



ATLANTIC GRUPA

Investors Presentation

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Zagreb, May 24th 2016



ABOUT ATLANTIC GRUPA

KEY DEVELOPMENTS

FINANCIAL RESULTS OVERVIEW

STRATEGIC GUIDANCE

BOND ISSUE

APPENDIX

18 — distribution centres

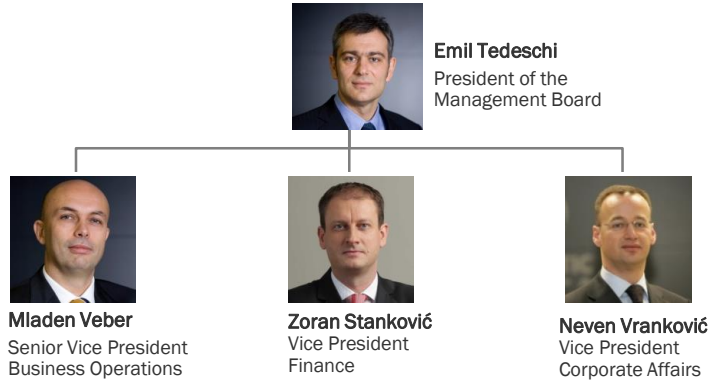
19 — production facilities in 6 countries

40 — product presence in over 40 markets

5285 — employees on 12 markets










Management Board



Strategic Management Council

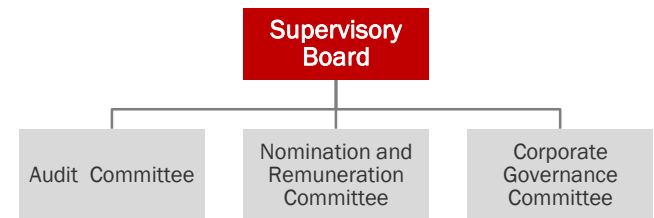
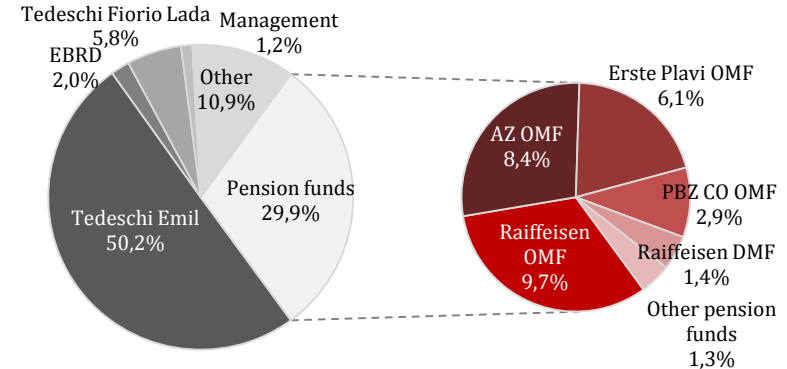
- ❖ Consists of Board members, General Managers of business and distribution units and senior managers in support services.
- ❖ Deals with vital strategic and operational corporate issues.

Supervisory board

						
Zdenko Adrović	Lada Tedeschi Fiorio	Siniša Petrović	Peter Elam Håkansson	Franz Josef Flosbach	Aleksandar Pekeč	Vedrana Jelušić Kašić*
Raiffeisen Bank Advisor to the Board	Head of Investment Committee	Faculty of Law of University of Zagreb Professor	East Capital Chairman & CIO	Retired DEG Director	Fuqua School of Business Associate Professor	EBRD Director for Croatia

*Mrs Vedrana Jelušić Kašić mandate in Supervisory board expires at June 15th 2016

