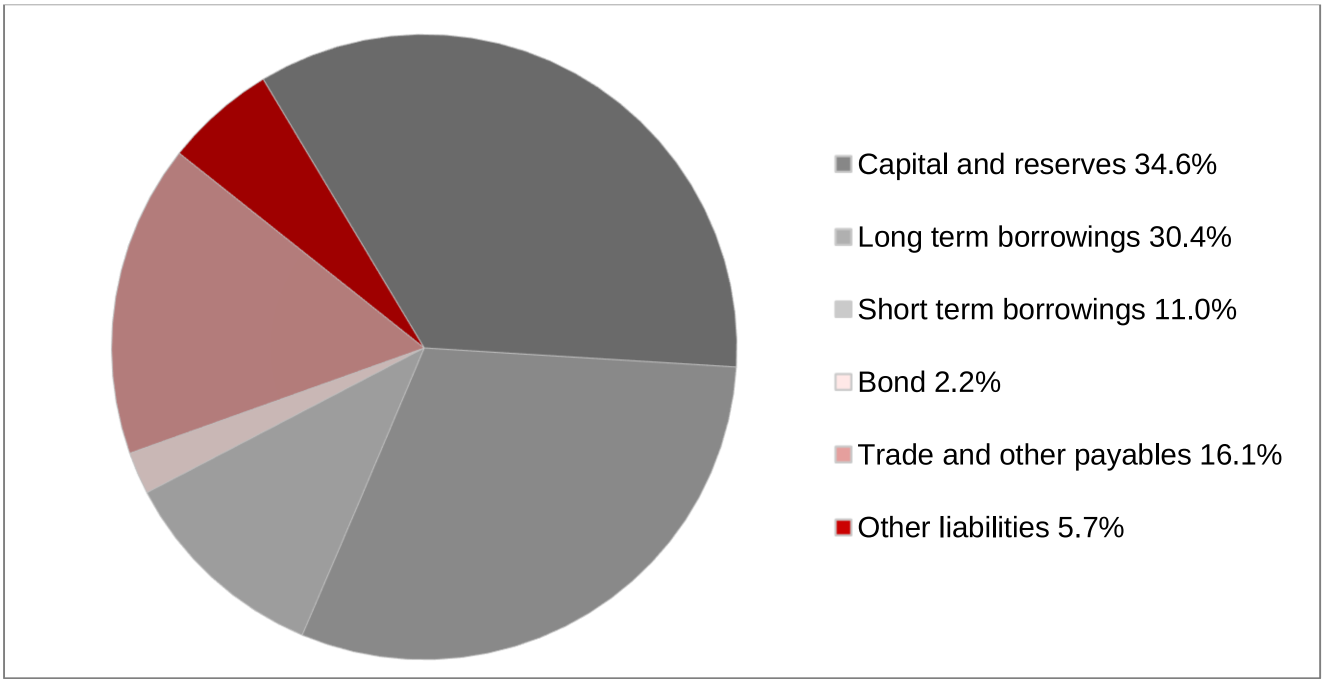
FINANCIAL INDICATORS in the first quarter of 2015

(in HRK millions)	Q1 2015	2014
Net debt	**1,945.8**	1,927.7
Total assets	**5,222.9**	5,274.3
Total Equity	**1,806.0**	1,755.1
Current ratio	**1.5**	1.5
Gearing ratio	**51.9%**	52.3%
Net debt/EBITDA	**3.3**	3.2
	Q1 2015	Q1 2014
Interest coverage ratio	**3.8**	3.3
Capital expenditure	**11.5**	22.5
Cash flow from operating activities	**6.6**	111.7

Among key determinants of the Atlantic Grupa's financial position in the first quarter of 2015, the following should be pointed out:

- Net debt slightly increased due to a decrease in cash and cash equivalents, although non-current and current financial liabilities decreased by HRK 78.7 million compared to the end of 2014. In addition, Atlantic Grupa's continued focus on decreasing the debt is reflected in the decrease in the ratio of net debt and capital increased by net debt to 51.9% and the increase in coverage of interest expense by EBITDA to 3.8 times.

