FINANCIAL RESULTS
IN THE FIRST 9 MONTHS
OF 2018
(unaudited)

Zagreb, 30th October 2018

INTRODUCTION
COMMENT OF THE PRESIDENT OF THE MANAGEMENT BOARD AND CEO

“Due to primarily business results, and taking into account awards and recognitions received, we may conclude that 2018 will be another successful year for Atlantic Grupa. As the first issuer, Atlantic moved from the Official to the Prime market of the ZSE, and this was followed by the first award for investor relations. Our top international brand – Argeta – has become the European leader, and redesigned Cockta achieves extraordinary sales results. In addition to extended distribution range, we also continued with improvements in the distribution organisation, and disinvesting “non-core” business operations. The significant profitability growth and lower finance costs, a result of further deleveraging, strengthened our cash flow and present a strong basis for future growth”, Emil Tedeschi, CEO, pointed out.

STRONG PROFITABILITY GROWTH AND ACHIEVED EXPECTED SALES

- **SALES** AT HRK 3,886.7 MILLION
  - 0.5% compared to the first nine months of 2017
  + 3.7% compared to the first nine months of 2017 if the effect of the sold service production for third parties is excluded

- EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION (**EBITDA**) AT HRK 524.1 MILLION
  + 18.9% compared to the first nine months of 2017
  + 14.3% compared to the first nine months of 2017 if one-off profit from the sale of Neva in the amount of HRK 18.8 million is excluded

- EARNINGS BEFORE INTEREST AND TAXES (**EBIT**) AT HRK 413.8 MILLION
  + 27.7% compared to the first nine months of 2017
  + 21.4% compared to the first nine months of 2017 if one-off profit from the sale of Neva in the amount of HRK 18.8 million is excluded

- **NET PROFIT** AFTER MINORITIES AT HRK 319.3 MILLION
  +34.4% compared to the first nine months of 2017

FINANCIAL SUMMARY OF THE FIRST NINE MONTHS OF 2018

Key figures	9M 2018	9M 2017	9M 2018/ 9M 2017
Sales (in HRK millions)	**3,886.7**	3,907.7	(0.5%)
Turnover (in HRK millions)	**3,938.4**	3,937.2	0.0%
EBITDA margin	**13.5%**	11.3%	+221 bp
Net income after minorities (in HRK millions)	**319.3**	237.5	34.4%
Gearing ratio*	**29.0%**	39.1%	-1,012 bp

Comparative period has been adjusted to reflect current period reporting.**

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

** Condensed consolidated financial statements have been prepared on the basis of the same accounting policies, presentations and calculation methods that were used in the preparation of annual consolidated financial statements of Atlantic Grupa as at 31 December 2017, other than adopted new standards effective for the periods beginning on or after 1 January 2018. The Group applies, for the first time, IFRS 15 Revenues from Contracts with Customers that requires restatement of comparative data. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The Group adopted IFRS 15 using the full retrospective method of adoption.

1. SAVOURY SPREAD ARGETA IS NUMBER ONE IN EUROPE

Savoury spread Argeta, which has already been number one brand on the markets of Bosnia and Herzegovina, Austria, Switzerland, Montenegro and Slovenia and number two on the markets of Croatia and Serbia, due to its perfected recipe and customer relations, has become the spread number one in Europe. Argeta, the brand present in 28 countries, thereby confirmed that it has high-quality products to the taste of customers across Europe and confirmed its strong presence beyond the region as well. An additional impact to the Argeta's growth came from continuous investments in the recipe, adapted to local tastes and preferences.

2. EXCELLENT RESULTS OF NEW COCKTA

Due to its new visual identity and successful marketing campaign, the soft drink Cockta recorded exceptional results in the HoReCa segment, with the sales in the first nine months of this year, depending on market, grew from 37 to 60% compared to the same period of the previous year. Overall sales results in the HoReca segment are thus as much as 46% better than last year.

3. REORGANISATION OF DISTRIBUTION AND NEW DISTRIBUTION CONTRACTS

As announced earlier, from the beginning of 2018, the entire distribution operations have been reorganised into one single area. The markets within the distribution area where Atlantic Grupa provides complete distribution service are SDU Croatia, SDU Serbia, SDU Slovenia, DU Macedonia and DU Austria, while the markets which we dominantly manage through our distribution partners have been grouped into a single distribution area, Global Distribution Account Management. The Business Unit Baby Food as an additional program became a part of the Strategic Business Unit Pharma and Personal Care. Components of the Strategic Distribution Region HoReCa have been merged with the existing distribution organisations.

Continuing to expand its distribution portfolio in line with expectations and announcements, in the first quarter of 2018 Atlantic Grupa began the distribution of the entire Mars portfolio in the Croatian market, and the distribution of Red Bull in the Serbian market began in April this year. For 2019, the distribution of the HIPP principal's products for the Macedonian market was contracted, following many years of successful distribution in the markets of Croatia and Slovenia. The annual turnover is estimated at approximately twenty million HRK.

4. SALE AGREEMENT FOR COMPANY NEVA SIGNED

As at 20th July 2018, Atlantic Grupa and the company Magdis from Zagreb signed an agreement to sell the company Neva, the largest cosmetics manufacturer in Croatia, with well known brands Rosal, Plidenta and Melem. Magdis is a renowned manufacturer of the Biobaza cosmetic line, and pharmacy and medical raw materials and products, and by expanding the production capacities and portfolio, it becomes an important player in the Croatian and regional markets of cosmetic products. Magdis took over the Neva's production plant in Rakitje and the entire company's portfolio with 52 employees. After the finalisation of the transaction, Atlantic Grupa remains the distributor of the Neva's products portfolio. In 2017, Neva's revenues amounted to approximately HRK 60 million, while earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to HRK 4.4 million. The gain that

Group realized from this transaction amounts to HRK 18.8 million.

Thus Atlantic Grupa continues to implement its strategic programme of disinvesting "non-core" minor business operations including the cosmetics programme, finding a perfect partner in the company Magdis with which it shares common values and the desire for further growth and development of renowned Croatian cosmetic brands. The synergy effects of the two companies will create a new space for growth in the domestic market as well as for the positioning for growth in the region.