Ownership structure as of May 17th 2016





Donat
Mg



Granny's Secret

ARGETA

INTERNATIONAL

CEDEVITA



Bebi



REGIONAL

barcaffè



plidenta

LOCAL



farmacia+

MELEM



ZONE WEST: FOCUS BRANDS



ARGETA



Donat
Mg

CEDEVITA

GDP change, const. prices	2011	2012	2013	2014	2015F	2016F
Croatia	-0.3	-2.2	-1.1	-0.4	1.7	1.9
Serbia	1.4	-1.0	2.6	-1.8	0.7	1.8
Slovenia	0.6	-2.7	-1.1	3.0	2.9	1.9
Germany	3.7	0.6	0.4	1.6	1.5	1.5
Russia	4.3	3.4	1.3	0.6	-3.8	-1.9
Unemployment rate	2011	2012	2013	2014	2015F	2016F
Croatia	13.3	15.2	17.0	17.1	16.9	16.4
Serbia	23.6	24.6	23.0	19.7	18.5	18.7
Slovenia	8.2	8.9	10.1	9.7	9.1	7.8
Germany	5.9	5.4	5.2	5.0	5.0	4.6
Russia	6.5	5.5	5.5	5.2	5.8	6.5
CPI (avg)	2011	2012	2013	2014	2015F	2016F
Croatia	2.3	3.4	2.2	-0.2	-0.5	0.4
Serbia	11.1	7.3	7.7	2.1	1.4	1.7
Slovenia	1.8	2.6	1.8	0.2	-0.5	0.1
Germany	2.5	2.1	1.6	0.8	0.1	0.5
Russia	8.4	5.1	6.8	7.8	15.5	8.4

International monetary fund, World Economic Outlook Database, April 2016

Key Takeaways

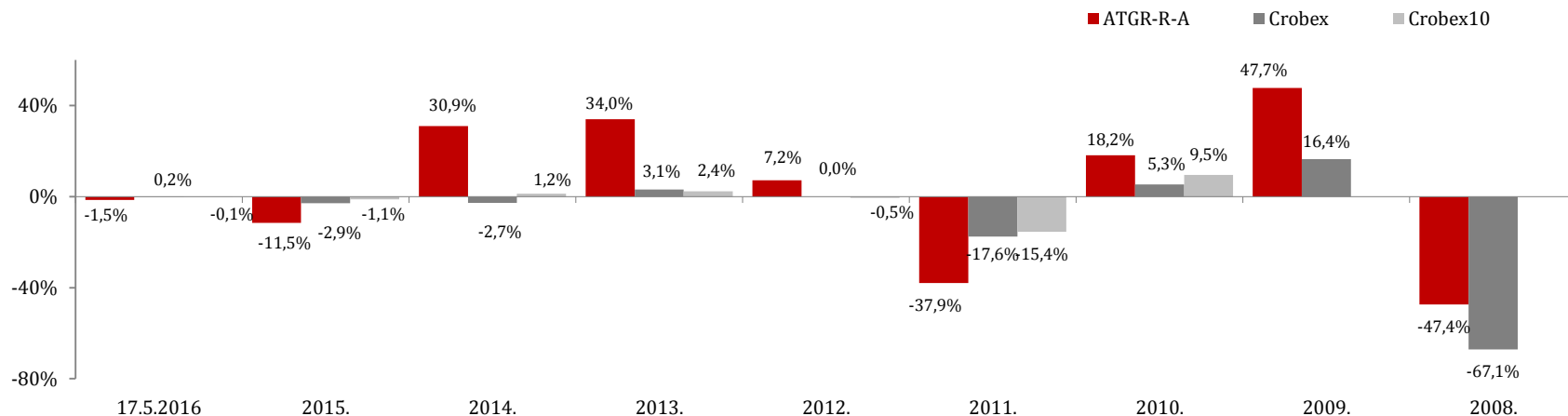
- ❖ SEE region: Structural reforms and deleveraging underway
- ❖ Internal devaluation caused by long recession increased competitiveness of local production
- ❖ Regional economic recovery in 2015
- ❖ Outside of Russia, CIS and Serbia currencies remain stable
- ❖ Atlantic Grupa's **revenue streams diversified with new acquisitions:**
 - ❖ Multipower (2005): exposure to Western Europe
 - ❖ Droga Kolinska (2010): regional diversification and greater exposure to Russia and CIS
 - ❖ Strategy going forth: to **reduce dependency on the SEE region** with growth coming from Western Europe and Russia/CIS

Atlantic Grupa's strengths

- ❖ Well diversified product portfolio – less revenue volatility and higher bargaining power
- ❖ Constant product and marketing innovations (Cedevita on the go, Black&Easy etc)
- ❖ Strong regional distribution network – better access to shelf and HoReCa space
- ❖ **Even though key market categories were stagnating or falling in volume in 2015, AG's market shares were increasing**

