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Own brands growth and investment in further internationalisation of operations

In the first half of 2016, Atlantic Grupa recorded sales of HRK 2.5 billion, which is a 3.3 percent decrease compared to the same period of 2015. Earnings before interest and taxes (EBITDA) amount to HRK 259.8 million and are lower by 7.4 percent, while net profit after minorities amounts to HRK 133.5 million. "The decrease in sales is the result of the terminated cooperation with the major buyer of the private label in the Sports and Functional Food segment and, to a lesser extent, of the depreciation of the Russian ruble and the Serbian dinar. If these effects are excluded, sales grew by 5.2 percent compared to the same period of the previous year. The decrease in operating profit is mainly caused by previously announced significant investments in the development of distribution of own brands in Germany and Austria, and at the same time almost all business segments record a significant profitability growth.", Zoran Stanković, Atlantic Grupa's Vice President for Finance said.

CHARACTERISTICS OF THE FIRST HALF OF THE YEAR

Among significant business developments in the first half of the year we should point out the establishment of own distribution companies in Germany and Austria, aimed at significant growth in sales of own brands, primarily Multipower, Argeta, Donat Mg, Bakina tajna and Cedevita, in these markets. In addition, with the European Bank for Reconstruction and Development (EBRD) and four partner banks (Erste, Raiffeisen, Sberbank and Unicredit) and the International Finance Corporation (IFC), Atlantic Grupa agreed more favourable financial terms of the loan package in the amount of EUR 191.5 million, and the maturity of loans was prolonged. We should also mention the successful issue of corporate bonds in the amount of HRK 200 million, at a fixed annual interest rate of 3.125 percent. According to the research conducted by the agency Valicon, four brands of Atlantic Grupa are among top 10 regional brands (Cedevita, Smoki, Argeta and Cockta), while the major private pharmacy chain in Croatia – Farmacia, in the last half of the year records three newly-opened specialised stores and improved business efficiency.



SBU SAVOURY SPREADS AND SBU PHARMA AND PERSONAL CARE ARE THE MAJOR GROWTH DRIVERS

Major contributions to the overall increase in sales of Atlantic Grupa in the first half of 2016 were made by the Strategic Business Unit Savoury Spreads with a 16.0 percent growth, the Strategic Business Unit Pharma and Personal Care with a 5.0 percent growth, the Distribution Unit Slovenia with a 3.9 percent growth, and the Strategic Distribution Unit Croatia with a 2.7 percent growth. With 20.3 percent share in total sales, Coffee stands out as the largest individual category with sales of HRK 499.6 million.

Analysed by markets, the most significant growth, of 4.9 percent, was recorded in the market of Slovenia, which is the third biggest market of Atlantic Grupa, with a 16.3 percent share in total revenues. In the market of Croatia, which has the greatest share in sales of 28.0 percent, a 4.0 percent growth was recorded, while the market of Bosnia and Herzegovina, with a 3.5 percent growth is the third market in terms of growth in the first half of the year, with a 7.8 percent share in the total sales.

Own brands of Atlantic Grupa participate in sales with 68.1 percent, the distribution of principals' brands with 20.0 percent, the pharmacy chain Farmacia with 7.2 percent, while products produced by Atlantic Grupa as private labels for large business systems in the country and abroad participate in the total sales with 4.6 percent.

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