5. IMPACT OF THE SALE OF SERVICE PRODUCTION FOR THIRD PARTIES

For the purpose of further restructuring and simplifying the operations of the sports and functional food segment and focus on own brands and the expansion of principal brands distribution, at the end of October 2017 Atlantic Grupa sold the factories in Germany (Bleckede) and Croatia (Nova Gradiška) and the related service production for third parties (private label) to the Belgian company Aminolabs Group. Revenue from the service production for third parties in the sports and functional food segment in 2017 amounted to approximately HRK 194 million, of which approximately HRK 160 million relates to the first nine months of 2017.

6. ATLANTIC GRUPA THE FIRST ISSUER ON THE ZSE PRIME MARKET

Atlantic Grupa is the first issuer on the Zagreb Stock Exchange to move from the Official to the Prime market, envisaged as a segment that provides examples of best market practices and highest standards in the fields of transparency and corporate governance. Atlantic Grupa was among the first to adopt the Corporate Governance Code, and later the Code of Ethics in Management, setting from the very beginning the highest business and reporting standards. Also, Atlantic Grupa was among the first to use innovative financing models by launching corporate bonds, and to use mezzanine financing. By this move, we set new standards and provide our investors with the highest level of information required to make investment decisions.

7. SETTLEMENT OF AGROKOR GROUP CREDITORS CONFIRMED

Following the signing of the Settlement term sheet on all key structural elements of the settlement at the beginning of April, in June 2018 members of the Temporary Creditors' Council unanimously accepted the settlement plan between the debtors and all creditors. At the hearing held on 4th July 2018, the settlement plan of Agrokor's creditors was voted in favour by 80.2 percent of total claims. On 6th July the Commercial Court in Zagreb adopted the ruling confirming the settlement plan between the creditors and the extraordinary administration of Agrokor. On 26th October 2018, the High Commercial Court confirmed the settlement plan, whereby it has become effective.

According to the agreement with suppliers on the settlement of the so-called border debt, if Konzum realises four-year planned EBITDA, Atlantic Grupa will collect all the remaining receivables from Agrokor Group members from the period prior to the initiation of the extraordinary administration proceedings, amounting to approximately HRK 60 million. Since at the moment it is not possible to assess with certainty the feasibility of the plans, we provided the amount of HRK 20 million for the risk of non-realisation of plans, of which HRK 5 million is recorded in results for 2018.

SALES PROFILE BY STRATEGIC BUSINESS UNITS AND STRATEGIC DISTRIBUTION UNITS

(HRK million)	9M 2018	9M 2017	9M 2018/ 9M 2017
SBU Coffee	816.7	783.1	4.3%
SBU Beverages	569.5	532.4	7.0%
SBU Pharma and Personal Care	504.0	536.7	(6.1%)
SBU (Sweet and Salted) Snacks	493.4	470.6	4.8%
SBU Savoury Spreads	491.2	445.6	10.2%
SBU Sports and Functional Food	106.8	326.7	(67.3%)
From which private label production	0.3	161.3	(99.8%)
SDU Serbia	905.8	859.0	5.4%
SDU Croatia	951.2	854.6	11.3%
SDU Slovenia	651.7	626.3	4.1%
Global distribution network management	292.3	310.7	(5.9%)
Other segments*	240.2	228.0	5.4%
Reconciliation**	(2,136.2)	(2,066.0)	n/a
Sales	3,886.7	3,907.7	(0.5%)

Comparative period has been adjusted to reflect current period reporting.

In the first nine months of 2018, Atlantic Grupa recorded sales of HRK 3.9 billion, which is a decrease of 0.5% compared to the first nine months of 2017. The revenue decrease was caused by the absence of sales of private labels in the Strategic Business Unit Sports and Functional Food, despite a significant sales growth in most business and distribution units. If we exclude the effect of sales of private labels in this strategic unit, whose production was disinvested at the end of October 2017, the organic revenue growth is 3.7%.

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 (SBU) or Business Unit (BU), or through a Strategic Distribution Unit (SDU), Distribution Unit (DU) or Global Distribution Account Management (GDAM)), while sales of Strategic Distribution Units, Strategic Distribution Regions and Distribution Units include both sales of external principals' products and sales of own products. Comparative period has been adjusted to reflect current period reporting.

* Other segments include DU Austria, DU Macedonia, BU Gourmet and business activities not allocated to business and distribution units (headquarters and support functions in Serbia, Slovenia, Bosnia and Herzegovina 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, DUs and GDAM through which the products were distributed.

The STRATEGIC BUSINESS UNIT COFFEE continues to record great results due to the increase in sales on all markets. The growth was led by the markets of Serbia, Slovenia, Croatia, Macedonia and Bosnia and Herzegovina. Analysed by categories, the growth was recorded by Turkish coffee as the most significant category, and espresso coffee that continues to record a double-digit growth. All three brands in the Turkish coffee segment, Barcaffe, Grand kafa and Bonito, contributed to the growth. Instant Turkish coffee Black'n'Easy recorded a 24% growth compared to the same period of the previous year, and promising results are also recorded by the new category of coffee machine capsules. The increase in sales is realised in addition to retaining high market shares in the Turkish coffee segment and our brands in Serbia represent 5 of 10 cups of coffee consumed, in Slovenia 8 of 10 cups consumed, while in Croatia Barcaffe firmly holds the second place in the market*.

The STRATEGIC BUSINESS UNIT BEVERAGES recorded a significant revenue growth in all major markets, with the highest increase recorded in the markets of Croatia, Slovenia, Serbia and Bosnia and Herzegovina. Among markets outside the region, a significant contribution came from the Russian and Austrian markets. The growth is recorded in all categories and in both sales channels, retail and HoReCa. Higher sales were recorded by all brands, led by the vitamin instant drink Cedevita, functional drink Donat Mg, visually refreshed Cockta and waters under the Kala and Kalnička brands.

The STRATEGIC BUSINESS UNIT PHARMA AND PERSONAL CARE recorded a decrease in sales primarily in the Russian market, as a consequence of the decrease in sales of baby food under the Bebi brand, which is a part of this business unit from the beginning of 2018. The decrease in sales was also largely impacted by the significant depreciation of the ruble (the decrease in average ruble exchange rate of 13.3% compared to the same period of the previous year). The revenue decrease was partly compensated by the increase in sales recorded in the most significant market – Croatian, due to a significant revenue growth of the pharmacy chain Farmacia. If the effect of the baby food sales decrease is excluded, the sales grew 1.8%.