Key market considerations

- ❖ Stable demand growth despite stagnation in overall consumption
- ❖ Rise in private label (convergence towards EU levels)
- ❖ Demand for differentiated and innovative products
- ❖ Retail consolidation
- ❖ Reduced availability of shelf space
- ❖ Strong competition from both local and regional FMCG players as well as large FMCG multinationals



Valuation	2015	2014
Last price in reporting period	832.9	940.0
Market capitalization* (in HRK millions)	2,777.1	3,134.2
Average daily turnover (in HRK thousands)	380.1	299.5
EV (in HRK millions)	4,457.7	5,064.3
EV/EBITDA	7.9	8.5
EV/EBIT	11.0	11.5
EV/sales	0.8	1.0
EPS (in HRK)	72.7	60.0
P/E	11.5	15.7

*Closing price multiplied by the total number of shares

- ❖ Average daily turnover on ZSE increased by 27%
- ❖ DEG sold ownership share in 2015, while EBRD reduced the share in 2016
- ❖ Free float of 38%

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- Performance in line with guidance despite challenging macroeconomic conditions
- Significant decrease of financial debt and increase of cash flow from operating activities
- Reorganization of the distribution business
- Development of own brands and opening of new pharma locations
- Integration of Foodland and production start in Nova Gradiška bars factory
- Restructuring and reorganization of Sports and Functional food and sale of the tea business
- Risk management and consolidation of IT solutions

- Long term debt refinanced (prolonged maturity and lower interest rates)
- Strategic guidance as announced on February 28th 2016
- New distribution companies established in Germany and Austria
- Continuation of the restructuring of the SBU Sports and Functional Food, termination of cooperation with the major buyer of private label
- Further consolidation of IT by SAP business solutions implementation

- ❖ Reorganization of distribution business in 2015
- ❖ New distributive contracts



BUSINESS OPERATIONS



CORPORATE SUPPORT FUNCTIONS

BUSINESS UNITS

SBU COFFEE

**SBU SPORTS AND FUNCTIONAL
FOOD**

SBU BEVERAGES

SBU SNACKS

**SBU PHARMA AND PERSONAL
CARE**

SBU SAVOURY SPREADS

BU GOURMET

BU BABY FOOD

DISTRIBUTION UNITS

ZONE EAST

SDU CROATIA

SDU SERBIA

DU SLOVENIA

DU MACEDONIA

SDR HORECA

SDR BALTIC & CIS

**PDR
Kosovo, Bulgaria,
Romania**

ZONE WEST

**SDR
DACH & BENELUX**

**DR
MEDITERRANEAN &
AFRICA**

**DR NORTHWEST
EUROPE &
AUSTRALIA**

**PDR
Central Europe and
Overseas**

FINANCE

CORPORATE ACTIVITIES

BUSINESS DEVELOPMENT, STRATEGY AND IT

SBU – Strategic distribution unit
BU – Business unit
SDU – Strategic distribution unit
DU – Distribution unit
SDR – Strategic distribution unit
DR – Distribution region
PDR – Partner distribution region
DACH – Germany, Austria & Switzerland

SBU BEVERAGES



- ❖ Rebranding and new flavours of Cedevisa
- ❖ New products: Cockta Black tonic, Monstea tea
- ❖ Clinically proven effect of Donat Mg
- ❖ Innovative Cedevisa Vitamins point

SBU COFFE



- ❖ Launched an innovative product Black&Easy, traditional Turkish coffee by taste, and instant coffee by the way of preparation



SBU SAVOURY SPREADS

- ❖ Redesign of Argeta and new „easy peel” packaging
- ❖ New flavour Sardina Adriatica
- ❖ Three new flavours of Argeta Exclusive Chef's Selection



SBU SNACKS

- ❖ Najlepše želje won „Superior Taste Award”
- ❖ Launched a subbrand of Najlepše želje
- ❖ Sweet redesign and numerous new products



SBU PHARMA AND PERSONAL CARE

- ❖ Launched a new generation of Plidenta with „Croatian Creation” authentication
- ❖ Redesign of Rosal
- ❖ Opened four new specialized stores



