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- **regulated information**

Semi-annual results of Atlantic Grupa – confirmation of business model stability

In the context of the overall economic disruption caused by the COVID 19 pandemic, Atlantic Grupa's strategy and operating business showed a high level of stability during the first six months of this year. In the first half of 2020, Atlantic Grupa generated HRK 2.46 billion in sales revenue, which on a comparable basis constitutes a decrease of only 0.9%, and if we take into account the business parts that were divested* last year, the total decrease amounts to 4.5 percent. Normalized operating profit (EBIT) in this period amounts to HRK 237.3 million and is lower by 5.5 percent, while normalized net profit is 3.7 percent lower relative to the first six months of last year, and it amounts to HRK 181.7 million. This year's results are additionally burdened by HRK 34.8 million in one-off costs, which mostly pertain to donations and to other costs related to the prevention of the spread of the pandemic.

“The crisis caused by the coronavirus pandemic has significantly changed the businesses of many companies, and it has also brought about changes in consumer behaviour. Thanks to a diversified portfolio of strong brands, Atlantic Grupa proved to be largely resistant to the crisis caused by the pandemic, and we have again achieved excellent operating results in the first half of the financial year. The measures introduced for the purpose of combating the spread of the pandemic have, as expected, resulted in a decline in sales in the HoReCa channel, as well as a decline in the consumption of products in the on-to-go and so-called impulse segments, but said negative impacts were largely offset by the extremely good results achieved in the strategic business unit (SBU) Savoury Spreads, the pharmacy chain Farmacia and the business unit Donat Mg. The optimization of business processes, stable financial position and quality strategic management have enabled us to maintain job security, increase the satisfaction and engagement of our employees in these new conditions pertaining to teleworking and challenging fieldwork, as well as maintain operating results with minimal negative consequences“, says Emil Tedeschi, President of the Management Board of Atlantic Grupa. He also points out that the Company is continuing with the planned capital investments in production equipment and digitalization of operations, namely in order to increase efficiency and further strengthen the Company's brands.

** As a continuation of its corporate strategy of divesting non-core business operations, in 2019 Atlantic Grupa completely exited from the Sports and Active Food segment (Multipower), Food Supplements segment (Dietpharm and Multivita) and the segment of water distribution in gallons. The Company has shifted its focus on the main FMCG categories that include coffee, beverages, savoury spreads and sweet and salted snacks, as well as on the further growth and development of distribution and of the pharmacy chain Farmacia. That also includes the targeted internationalization with the brands that have proven international potential.*

Biggest growth seen by Argeta, Donat Mg and key EU markets

The biggest growth in sales revenue in the first half of the year was achieved by Savoury Spreads, namely with a 21.4 percent growth, as well as by Donat Mg, with a 2.5 percent growth. With HRK 500.9 million in sales revenue, which accounts for 20.4 percent of total revenue, Coffee stands out as the largest individual category, however, in the first half of the year it recorded a decrease of 6.0 percent, mostly due to the contraction of revenue in the HoReCa channel. As for the markets, the most significant growth pertains to the markets of Slovenia, Macedonia and Kosovo, and there is also noticeable growth in key EU markets, especially in Austria and Switzerland, namely due to the growth in sales of the Argeta and Smoki brands. Own brands accounted for 64.0 percent of total sales, whereas principals' brands in distribution accounted for 26.8 percent. The pharmacy chain Farmacia accounts for 9.2 percent of total revenue.

Focus on further prevention of infection and smooth production

Thanks to its stable financial position, while maintaining full employment and salaries, the Company was able to actively join the common fight against coronavirus, namely by donating a total of HRK 28 million for the purpose of combating the pandemic in key markets.

In the first half of the year, the General Assembly of Atlantic Grupa was held, and a decision was adopted on the payment of a dividend for 2019 in the amount of HRK 25 per share, i.e. of a total of HRK 83.2 million, and said amount was paid to shareholders in July.

Numerous independent market studies have confirmed the success of the overall company strategy, and Atlantic Grupa has also been named the fifth most desirable employer in Croatia by the company MojPosao. In addition, the agency Ipsos has named Cedevita the most desirable brand in Croatia and Slovenia in the soft drinks category, as well as the second most desirable brand in Serbia in the same category.

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