The STRATEGIC BUSINESS UNIT SNACKS recorded growth primarily due to the increase in sales in the Serbian market, which brings almost two thirds of revenues to this business unit. The growth was also recorded in other significant markets such as Bosnia and Herzegovina, Montenegro and Slovenia. In the sweets segment, the biggest growth was recorded by chocolates under the Najlepše želje and Bananica brands and wafers, while in the salty segment growth was recorded by Prima salty sticks and flips under the Smoki brand.

The double-digit sales growth of the STRATEGIC BUSINESS UNIT SAVOURY SPREADS is a result of the increase in sales of products under the Argeta brand in all regional markets and of the increase in sales in the significant Western European markets (Germany, Austria, Sweden and the Netherlands) and the market of Russia. The growth was recorded by both meat and fish segment of savoury spreads and vegetable spreads that were launched to the Slovenian market this year and already hold over 11% of the category. In addition to taking the leading position in Croatia (measured by value share of almost 30%) and the increase in market shares in Slovenia and Serbia, this year Argeta has also become the meat spread number one in Europe.**

The expected decrease in sales of the STRATEGIC BUSINESS UNIT SPORTS AND FUNCTIONAL FOOD was largely caused by the sale of service production for third parties to the Belgian company Aminolabs, but also by lower sales of own brands,

* SKU Performance Monitor, AC Nielsen, April-May 2018
** SKU Performance Monitor, AC Nielsen, June-July 2018

primarily Multipower, and partly by changed methods of distribution. The most significant decrease was recorded in the German market, which makes almost 70% of revenues of this business unit, and in the markets of the United Kingdom and Italy.

The increase in sales of the STRATEGIC DISTRIBUTION UNIT SERBIA is based on the increase in sales of own and principal brands, but also on the positive effect of the strengthening of the Serbian dinar. The growth of own brands is recorded in almost all sales categories, led by Turkish coffee under the Grand kafa and Bonito brands, espresso coffee under the Barcaffe brand, instant Turkish coffee Black'n'Easy, Najlepše želje, Smoki, Bananica and Sweet brands from the snacks segment, Argeta from the savoury spreads segment, Cedevita and Donat Mg from the beverages segment and Granny's Secret from the gourmet segment. The HoReCa channel recorded an exceptional 27% growth, mainly due to the increase in sales of the redesigned Cockta, Barcaffe espresso and the new principal, Red Bull.

The STRATEGIC DISTRIBUTION UNIT CROATIA recorded a sales growth following the growth of both own and principal brands. Own brands recorded growth in all product categories, led by Argeta from the savoury spreads segment, Barcaffe from the coffee segment (Turkish coffee and espresso), Cedevita from the vitamin instant drinks segment, and Kala and Kalnička in the waters segment. Among principal brands, the biggest growth was recorded by Ferrero, Philips, SAB Miller and the new principal Mars. A double-digit sales growth was also recorded by the HoReCa channel, due to the redesigned Cockta, but also due to the growth in sales of other own and principal brands.

The growth in sales of the STRATEGIC DISTRIBUTION UNIT SLOVENIA is based on the increase in sales of all product categories, led, among own brands, by savoury spreads under the Argeta brand, coffee under the Barcaffe brand, functional drink under the Donat Mg brand and vitamin instant drink under the Cedevita brand. Among principal brands, the biggest growth is recorded by Ferrero, Rauch and Italfood. HoReCa segment continues to record double-digit growth rates, primarily due to the success of the redesigned Cockta and good results of vitamin instant drinks under the Cedevita brand.

GLOBAL DISTRIBUTION ACCOUNT MANAGEMENT recorded a decrease in sales primarily in Russian and Ukrainian markets caused by the decrease in sales of baby food under the Bebi brand, partly compensated by the sales increase in the markets of Kosovo, the United States of America and Poland. If the effect of the decrease in the baby food segment is excluded, the sales grew 10.9%.

OTHER SEGMENTS record an increase in sales following the increase in sales in all three segments (DU Macedonia, BU Gourmet and DU Austria).

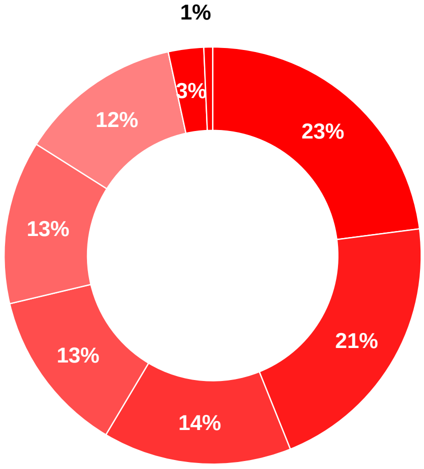
The DISTRIBUTION UNIT MACEDONIA recorded a solid sales growth due to the growth of own and principal brands. Among own brands, Grand kafa in the Turkish coffee segment and Argeta in the savoury spreads segment stand out, while among principal brands, the most significant growth continues to be recorded by Fererro. HoReCa channel recorded a mild decrease in sales following the decrease in sales of the vitamin instant drink Cedevita, which was largely compensated by better sales results of Cockta and Barcaffe espresso.

The DISTRIBUTION UNIT AUSTRIA recorded a solid sales growth, with the growth of majority of own brands in the retail channel, led by Argeta and beverages, especially Donat Mg, which compensated for the decrease in sales in the sports channel, caused by the decrease in sales of the sports and functional food segment. Savoury spreads under the Argeta brand continue to be the leading brand in the category in the market of Austria.

The BUSINESS UNIT GOURMET recorded a double-digit sales growth, primarily due to great results recorded in regional markets (Serbia, Croatia, Slovenia, Montenegro and Bosnia and Herzegovina) and in the markets of France and the United States of America. The growth was recorded primarily due to the ajvar category and products from the Amfissa portfolio, and promising results are shown also by new products such as premium jams with honey and ajvar with olive oil.