BU BABY

- ❖ Completed redesign of Bebi products
- ❖ New products in children's cereal segment



BU GOURMET

- ❖ Complete integration in Atlantic Grupa
- ❖ Restructuring and investment cycle
- ❖ Formed as a special business area



SBU SPORTS AND FUNCTIONAL FOOD

- ❖ Start of the bars production in the new factory
- ❖ Multipower redesign and launch of new products
- ❖ Restructuring and reorganization



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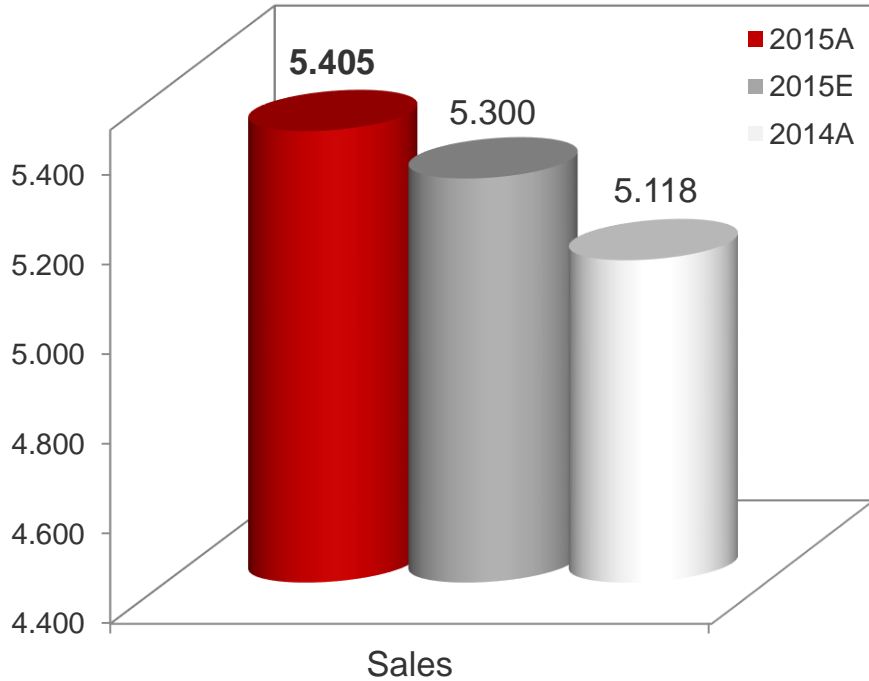
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2015A/2015E: 102.0