- The Atlantic Grupa's equity and liabilities structure as at 31 March 2015 is as follows:



Overview of key items in the consolidated cash flow statement

Capital expenditure in the first quarter of 2015 was halved compared to the same period of the previous year primarily due to the completion of the construction of the energy bars production plant in Nova Gradiška, although the largest portion of capital expenditure in the first quarter of 2015 still related to Nova Gradiška.

Of other significant investments, we should mention:

- SBU Beverages: Cockta Black Tonic project and upgrade of palletising,
- SBU Coffee: purchase of espresso machines and C2GO machines and instant production lines,
- SBU Snacks: purchase of production equipment for the production of bars under Bananica brand,
- SBU Pharma: equipping specialised stores,
- The SAP upgrade and the SALMEX project development.

The decrease in cash flow from operating activities is primarily the result of negative changes in working capital as the consequence of the increase in inventories due to (i) new principals and the acquisition of Foodland, (ii) Argeta due to its redesign, and (iii) difficulties with sales in the markets of Russia and CIS, as well as the increased payments to suppliers for the purchase of equipment and construction of the new energy bars factory in Nova Gradiška.

OUTLOOK for 2015

Management's view on macroeconomic expectations

Atlantic Grupa's management expects only a mild recovery of the Croatian economy in 2015 with a very moderate improvement in domestic demand. Despite favourable prices of liquid fuels and tax changes that should result in an increase in disposable income, a minor increase in personal consumption is expected primarily due to high unemployment and deleveraging of the population.

In the countries of the region, management expects a mild economic growth in 2015, except for the market of Serbia. Due to increased net exports and capital expenditure, the growth of the Slovenian market in 2015 is expected with the increase in personal consumption due to lower prices of liquid fuels, the increase in employment and improvement in the consumer confidence. A mild growth is also expected in Bosnia and Herzegovina primarily due to the increase in investments triggered by the reconstruction of infrastructure damaged in floods in 2014. However, it is expected that the recession will continue in 2015 in Serbia due to fiscal consolidation resulting in low levels of private and public consumption.

After disappointing stagnation of the eurozone economy in 2014, Atlantic Grupa's management expects a mild growth of the eurozone economy. Lower prices of liquid fuels and measures by the European Central Bank leading to weakening of the Euro and lower yields on debt securities, will be the main drivers of the eurozone growth in 2015.

Management expects that the Russian economy in 2015 will slip into recession primarily due to low prices of liquid fuels, international sanctions and geopolitical tensions. Also, in 2015 management expects increasing inflation pressures and further volatility of the ruble.

Atlantic Grupa's management strategic guidance for 2015

In 2015, management will continue its focus on organic business growth through active brand management with a special emphasis on (i) strengthening the position of regional brands (Cockta, Cedevita, Smoki, Grand Kafa, Barcaffe, Bananica, Štark) and (ii) brands with international potential (Multipower, Argeta, Donat Mg, Bebi, Cedevita GO!, Bakina tajna) and active development of the regional HoReCa portfolio.

In 2015, Atlantic Grupa's management expects increased pressures on prices of raw coffee in the global commodity markets (with an additional unfavourable effect of the EURUSD exchange rate). Management plans to largely annul these pressures by active hedging and continuous cost management and business processes optimisation.

Additional pressures on operations arise from the volatility of the Serbian dinar and especially Russian ruble.

Management expectations for 2015 are as follows:

(in HRK millions)	2015 Guidance	2014	2015/2014
Sales	**5,300**	5,118	3.5%
EBITDA	**565**	597	(5.4%)
EBIT	**405**	441	(8.1%)
Interest expense	**125**	126	(0.7%)

In 2015, we expect capital expenditure in the amount of approximately HRK 150 million.

The expected effective tax rate in 2015 should be at the level of the statutory tax rate for Croatia.

ATLANTIC GRUPA d.d.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THREE MONTH PERIOD ENDED 31 MARCH 2015 (UNAUDITED)

ATLANTIC GRUPA d.d.