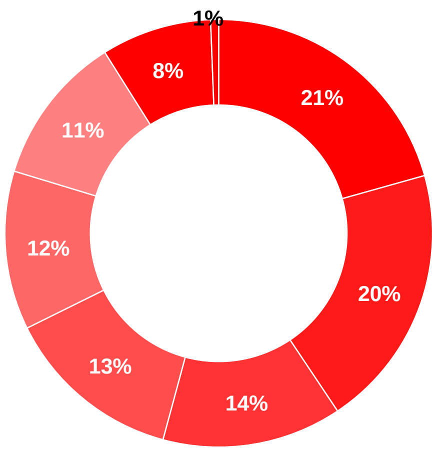
SALES PROFILE BY SEGMENTS

9M 2018



- Principal brands 23.0%
- Coffee 21.0%
- Beverages 14.6%
- Pharma & Personal care 12.7%
- Sweet and salted snacks 12.7%
- Savoury spreads 12.6%
- Sports and Functional Food 2.7%
- Gourmet 0.7%

9M 2017



- Principal brands 20.6%
- Coffee 20.0%
- Beverages 13.6%
- Pharma & Personal care 13.5%
- Sweet and salted snacks 12.0%
- Savoury spreads 11.4%
- Sports and Functional Food 8.3%
- Gourmet 0.6%

SALES PROFILE BY MARKETS

(in HRK millions)	9M 2018	% of sales	9M 2017	% of sales	9M 2018/ 9M 2017
Croatia	**1,299.5**	33.4%	1,185.3	30.3%	9.6%
Serbia	**920.5**	23.7%	871.8	22.3%	5.6%
Slovenia	**652.3**	16.8%	626.9	16.0%	4.0%
Bosnia and Herzegovina	**324.8**	8.4%	308.0	7.9%	5.5%
Other regional markets*	**270.5**	7.0%	255.1	6.5%	6.1%
Key European markets**	**210.0**	5.4%	344.9	8.8%	(39.1%)
Russia and CIS	**124.0**	3.2%	163.7	4.2%	(24.2%)
Other markets	**85.0**	2.2%	152.1	3.9%	(44.1%)
Total sales	**3,886.7**	100.0%	**3,907.7**	100.0%	(0.5%)

*Other regional markets: Macedonia, Montenegro, Kosovo
**Key European markets: Germany, Switzerland, Austria, Sweden
Comparative period has been adjusted to reflect current period reporting.

The MARKET OF CROATIA recorded a sales growth of as much as 9.6% due to the increase in sales of: (i) the pharmacy chain Farmacia, (ii) own brands, with growth recorded by all brands from the beverages segment (Cedevita, Kala, Cockta in the HoReCa channel), Argeta in the savoury spreads segment, Barcaffe in the Turkish and espresso coffee segment, and Black'n'Easy instant Turkish coffee, and (iii) external principals, among which the biggest growth was recorded by Ferrero, Philips, SAB Miller, Duracell, and the new principal Mars.

The MARKET OF SERBIA recorded an excellent sales growth of 5.6% following the great sales results of own brands, arising from the increase in sales of: (i) Turkish coffee under the Bonito and Grand kafa brands, espresso coffee under the Barcaffe brand and instant Turkish coffee under the Black'n'Easy brand, (ii) Najlepše želje, Smoki, Bananica and Sweet in the snacks segment, (iii) Argeta in the savoury spreads segment, (iv) Cedevita, Cockta and Donat Mg in the beverages segment, and (v) Granny's Secret in the gourmet segment. Among principal brands, the most significant growth was recorded by Rauch, Beam Suntory and Alkaloid, and the new principal Red Bull also contributed to the sales growth.

The increase in sales of 4.0% in the MARKET OF SLOVENIA was recorded following: (i) the increase in sales of Cockta, Cedevita and Donat Mg in the beverages category, (ii) the increase in sales of Argeta in the savoury spreads category, (iii) the increase in sales of all coffee categories under the Barcaffe brand, and (iv) the increase in sales of principal brands Ferrero, Rauch and BIC.

The significant sales growth of 5.5% in the MARKET OF BOSNIA AND HERZEGOVINA was recorded due to the increase in sales of: (i) savoury spreads under the Argeta brand, (ii) products from the snacks category from the Štark product range, (iii) Cockta and vitamin instant drinks under the Cedevita brand, and (iv) espresso coffee under the Barcaffe brand.

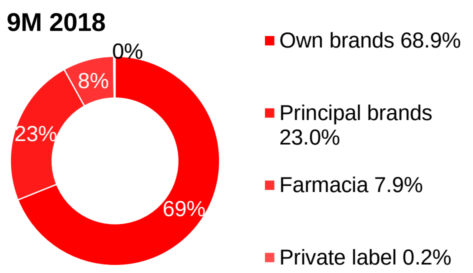
The increase in sales of 6.1% on OTHER REGIONAL MARKETS was recorded primarily due to the increase in sales in the market of Macedonia, but also the markets of Montenegro and Kosovo.

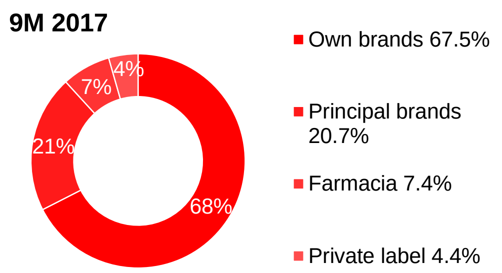
A significant decrease in sales in KEY EUROPEAN MARKETS is a result of the decrease in sales on all markets, primarily caused by the decrease in sales of the sport and function food segment. If we exclude the effect of the decrease in the sports and functional food segment, sales grew by 8.1%.

The decrease in sales in the MARKET OF RUSSIA AND THE COMMONWEALTH OF INDEPENDENT STATES was primarily caused by the decrease in sales of baby food under the Bebi brand, partly compensated for by the increase in sales of the functional drink Donat Mg and savoury spreads under the Argeta brand.

OTHER MARKETS record a significant sales decrease due to the drop in sales in the sports and functional food segment. If we exclude the effect of the decrease in the sports and functional food segment, sales grew 8.2%.