2015A/2014A: 105.6

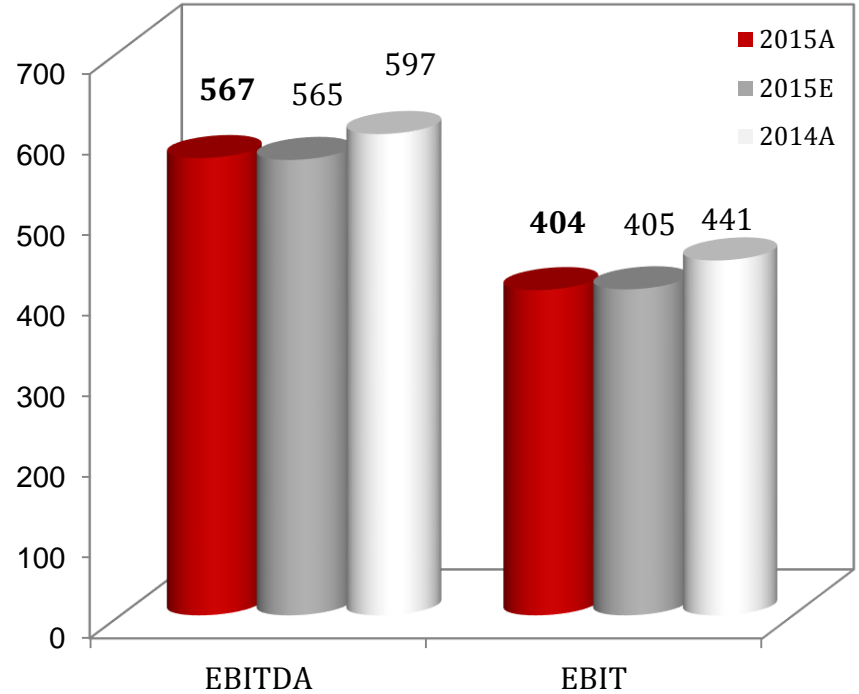


2015A/2015E: 100.4

2015A/2014A: 95.0

2015A/2015E: 99.7

2015A/2014A: 91.7



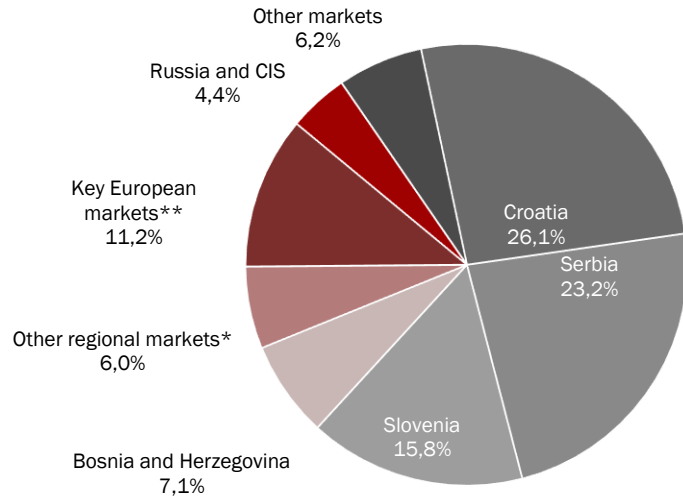
(in HRK thousands)	2015	2014	2015/2014
SBU Beverages	666,075	638,817	4.3%
SBU Coffee	1,084,926	1,026,680	5.7%
SBU (Sweet and Salted) Snacks	631,553	614,426	2.8%
SBU Savoury Spreads	538,231	471,385	14.2%
SBU Sports and Functional Food	768,428	779,075	(1.4%)
SBU Pharma and Personal Care	509,615	493,345	3.3%
SDU Croatia	938,311	844,252	11.1%
SDU Serbia	1,175,100	1,083,149	8.5%
SDU International markets	589,913	582,426	1.3%
DU Slovenia	761,868	725,487	5.0%
Other segments*	780,058	820,504	(4.9%)
Reconciliation**	(3,038,766)	(2,961,173)	n/a
Sales	5,405,312	5,118,373	5.6%

- ❖ SBU Beverages: increase in all segments (retail, on the go, HoReCa), supported by introducing new (new flavours of Cedevita and candies, Cockta Black Tonic) and redesign of existing products.
- ❖ SBU Coffee: revenue growth on almost all markets coupled with growth of market shares, despite the decline of the category on the regional markets.
- ❖ SBU Snacks: revenue increase because of chocolate and chips growth on all significant regional markets.
- ❖ SBU Savoury Spreads: increase both in region and on international markets coupled with the highest market share of Argeta in history in Switzerland and Austria (sales of Foodland amounted to HRK 41.9 million).
- ❖ SBU Sports and Functional Food: sales declined in German, Russian and Scandinavian market (Champ and Multaben), increased in United Kingdom, Switzerland and Spain.
- ❖ SBU Pharma and Personal Care: increase of OTC sale of Farmacia chain and also growth of Melem.
- ❖ SDU Croatia and SDU Slovenia: increase of own and principal brands.
- ❖ SDU Serbia: own brands sales increase and the new principals distribution.
- ❖ SDU International markets: growth of sales in Savoury spreads and Beverages segment, with decline of Sports and functional food.