CONSOLIDATED INCOME STATEMENT

in thousands of HRK, unaudited	Jan - Mar 2015	Jan - Mar 2014	Index
Turnover	**1,168,263**	**1,132,361**	**103.2**
Sales revenues	1,157,745	1,124,334	103.0
Other revenues	10,518	8,027	131.0
Operating expenses	**1,058,799**	**1,012,629**	**104.6**
Cost of merchandise sold	321,512	295,848	108.7
Change in inventories	(18,759)	(35,623)	52.7
Production material and energy	402,889	395,349	101.9
Services	85,176	81,947	103.9
Staff costs	181,736	163,245	111.3
Marketing and selling expenses	59,417	71,252	83.4
Other operating expenses	40,377	39,384	102.5
Other losses - net	(13,549)	1,227	n/a
EBITDA	**109,464**	**119,732**	**91.4**
Depreciation and impairment	35,907	34,014	105.6
EBIT	**73,557**	**85,718**	**85.8**
Interest expenses	(28,485)	(36,523)	78.0
Foreign exchange differences from financing - net	8,577	(8,851)	n/a
EBT	**53,649**	**40,344**	**133.0**
Income tax	9,177	8,026	114.3
Profit for the period	**44,472**	**32,318**	**137.6**
Attributable to:			
Non-controlling interest	(102)	310	n/a
Owners of the parent	44,574	32,008	139.3
Earnings per share for profit attributable to the owners of the Company			
- basic	13.37	9.60	
- diluted	13.37	9.60	

ATLANTIC GRUPA d.d.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in thousands of HRK, unaudited	Jan - Mar 2015	Jan - Mar 2014	Index
Profit for the year	**44,472**	**32,318**	**137.6**
Cash flow hedge	18,949	4,676	405.2
Currency translation differences	(12,477)	(1,180)	n/a
Total comprehensive income	**50,944**	**35,814**	**142.2**
Attributable to:			
Non-controlling interest	(108)	275	n/a
Equity holders of the Company	51,052	35,539	143.7
Total comprehensive income	50,944	35,814	142.2

ATLANTIC GRUPA d.d.

CONSOLIDATED BALANCE SHEET

in thousands of HRK, unaudited	31 March 2015	31 December 2014
Property, plant and equipment	1,110,058	1,099,289
Investment property	1,349	1,363
Intangible assets	1,812,159	1,804,518
Deferred tax assets	40,500	41,224
Available-for-sale financial assets	942	942
Trade and other receivables	22,186	22,657
Non-current assets	2,987,194	2,969,993
Inventories	672,765	582,247
Trade and other receivables	1,101,164	1,169,343
Non-current assets held for sale	99,678	99,874
Prepaid income tax	19,605	12,249
Deposits given	284	275
Derivative financial instruments	44,120	22,687
Cash and cash equivalents	298,082	417,588
Current assets	2,235,698	2,304,263
Total assets	5,222,892	5,274,256
Capital and reserves attributable to owners of the Company	1,803,784	1,752,732
Non-controlling interest	2,224	2,332
Borrowings	1,702,638	1,776,406
Deferred tax liabilities	184,922	181,155
Derivative financial instruments	7,664	8,698
Other non-current liabilities	26	25
Provisions	51,953	51,936
Non-current liabilities	1,947,203	2,018,220
Trade and other payables	841,996	881,451
Borrowings	573,591	578,482
Current income tax liabilities	4,413	4,713
Derivative financial instruments	13,709	7,675
Provisions	35,972	28,651
Current liabilities	1,469,681	1,500,972
Total liabilities	3,416,884	3,519,192
Total equity and liabilities	5,222,892	5,274,256

ATLANTIC GRUPA d.d.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of Company					
in thousands of HRK, unaudited	**Share capital**	**Reserves**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total**
At 1 January 2014	1,015,953	(15,363)	622,613	1,623,203	51,292	1,674,495
Comprehensive income:						
Net profit for the year	-	-	32,008	32,008	310	32,318
Cash flow hedge	-	4,673	-	4,673	3	4,676
Other comprehensive income	-	(1,142)	-	(1,142)	(38)	(1,180)
Total comprehensive income	-	3,531	32,008	35,539	275	35,814
Transactions with owners:						
Transfer	-	264	(264)	-	-	-
At 31 March 2014	1,015,953	(11,568)	654,357	1,658,742	51,567	1,710,309
At 1 January 2015	1,015,870	(19,635)	756,497	1,752,732	2,332	1,755,064
Comprehensive income:						
Net profit for the year	-	-	44,574	44,574	(102)	44,472
Cash flow hedge	-	18,949	-	18,949	-	18,949
Other comprehensive income	-	(12,471)	-	(12,471)	(6)	(12,477)
Total comprehensive income	-	6,478	44,574	51,052	(108)	50,944
Transactions with owners:						
Transfer	-	777	(777)	-	-	-
At 31 March 2015	1,015,870	(12,380)	800,294	1,803,784	2,224	1,806,008

ATLANTIC GRUPA d.d.