SALES PROFILE BY PRODUCT CATEGORY





In the first nine months of 2018, OWN BRANDS recorded sales of HRK 2,679.0 million, which is a 1.6% growth compared to the same period of the previous year. The growth was recorded by almost all business segments, and the greatest contribution was made by: (i) Argeta in the savoury spreads segment, (ii) Cedevita, Donat Mg and Cockta in the beverages segment, (iii) Barcaffe, Grand and Bonito in the coffee segment, and (iv) Najlepše želje, Smoki, Bananica and Prima salty sticks in the snacks segment. The decrease in sales was recorded by brands from the Sports and functional food portfolio and baby food under the Bebi brand. If we exclude the effect of the decrease in own brands from the sports and functional food segment and baby food, the revenue increased by 5.6%.

With HRK 893.8 million, PRINCIPAL BRANDS recorded an increase in sales of 10.4%. The growth is mainly based on the increase in sales of principals Ferrero, Rauch, SAB Miller and Philips, and the sales of products from the portfolio of new principals Mars, Red Bull and Masculan.

The pharmacy chain FARMACIA recorded sales of HRK 305.6 million, which is a 6.2% growth compared to the first nine months of 2017, due to the increase in sales of the existing Farmacia locations and a newly-opened specialised store. In 2018, Farmacia consists of 85 pharmacies and specialised stores.

With sales of HRK 8.2 million, PRIVATE LABELS recorded a 95.2% decrease in sales, following the disinvestment of service production in the sports and functional food segment at the end of October 2017, which had accounted for the largest portion of the overall production of private labels.

PROFITABILITY DYNAMICS

(in HRK millions)	9M 2018	9M 2017	9M 2018/ 9M 2017
Sales	**3,886.7**	3,907.7	(0.5%)
EBITDA	**524.1**	440.7	18.9%
Normalised EBITDA	**503.7**	440.7	14.3%
EBIT	**413.8**	324.1	27.7%
Normalised EBIT	**393.4**	324.1	21.4%
Net profit	**319.6**	238.2	34.2%
Profitability margins			
EBITDA margin	**13.5%**	11.3%	+221 bp
Normalised EBITDA margin	**13.0%**	11.3%	+ 168 bp
EBIT margin	**10.6%**	8.3%	+ 235 bp
Normalised EBIT margin	**10.1%**	8.3%	+ 183 bp
Net profit margin	**8.2%**	6.1%	+213 bp

In the first nine months of 2018, Atlantic Grupa recorded **EBITDA** in the amount of HRK 524.1 million, which is an 18.9% increase compared to the same period of the previous year, while normalised EBITDA grew 14.3%. The increase in EBITDA was mainly impacted by higher sales in most business units and lower costs of production materials, despite the increase in cost of goods sold and higher investment in marketing. Other income also grew due to the increase in revenue from services provided to strategic partners and release of provisions from previous years.

Following the sale of two factories in the sports and functional food segment, the depreciation is 5.4% lower, which had an additional positive effect on EBIT, which grew by 27.7%, and normalised EBIT grew by 21.4%. Due to lower finance costs, and despite lower net foreign exchange gains, net profit before minorities grew by as much as 34.2%.

The 12.8% increase in cost of goods sold is a consequence of higher sales of principal brands and transferring the production in the sports and functional food segment to the service partner, following the sale of two factories.
Costs of production materials are 17.0% lower, as a result of lower prices of raw materials, primarily raw coffee, sugar and cocoa.
Costs of services are lower primarily due to savings resulting from restructuring in the sports and functional food segment and reorganisation of distribution activities in Western European countries.
Despite a higher number of employees, staff costs are lower due to restructuring of the Strategic Business Unit Sports and Functional Food. As at 30 September 2018, Atlantic Grupa had 5,646 employees, 103 more compared to the end of the same period of the previous year, due to the increase in the number of employees in line with the production and sales growth.
Marketing expenses increased by 9.3%, primarily due to higher investments in marketing in the beverages, coffee, savoury spreads segments, and in the snacks segment.
Other (gains)/losses – net: profit is realised primarily on the basis of one-off profit from the sale of the company Neva in the amount of HRK 18.8 million.

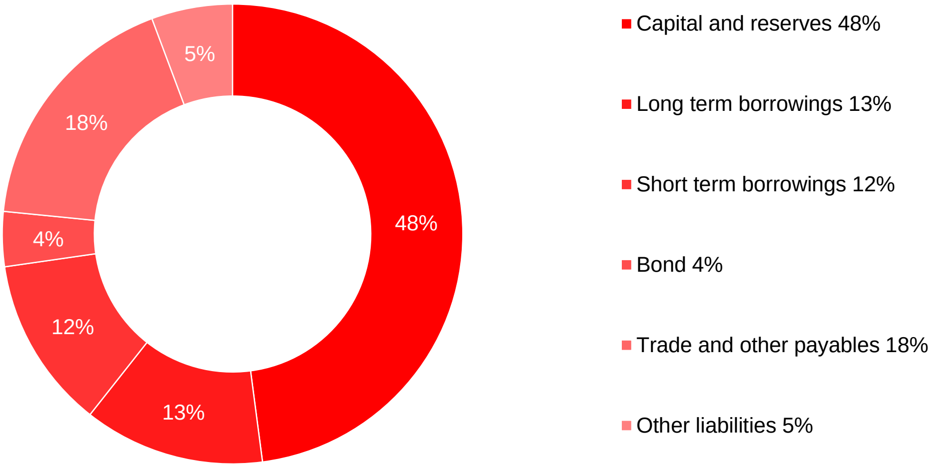
FINANCIAL INDICATORS

(in HRK millions)	9M 2018	FY 2017
Net debt	1,012.6	1,185.4
Total assets	5,181.2	5,126.4
Total Equity	2,482.9	2,249.8
Current ratio	1.46	1.47
Gearing ratio	29.0%	34.5%
Net debt/EBITDA*	1.74	2.29
	9M 2018	9M 2017
Interest coverage ratio*	13.5	8.6
Capital expenditure	72.8	86.8
Cash flow from operating activities	359.8	261.6

Comparative period has been adjusted to reflect current period reporting.
* Normalised.

Among key determinants of the Atlantic Grupa's financial position in the first nine months of 2018, the following should be pointed out:
Due to the decrease in net debt of HRK 173 million compared to the end of 2017, the gearing ratio decreased by as much as 554 basis points. The debt measured as the net debt to normalised EBITDA ratio dropped from 2.29 at the end of 2017 to 1.74 at the end of the first nine months of 2018. At the same time, the coverage of interest expense by normalised EBITDA in the comparative period increased from 8.6 to 13.5, and cash flow from operating activities increased from HRK 261.6 million to HRK 359.8 million.