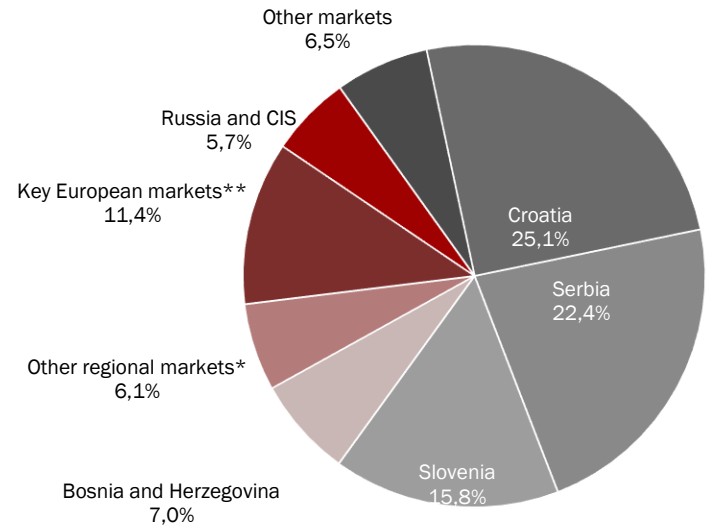
* Other segments include SDU HoReCa, SDU CIS, BU Baby Food, DU Macedonia and business activities not allocated to business and distribution units (headquarters and support functions in Serbia, Slovenia and Macedonia) which are excluded from the reportable operating segments.

** Line item "Reconciliation" relates to the sale of own brands which is included in the appropriate SBU and BU and in SDUs and DUs through which the products were distributed.

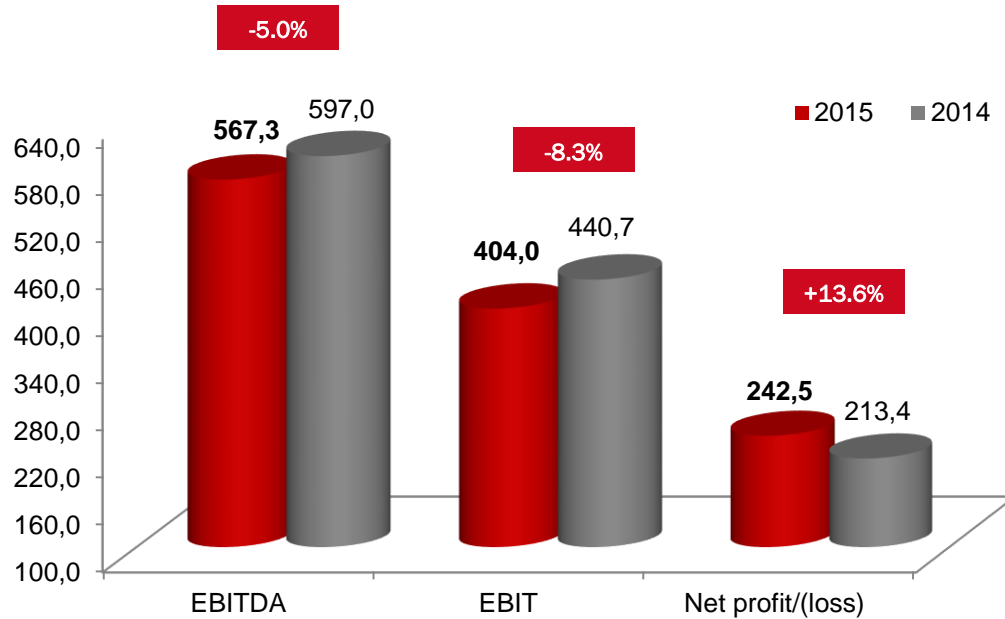
2015



2014



* Macedonia, Montenegro, Kosovo ** Germany, United Kingdom, Italy, Switzerland, Austria, Sweden, Spain



❖ **13.6% higher net gain:**

- ❖ Improvement of business processes and continuous main raw materials hedging
- ❖ Net loss from exchange difference due to strong depreciation of Russian rouble and Serbian dinar are significantly reduced in compare to previous year
- ❖ Significantly decrease in interest cost by 16% as a result of continuous lowering of the financial indebtedness

(in HRK millions)	2015	2014	2015/2014
SBU Beverages	156.4	126.7	23.4%
SBU Coffee	211.4	225.8	(6.4%)
SBU (Sweet and Salted) Snacks	97.9	98.5	(0.6%)
SBU Savoury Spreads	99.6	105.9	(6.0%)
SBU Sports and Functional Food	(11.4)	16.0	(171.1%)
SBU Pharma and Personal Care	42.8	49.0	(12.7%)
SDU Croatia	23.2	15.6	48.9%
SDU Serbia	31.8	28.4	11.9%
SDU International markets	4.3	14.8	(71.1%)
DU Slovenia	42.1	36.4	15.7%
Other segments*	(130.7)	(120.0)	(8.9%)
Group EBITDA	567.3	597.0	(5.0%)

