



Business operations according to the expectations and successful integration

Zagreb, 23 February 2012 - In 2011 Atlantic Grupa posted sales of HRK 4.7 billion, which is nominally 108.4% higher compared to the previous year, and 4.8 % higher compared to the pro-forma consolidated sales in 2010. The earnings before interest and taxes (EBIT) on the pro-forma consolidated basis increased by 13.8 percent reaching a figure of HRK 334.8 million, while the net profit recorded HRK 54.9 million in 2011. Beside the consolidation of Droga Kolinska, double digit growth rates of the Sports and Functional Food (16.3 percent) and Pharma Divisions (12.5 percent) considerably influenced the sales growth of Atlantic Grupa in 2011.

The year was marked by the successful integration of Droga Kolinska in the Atlantic Grupa system as well as the ensuing restructuring of the company's business operations in order to maximally use the synergies and to manage the entire business processes as efficiently as possible. In the first integration phase - until the end of the first quarter of 2011 already - distribution and logistics processes of Droga Kolinska and Atlantic Grupa were successfully merged on all regional markets, while production plants within the Group were consolidated in the second half of the year.

"We are extremely satisfied that Atlantic Grupa achieved excellent business results in 2011 fulfilling thus the announced expectations. The Management Board as well as all the company employees successfully completed the first phase of the integration of Droga Kolinska, deeply entering the second one, which certainly contributed to higher sales and operating profit despite very adverse macroeconomic trends. Although we expect the year 2012 to be at least as challenging as the year 2011 in terms of macroeconomic circumstances, we are convinced that Atlantic Grupa will continue to deliver growth and improve its profitability and we shall, in order to achieve growth, focus on achieving synergy potentials, organic growth through active brand management and innovations, cost optimisation, efficient risk management as well as further meeting of our financial obligations", commented President of the Management Board, Mr Emil Tedeschi.

After the consolidation of Droga Kolinska, Croatia remained the biggest sales market with 28.2 percent market share, followed by Serbia with 25.5 percent, Slovenia with 12.7, Bosnia & Herzegovina with 7.6 percent and the remaining Ex-Yugoslavian markets with 6.2 percent. The West European markets accounted for 7.5 percent of total sales, recording a considerable growth on the markets of Germany and the Great Britain. The Russian market accounted for 3.0 percent of the share, while the remaining countries accounted for 9.3 percent in total sales. In 2011 Atlantic Grupa's own brands accounted for 71.6 percent of company sales, external brands from distribution portfolio accounted for 17.3 percent, sales of the pharmacy chain Farmacia accounted for 5.8 percent, while private label sales accounted for 5.3 percent of sales.



In 2012 Atlantic Grupa is introducing a new organisational business structure in order to manage all of its business units and distribution markets as efficiently as possible, which means abandoning the former division-based organisation model, and introducing the organisational segmentation into five Strategic business units (Coffee, Sports and Functional Food, Health and Care, Savoury Spreads, Sweet and Salty Snacks), along with four Strategic distribution units (Croatia, Slovenia-Serbia-Macedonia, HoReCa, International markets) and the Russian market. The tasks within the new organisation are linked according to the affiliated product type or sales region (according to individual markets or sales channels).

In terms of the new business model, the biggest individual production category of Atlantic Grupa with a 21 percent share is Coffee with brands Grand kafa and Barcaffè. The beverages category with the key brands Cedevita, Cockta, Donat Mg and the Sports and Functional Food category with the brands Multipower and Champ have shares of 14 percent respectively, the category Sweet and Salty Snacks boasts a 12 percent share in total sales, Health and Care has 10 percent, and Savoury Spreads a 9 percent share. Distribution of principal brands accounted for 17 percent of total sales.

In the course of restructuring of business operations, the Management Board of Atlantic Grupa was reduced to four members. Furthermore, the Strategic Business Council was established as a multifunctional body which deals with vital strategic and operative corporate issues and whose members are responsible for business and distribution units as well as for the corporate support functions.