THE ATLANTIC GRUPA'S EQUITY AND LIABILITIES STRUCTURE AS AT 30 SEPTEMBER 2018



OVERVIEW OF KEY ITEMS IN THE CONSOLIDATED CASH FLOW STATEMENT

The increase in cash flow from operating activities in the first nine months of 2018 compared to the same period of the previous year is the result of improved profitability, lower finance costs and a favourable effect of foreign exchange differences.

Capital expenditure in the first nine months of 2018 primarily relates to investments in the production equipment of business units for the purpose of increasing the efficiency of production processes, in the development of new products and the development of IT infrastructure, business systems and applications.

Among significant investments, we should mention:

- SBU SNACKS: investment in automatization and improved production efficiency and in retail points of sale;

- SBU COFFEE: purchase of espresso machines, investment in production equipment for the purpose of improving production efficiency;

- SBU BEVERAGES: investment in Cockta redesign and the line for rigid packaging of Cedevita;

- IT: investment in infrastructure, digital technologies and implementation of business applications and the replacement of equipment.

OUTLOOK
FOR 2018

Management has the same expectations for 2018 as announced in the results for the first half of 2018, published on 26th July 2018.

(in HRK millions)	2018 Guidance	2017.	2018/2017
Sales	**5,300**	5,249	1.0%
EBITDA*	**550**	517	6.3%
EBIT*	**375**	342	9.8%
Interest expense	**45**	58	(23.1%)

* Normalised

If the effect of revenue realised on the basis of service production (private label) in the sports and functional food segment that in 2017 amounted to approximately HRK 194 million is excluded, the expected revenue growth in 2018 compared to 2017 is 4.9%. If we exclude operating profit realised on the basis of this service production, the increase in EBITDA is 9.6% while the increase in EBIT is 13.3%. These profitability levels do not include one-off profit realised by the sale of the company Neva.

In 2018, we expect capital expenditure in the amount of approximately HRK 160 million.

The expected effective tax rate in 2018 will remain at the same level as in the previous year.

ATLANTIC GRUPA d.d.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2018 (UNAUDITED)

in thousands of HRK, unaudited	Jan -Sep 2018	Jan - Sep 2017 (Restated)	Index	Jul - Sep 2018	Jul - Sep 2017 (Restated)	Index
Turnover	**3,938,373**	**3,937,159**	**100.0**	**1,419,410**	**1,436,206**	**98.8**
Sales revenues	3,886,679	3,907,726	99.5	1,398,749	1,426,607	98.0
Other revenues	51,694	29,433	175.6	20,661	9,599	215.2
Operating expenses	**(3,414,262)**	**(3,496,492)**	**97.6**	**(1,191,678)**	**(1,277,071)**	**93.3**
Cost of merchandise sold	(1,054,129)	(934,556)	112.8	(400,954)	(346,813)	115.6
Change in inventories	(10,281)	6,957	n/a	(12,762)	(13,328)	95.8
Production material and energy	(1,096,404)	(1,310,674)	83.7	(379,418)	(457,289)	83.0
Services	(298,339)	(303,696)	98.2	(106,254)	(107,065)	99.2
Staff costs	(609,956)	(613,241)	99.5	(203,293)	(228,155)	89.1
Marketing and selling expenses	(232,163)	(212,360)	109.3	(66,354)	(69,439)	95.6
Other operating expenses	(137,259)	(137,933)	99.5	(47,371)	(49,906)	94.9
Other gains - net	24,269	9,011	269.3	24,728	(5,076)	n/a
EBITDA	**524,111**	**440,667**	**118.9**	**227,732**	**159,135**	**143.1**
Depreciation and impairment	(110,271)	(116,591)	94.6	(36,830)	(39,172)	94.0
EBIT	**413,840**	**324,076**	**127.7**	**190,902**	**119,963**	**159.1**
Finance costs - net	(31,461)	(28,137)	111.8	(14,397)	(18,761)	76.7
Profit before tax	**382,379**	**295,939**	**129.2**	**176,505**	**101,202**	**174.4**
Income tax	(62,820)	(57,782)	108.7	(24,715)	(17,439)	141.7
Profit for the period	**319,559**	**238,157**	**134.2**	**151,790**	**83,763**	**181.2**
Attributable to:						
Non-controlling interest	274	625	43.8	95	309	30.7
Owners of the parent	319,285	237,532	134.4	151,695	83,454	181.8
Earnings per share for profit attributable to the owners of the Company						
- basic	95.80	71.28		45.51	25.04	
- diluted	95.80	71.28		45.51	25.04	

ATLANTIC GRUPA d.d.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in thousands of HRK, unaudited	Jan - Sep 2018	Jan - Sep 2017	Index	Jul - Sep 2018	Jul - Sep 2017	Index
Profit for the year	**319,559**	**238,157**	**134.2**	**151,790**	**83,763**	**181.2**
Cash flow hedge	5,734	(19,247)	n/a	(2,838)	1,219	n/a
Currency translation differences	(26,583)	10,088	n/a	9,376	37,010	25.3
Total comprehensive income	**298,710**	**228,998**	**130.4**	**158,328**	**121,992**	**129.8**
Attributable to:						
Non-controlling interest	231	609	37.9	118	364	32.4
Equity holders of the Company	298,479	228,389	130.7	158,210	121,628	130.1
Total comprehensive income	298,710	228,998	130.4	158,328	121,992	129.8

ATLANTIC GRUPA d.d.

