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Continued growth in sales

In the first quarter of 2013, Atlantic Grupa reported sales of HRK 1.09 billion, 3.2% higher compared to the same period last year. The operating profit before interest and taxes (EBIT) decreased to an amount of HRK 75.6 million due to temporary suspension of distribution to some of the chains on the Croatian market in the course of negotiations of new commercial terms, while the net profit after minorities increased to HRK 30.4 million due to significantly lower interest expenses after a successful debt refinancing.

Atlantic Grupa's overall sales growth was primarily influenced by the growth of Strategic Business Units *Sports and Functional Food* (19.0%), with the most significant growth in Germany and Switzerland, as well as *Snacks* (8.1%) with a double digit growth from the chocolate program in the markets of Serbia, Bosnia and Herzegovina and Montenegro. *Coffee*, as the largest single category with sales of HRK 225.6 million, grew by 1.7 % in comparison to the first quarter 2012.

“In the first quarter of 2013, Atlantic Grupa again recorded a growth in sales despite the challenging economic situation in the region and beyond. We are exceptionally satisfied with the continuous organic business growth, which confirms the stability of our business model and successful strategy implementation. In the remaining portion of the year, employees and Management of Atlantic Grupa will be focused on the organic growth through active brand management and innovation, cost optimisation and operating risk management”, commented President and CEO of Atlantic Grupa, Emil Tedeschi.

The first quarter of 2013 was marked by the implementation of new commercial terms in the Croatian market, continued integration of information technologies within the group, and broadening of our brand portfolio. Thus, SBU *Beverages* launched the new product in the carbonated soft drinks category – *Cockta Chinotto*, while *Argeta* as the leader of SBU *Savory Spreads* entered the Spanish market.

Viewed by markets, the largest growth was marked in Russia and CIS (21.3%), primarily owing to the double digit growth of baby food segment under the *Bebi* brand umbrella, followed by Slovenian market (9.5%). Key European markets (Germany, UK, Italy, Switzerland, Austria, Sweden, Spain) also had significant growth of 11.4%.

In the first quarter Serbian market made up for 24.4% of overall sales, becoming the largest single market of Atlantic Grupa. Croatian market is now the second largest with 23.1% of sales, followed by Slovenia with

12.7%, Bosnia and Herzegovina with 8.0% and other regional markets with 5.8%. Key European markets contribute 14.2% to the overall sales, Russia and CIS with 5.1%, and other markets make up for 6.8%.

Atlantic Grupa's own brands account for 72.5% of company sales, external brands from distribution portfolio account for 13.4%, and the pharmacy chain Farmacia accounts and Atlantic Grupa's private label sales targeting big business systems in Croatia and abroad account for 7.0% of sales respectively.

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