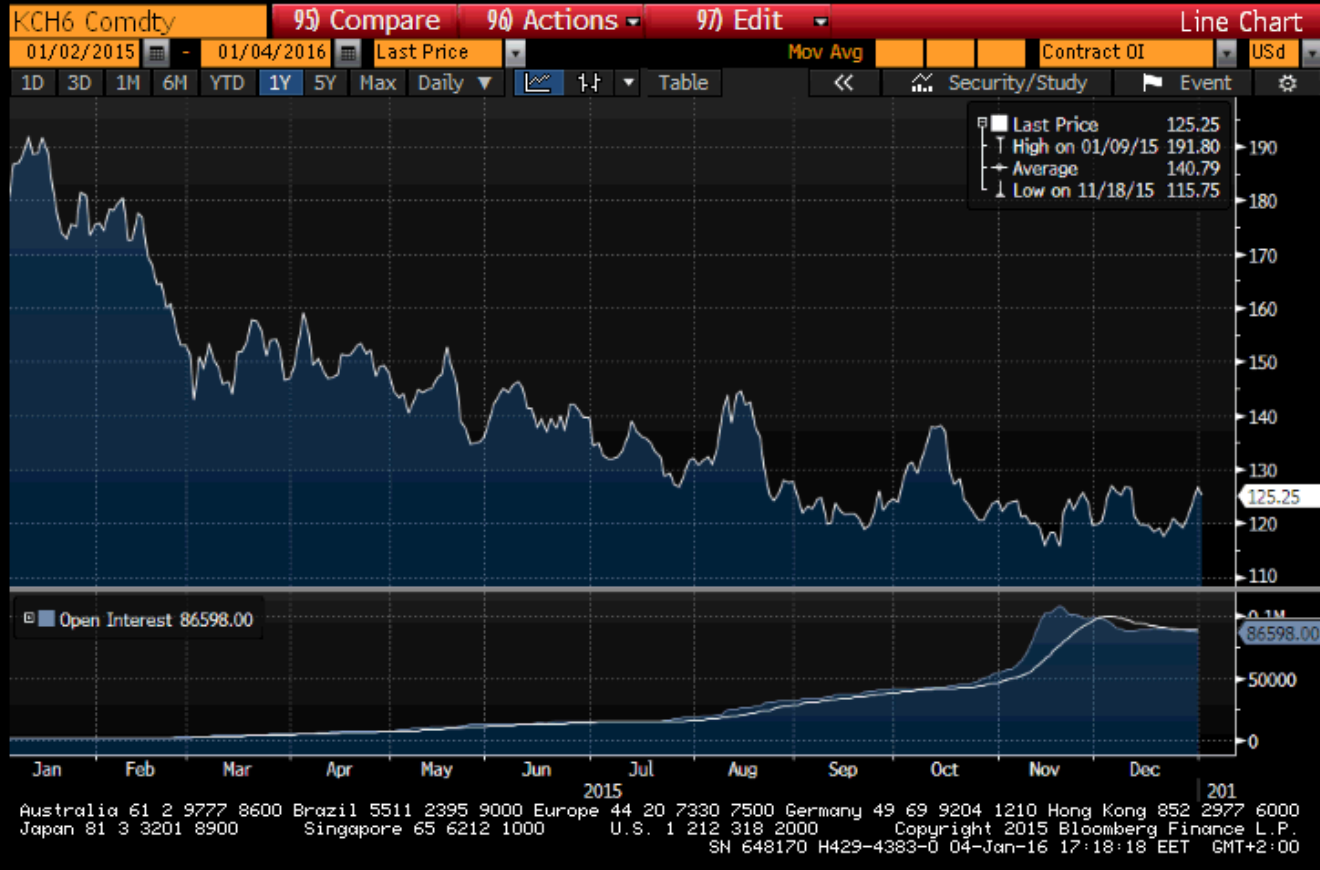
- SBU Beverages: Growth in sales revenues from Cedevida, better sales mix and lower cost of production materials.
- SBU Coffee: despite the higher sales, significant growth of coffee prices drove down the profitability.
- SBU Snacks: profitability decline despite growth of revenues, due to increased rebates and negative impact of dinar devaluation.
- SBU Savoury Spreads: Despite organic growth of revenues, decline in profitability due to consolidation of Foodland.
- SBU Sports and Functional Food: Revenue and profitability decline because of business restructuring.
- SBU Pharma and Personal Care: Revenue increase together with personnel and rent expense due to new specialized stores opening.