CONSOLIDATED BALANCE SHEET

in thousands of HRK, unaudited	30 September 2018	31 December 2017
ASSETS		
Non-current assets		
Property, plant and equipment	945,948	999,866
Investment property	1,163	1,209
Intangible assets	1,720,147	1,750,216
Deferred tax assets	33,374	32,165
Available-for-sale financial assets	958	948
Trade and other receivables	97,840	95,239
	2,799,430	2,879,643
Current assets		
Inventories	563,319	547,278
Trade and other receivables	1,315,764	1,191,042
Prepaid income tax	24,318	5,029
Derivative financial instruments	6,309	-
Cash and cash equivalents	465,781	497,079
	2,375,491	2,240,428
Non-current assets held for sale	6,325	6,336
Total current assets	2,381,816	2,246,764
TOTAL ASSETS	**5,181,246**	**5,126,407**
EQUITY AND LIABILITIES		
Capital and reserves attributable to owners of the Company		
Share capital	133,372	133,372
Share premium	881,166	881,089
Treasury shares	(570)	(1,514)
Reserves	(73.234)	(52,428)
Retained earnings	1.538.279	1,285,668
	2,479,013	2,246,187
Non-controlling interest	3,894	3,663
Total equity	2,482,907	2,249,850
Non-current liabilities		
Borrowings	857,895	1,135,191
Deferred tax liabilities	160,217	162,652
Other non-current liabilities	2,755	3,017
Provisions	51,540	50,456
	1,072,407	1,351,316
Current liabilities		
Trade and other payables	918,787	903,144
Borrowings	626,773	546,060
Derivative financial instruments	-	1,226
Current income tax liabilities	38,275	21,341
Provisions	42,097	53,470
	1,625,932	1,525,241
Total liabilities	2,698,339	2,876,557
TOTAL EQUTIY AND LIABILITIES	**5,181,246**	**5,126,407**

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 2017	1,014,773	(80,964)	1,079,698	2,013,507	2,981	2,016,488
Comprehensive income:						
Net profit for the year	-	-	237,532	237,532	625	238,157
Cash flow hedge	-	(19,247)	-	(19,247)	-	(19,247)
Other comprehensive income	-	10,104	-	10,104	(16)	10,088
Total comprehensive income	-	(9,143)	237,532	228,389	609	228,998
Transactions with owners:						
Acquisition of non-controlling interest	-	-	(1,097)	(1,097)	-	(1,097)
Purchase of treasury shares	(7,431)	-	-	(7,431)	-	(7,431)
Share based payment	5,219	-	-	5,219	-	5,219
Transfer	-	(51,604)	51,604	-	-	-
Dividends relating to 2016	-	-	(46,888)	(46,888)	-	(46,888)
At 30 September 2017	1,012,561	(141,711)	1,320,849	2,191,699	3,590	2,195,289
At 1 January 2018	1,012,947	(52,428)	1,285,668	2,246,187	3,663	2,249,850
Comprehensive income:						
Net profit for the year	-	-	319,285	319,285	274	319,559
Cash flow hedge	-	5,734	-	5,734	-	5,734
Other comprehensive loss	-	(26,540)	-	(26,540)	(43)	(26,583)
Total comprehensive income	-	(20,806)	319,285	298,479	231	298,710
Transactions with owners:						
Purchase of treasury shares	(1,936)	-	-	(1,936)	-	(1,936)
Share based payment	2,957	-	-	2,957	-	2,957
Dividends relating to 2017	-	-	(66,674)	(66,674)	-	(66,674)
At 30 September 2018	1,013,968	(73,234)	1,538,279	2,479,013	3,894	2,482,907

ATLANTIC GRUPA d.d.

CONSOLIDATED CASH FLOW STATEMENT

in thousands of HRK, unaudited	Jan - Sep 2018	Jan - Sep 2017
Cash flows from operating activities		
Net profit	**319,559**	**238,157**
Income tax	62,820	57,782
Depreciation, amortization and impairment	110,271	116,591
Gain from sale of subsidiaries	(20,049)	-
Loss / (Gain) on sale of property, plant and equipment	99	(2,211)
Provision for current assets	20,800	24,256
Foreign exchange differences - net	(5,957)	(15,129)
Decrease in provisions for risks and charges	(9,011)	(7,323)
Fair value gains on financial assets	(6,357)	(3,767)
Share based payment	2,957	5,218
Interest income	(1,311)	(3,366)
Interest expense	37,417	51,216
Other non-cash items, net	(5,201)	(8)
Changes in working capital:		
Increase in inventories	(46,886)	(48,783)
Increase in current receivables	(75,499)	(54,220)
Increase in current payables	98,099	31,794
Cash generated from operations	**481,751**	**390,207**
Interest paid	(51,555)	(85,981)
Income tax paid	(70,435)	(42,658)
	359,761	**261,568**
Cash flow used in investing activities		
Purchase of property, plant and equipment and intangible assets	(121,513)	(108,121)
Proceeds from sale of property, plant and equipment and non-current assets held for sale	1,145	8,500
Proceeds from sale of subsidiaries – net of cash disposed	8,030	-
Acquisition of subsidiary – net of cash acquired	-	(2,207)
Proceeds from sale of tea business	-	18,750
Loans granted and deposits placed	(32,295)	(20,980)
Repayments of loan and deposits granted	3,023	1,297
Interest received	1,311	3,167
	(140,299)	**(99,594)**
Cash flow used in financing activities		
Purchase of treasury shares	(1,936)	(7,431)
Proceeds from borrowings, net of fees paid	80,065	120,377
Repayment of borrowings	(262,215)	(265,976)
Dividend paid to shareholders	(66,674)	(44,984)
Acquisition of interest in a subsidiary from non-controlling interests	-	(1,857)
	(250,760)	**(199,871)**
Net decrease in cash and cash equivalents	**(31,298)**	**(37,897)**
Cash and cash equivalents at beginning of period	497,079	490,730
Cash and cash equivalents at end of period	465,781	452,833

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 condensed consolidated financial statements of the Group for the nine month period ended 30 September 2018 were approved by the Management Board of the Company in Zagreb on 29 October 2018.

The condensed consolidated financial statements have not been audited.

NOTE 2 – BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group for the nine month period ended 30 September 2018 have been prepared in accordance with IAS 34 – Interim Financial Reporting.

The 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 2017.

2.2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the 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 2017, except for the adoption of new standards effective as of 1 January 2018.

The Group applies, for the first time, *IFRS 15 Revenues from Contracts with Customers* that require restatement of previous financial statements. The nature and effect of these changes are disclosed below.

IFRS 9 Financial Instruments and several other amendments and interpretations also apply for the first time in 2018 but their impact on the condensed consolidated financial statements is not material.

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The Group adopted IFRS 15 using the full retrospective method of adoption.