CONSOLIDATED CASH FLOW STATEMENT

in thousands of HRK, unaudited	**Jan - Mar 2015**	**Jan - Mar 2014**
Cash flows from operating activities		
Net profit	**44,472**	**32,318**
Income tax	9,177	8,026
Depreciation, amortization and impairment	35,907	34,014
Gain on disposal of property, plant and equipment	(463)	(299)
Value adjustment of current assets	6,662	6,384
Interest income	(1,587)	(1,205)
Interest expense	28,485	36,523
Other non-cash changes	(16,968)	4,994
Changes in working capital:		
Increase in inventories	(83,620)	(61,750)
Decrease in current receivables	84,164	73,993
(Decrease) / increase in current payables	(63,401)	25,188
Increase/ (decrease) in provisions for risks and charges	7,218	(1,286)
Interest paid	(33,150)	(37,528)
Income tax paid	(10,280)	(7,633)
Net cash flow from operating activities	**6,616**	**111,739**
Cash flow from investing activities		
Purchase of tangible and intangible assets	(11,512)	(22,504)
Proceeds from sale of property, plant and equipment	784	389
Acquisition of subsidiary net of cash acquired	(5,030)	(5,332)
Loans and deposits given - net	(750)	(995)
Interest received	1,587	1,205
Net cash flow used in investing activities	**(14,921)**	**(27,237)**
Cash flow from financing activities		
Proceeds from borrowings, net of fees paid	15,393	15,291
Repayment of borrowings	(126,594)	(102,216)
Net cash flow used in financing activities	**(111,201)**	**(86,925)**
Net decrease in cash and cash equivalents	**(119,506)**	**(2,423)**
Cash and cash equivalents at beginning of period	417,588	325,334
Cash and cash equivalents at end of period	298,082	322,911

NOTE 1 – GENERAL INFORMATION

Atlantic Grupa d.d. (the Company) is incorporated in the Republic of Croatia. The principal activities of the Company and its subsidiaries (the Group) are described in Note 3.

The interim condensed consolidated financial statements of the Group for the three month period ended 31 March 2015 were approved by the Management Board of the Company in Zagreb on 28 April 2015.

The interim condensed consolidated financial statements have not been audited.

NOTE 2 – BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1. BASIS OF PREPARATION

The interim condensed consolidated financial statements of the Group for the three month period ended 31 March 2015 have been prepared in accordance with IAS 34 – Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as of 31 December 2014.

2.2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014.

NOTE 3 – SEGMENT INFORMATION

The business model of the Group is organized through six strategic business units which have been joined by business unit Baby food and five strategic distribution units, which have been joined by distribution units Slovenia and Macedonia:

- SBU Beverages,
- SBU Coffee,
- SBU (Sweet and Salted) Snacks,
- SBU Savoury Spreads,
- SBU Sports and Functional Food,
- SBU Pharma and Personal Care
- SDU Croatia,
- SDU International,
- SDU Serbia,
- SDU HoReCa,
- SDU CIS,
- BU Baby food,
- DU Slovenia,
- DU Macedonia.

Strategic Management Council is responsible for strategic and operational issues. For more efficient management of individual strategic business and strategic distribution units, the organization unites similar business activities or products, shared markets or channels, together.

Due to the fact that SDU HoReCa, SDU CIS, BU Baby food and DU Macedonia do not meet quantitative thresholds, required by IFRS 8 for reportable segments, they are reported within Other segments. The Other segments category comprises also of non-allocable business activities (headquarters and support functions in Serbia, Slovenia and Macedonia) which are excluded from the reportable operating segments.

Strategic Management Council monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss. Group financing and income taxes are managed on Group basis and are not allocated to operating segments.