NOTE 2 – BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The effects of adopting IFRS 15 are as follows:

(in thousands of HRK)	**Jan – Sep 2017**
Sales revenues	(42,509)
Cost of merchandise sold	5,387
Marketing and selling expenses	37,122
Profit for the period	-

The effects relate to variable consideration paid to customers for placements in refrigerated showcases, additional placements of sales spots (display areas) and marketing activities agreed with customers on ad-hoc basis (such as leaflets). Since these services are not distinct and the Group does not obtain any rights or receive any benefit without selling products, the related expenses are reclassified from marketing and selling expenses to reduction of the revenue. Furthermore, since these costs are partially supported by principals, related support is reclassified from the reduction of marketing and selling expenses to the reduction of cost of merchandise sold.

NOTE 3 – SEGMENT INFORMATION

The business model of the Group is organized through six strategic business units which have been joined business unit Gourmet. The distribution business is organized to cover five largest markets – Croatia, Serbia, Slovenia, Macedonia and Austria and additionally, the Department of Global Distribution Account Management was established, covering the markets dominantly managed by distribution partners.

SBU – Strategic distribution unit
BU – Business unit
SDU – Strategic distribution unit
DU – Distribution unit

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

NOTE 3 – SEGMENT INFORMATION (continued)

Due to the fact that BU Gourmet, DU Macedonia and DU Austria 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, Bosnia and Herzegovina and Macedonia) which are excluded from the reportable operating segments.

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

Sales of individual business units represent in market sales made to third parties (either directly through business units or through distribution units). Distribution units sales includes sales of own products also reported as business units 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.

Sales revenues* *(in thousands of HRK)*	**Jan-Sep 2018**	**Jan-Sep 2017**
SBU Coffee	816,662	783,052
SBU Beverages	569,518	532,417
SBU Pharma and Personal Care	504,029	536,684
SBU Snacks	493,381	470,638
SBU Savoury Spreads	491,177	445,592
SBU Sports and Functional Food	106,797	326,737
SDU Serbia	905,777	858,972
SDU Croatia	951,229	854,635
SDU Slovenia	651,693	626,269
Global Distribution Network Management	292,348	310,679
Other segments	240,246	228,035
Reconciliation	(2,136,178)	(2,065,984)
Total	**3,886,679**	**3,907,726**

* Comparative period has been adjusted to reflect current period reporting

NOTE 4 – EARNINGS PER SHARE

Basic earnings per share

	2018	2017
Net profit attributable to equity holders *(in thousands of HRK)*	319,285	237,532
Weighted average number of shares	3,332,958	3,332,256
Basic earnings per share *(in HRK)*	95.80	71.28

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.

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 nine month period ended 30 September 2018, Group acquired property, plant and equipment and intangible assets in the amount of HRK 72,804 thousand (2017: HRK 86,832 thousand).

NOTE 6 - INVENTORIES

During the nine month period ended 30 September 2018, the Group wrote down inventories in the amount of HRK 13,201 thousand due to damage and short expiry dates (2017: HRK 16,546 thousand). The amount is recognized in the income statement within ‘Other operating expenses’.

NOTE 7 – DIVIDEND DISTRIBUTION

According to the decision of the Company's General Assembly from 28 June 2018, distribution of dividend in the amount of HRK 20.00 per share, or HRK 66,674 thousand in total was approved. (2016: HRK 13.50 per share, or HRK 44,984 thousand in total). Dividend was paid out in July 2018.

NOTE 8 – RELATED PARTY TRANSACTIONS

Related party transactions that relate to balance sheet as at 30 September 2018 and 31 December 2017 and transactions recognized in the Income statement for the nine month period ended 30 September are as follows:

(in thousands of HRK)	**30 September 2018**	**31 December 2017**
RECEIVABLES		
Current receivables		
Other entities	107,794	105,089
LIABILITIES		
Trade and other payables		
Shareholders	-	14,629
Other entities	1,195	2,246
	1,195	16,875

	Jan – Sep 2018	**Jan – Sep 2017 (Restated)**
REVENUES		
Sales revenues		
Other entities	393,063	370,922
Other revenues		
Other entities	1,036	1,050
EXPENSES		
Marketing and promotion expenses		
Other entities	3,074	3,022
Other expenses		
Other entities	1,639	1,592
Finance cost - net		
Shareholders	7,219	10,175

NOTE 9 – DIVESTMENT OF SUBSIDIARIES

In 2018 Atlantic Grupa continues to conduct its strategic programme of divesting of „non-core“ small business operations, among which is the cosmetics production programme and decided to sell its share in company Neva d.o.o. to the company Magdis d.o.o.. The transaction and the payoff of part of the sales price were realised at the end of September 2018, while the rest will be paid in full during 2018 and 2019. The gain that Group realized from this transaction amounts HRK 18.8 million.

Atlantic Grupa d.d.
Miramarska 23
Zagreb

Register number: 1671910

Zagreb, 30 October 2018

Pursuant to the article 462. to 468. of the Capital market Law (Official Gazette 65/18) 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 2018 to 30 September 2018 present fair and objective view of assets and liabilities, profit and loss, financial position and operations of the Group and subsidiaries.
The management report for the period ended 30 September 2018 presents objective presentation of development, results and financial position of the Group's and subsidiaries' operations with description of significant risks and uncertainties for the Group.

President of the Management Board:

Emil Tedeschi

CONTACT

Atlantic Grupa d.d.
Miramarska 23
10 000 Zagreb
Croatia

Tel: +385 1 2413 145
E-mail: ir@atlanticgrupa.com

ATLANTIC GRUPA
Joint Stock Company for Domestic and Foreign Trade
Miramarska 23, 10000 Zagreb, Hrvatska
tel: +385 (1) 24 13 900
fax: +385 (1) 24 13 901

The Company is registered with the Commercial Court of Zagreb
MBS: 080245039
MB: 1671910
PIN: 71149912416
Account number: HR4624020061100280870 Raiffeisenbank Austria d.d., Zagreb, Petrinjska 59
The number of shares and their nominal value: 3,334,300 shares, each in the nominal amount of HRK 40.00
Share capital: HRK 133,372,000.00, paid in full.

Management Board: Emil Tedeschi, M. Veber, N. Vranković, Z. Stanković
President of the Supervisory Board: Z. Adrović