Sales of individual SBUs represent in market sales made to third parties (either directly through SBUs or through SDUs and DUs). SDU and DU sales includes sales of own products also reported as SBU sales. This double counting of own product sales is eliminated in the "Reconciliation" line. For the purpose of segmental profit calculation, sales between operating segments are carried out at arm's length.

NOTE 3 – SEGMENT INFORMATION (continued)

Sales revenues *(in thousands of HRK)*	**Jan-Mar 2015**	**Jan-Mar 2014**
SBU Beverages	133,438	132,540
SBU Coffee	220,382	213,765
SBU (Sweet and Salted) Snacks	141,499	133,598
SBU Savoury Spreads	96,493	87,895
SBU Sports and Functional Food	189,393	206,435
SBU Pharma and Personal Care	125,090	120,951
SDU Croatia	188,866	163,969
SDU International	139,498	135,772
SDU Serbia	244,336	232,791
DU Slovenia	161,703	152,562
Other segments	154,409	181,351
Reconciliation	(637,362)	(637,295)
Total	**1,157,745**	**1,124,334**

NOTE 4 – EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is calculated by dividing the net profit of the Group by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares purchased by the Company and held as treasury shares.

	2015	**2014**
Net profit attributable to equity holders (in thousands of HRK)	44,574	32,008
Weighted average number of shares	3,334,223	3,334,278
Basic earnings per share (in HRK)	13.37	9.60

Diluted earnings per share

Diluted earnings per share is the same as basic earnings per share as there were no convertible dilutive potential ordinary shares.

NOTE 5 – PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

During the three month period ended 31 March 2015, Group invested HRK 11,512 thousand in purchase of property, plant and equipment and intangible assets (2014: HRK 22,504 thousand).

NOTE 6 - INVENTORIES

During the three month period ended 31 March 2015, the Group wrote down inventories in the amount of HRK 3,984 thousand due to damage and short expiry dates (2014: HRK 3,986 thousand). The amount is recognized in the income statement within 'Other operating expenses'.

NOTE 7 – ACQUISITION OF SUBSIDIARIES

In November 2014, the Group signed an agreement for the acquisition of the company Foodland d.o.o. from Serbia, whose main activity is the production of healthy food from selected ingredients with recognizable brand "Bakina tajna". Acquisition process was finalized in January 2015, after the Commission for Protection of Competition in Republic of Serbia approved the takeover of Foodland d.o.o.

NOTE 8 – RELATED PARTY TRANSACTIONS

The Group enters into transactions with the following related parties: shareholders and other entities controlled or owned by shareholder. Related party transactions that relate to balance sheet as at 31 March 2015 and 31 December 2014 and transactions recognised in the Income statement for the three month period ended 31 March are as follows:

(all amounts expressed in thousands of HRK)	**31 March 2015**	**31 December 2014**
RECEIVABLES		
Current receivables		
Other entities	102,047	101,164
LIABILITIES		
Borrowings		
Shareholders	1,563,199	1,617,014
Trade and other payables		
Shareholders	108	112
Other entities	832	808
REVENUES	**Jan – Mar 2015**	**Jan – Mar 2014**
Sales revenues		
Other entities	97,806	93,793
Other revenues		
Other entities	181	159
EXPENSES		
Marketing and promotion expenses		
Other entities	3,251	2,945
Other expenses		
Other entities	847	523
Finance cost - net		
Shareholders	15,829	18,652

Atlantic Grupa d.d.
Miramarska 23
Zagreb

Register number: 1671910

Zagreb, 29 April 2015

Pursuant to the article 407. to 410. of the Capital market Law (Official Gazette 88/08, 146/08 and 74/09) the President of the Management board of Atlantic Grupa d.d., Miramarska 23, Zagreb provide

MANAGEMENT BOARD'S STATEMENT OF LIABILITY

The consolidated and separate financial statements of Atlantic Grupa d.d. have been prepared pursuant to the International Financial Reporting Standards (IFRS) and Croatian Accounting Law.

The consolidated financial statements for the period from 1 January 2015 to 31 March 2015 present complete and fair view of assets and liabilities, profit and loss, financial position and operations of the Group.
The management report for the period ended 31 March 2015 presents true and fair presentation of development and results of the Group's operations with description of significant risks and uncertainties for the Group.

President of the Management Board:

Emil Tedeschi

Contact:

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