- SDU Croatia: Revenue growth from own and principal brands and lower costs due to process optimization and efficiency improvement.
- SDU Serbia: The increase in profitability as a consequence of sales growth, which entirely compensated the negative effects of the Serbian dinar depreciation.
- SDU International markets: The decrease in profitability caused by investing in sales infrastructure i.e. new personnel (mostly in Germany and Austria), and the decrease in the Sports and functional food sales.
- DU Slovenia: The growth in profitability as a result of increased sales and improved gross profit margin based on the product mix.

* Other segments include SDU HoReCa, SDU CIS, BU Baby food, DU Macedonia and business activities which are not allocated on business and distributive areas (administrative headquarters and service support in Serbia, Slovenia and Macedonia) and are excluded from reporting operative segments.

(in HRK millions)	2015	% of sales	2014	% of sales	2015/2014
Cost of goods sold	1,483.8	27.5%	1,405.2	27.5%	5.6%
Change in inventory	1.2	0.0%	(30.0)	(0.6%)	n/a
Production materials	1,729.2	32.0%	1,559.7	30.5%	10.9%
Energy	62.3	1.2%	61.2	1.2%	1.6%
Services	374.1	6.9%	359.2	7.0%	4.2%
Staff costs	767.8	14.2%	704.4	13.8%	9.0%
Marketing and selling expenses	332.8	6.2%	331.6	6.5%	0.4%
Other operating expenses	196.6	3.6%	186.4	3.6%	5.5%
Other gains/(losses), net	(64.0)	(1.2%)	(6.3)	(0.1%)	n/a
Depreciation and amortisation	163.3	3.0%	156.3	3.1%	4.5%
Total operating expenses	5,047.0	93.4%	4,727.9	92.4%	6.7%

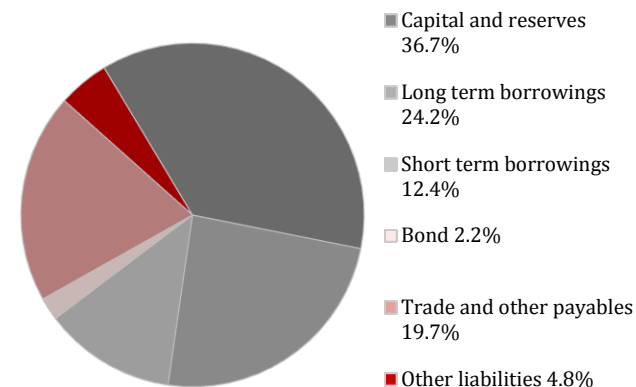
- ❖ Cost of goods sold: growth because of sales increase while share of COGS in sales revenue remained unchanged.
- ❖ Costs of production materials: increase of raw coffee prices and higher sales. The impact of raw coffee prices growth was significantly reduced by hedging. Positive impact came from sugar, powdered milk, fat, oil and packing expenses, which compensated for higher cocoa prices.
- ❖ Costs of services: increase due to higher IT investments, implementation of SAP system and SALMEX project.
- ❖ Staff costs: higher number of employees as a result of the opening of the new energy bars factory in Nova Gradiška (83 employees) and integration of Foodland. On December 31st 2015, Atlantic Grupa had 5,285 employees (at December 31st 2014 5,152 employees), of which 155 relate to Foodland.
- ❖ Marketing expenses: insignificant increase primarily due to savings made in the Pharma and personal care, Beverages and Coffee segments, that fully compensated for the increase in marketing expenses in the Savoury spreads segment.
- ❖ Other operating expenses are higher by 5.4% primarily due to a higher inventory write-off, mostly related with restructuring in Sports and functional food segment.
- ❖ Other (gains)/losses – net: Gains were realised primarily on financial (forward) instruments in the Coffee segment and from the sale of tea business.



- ❖ During 2015 the average prices of raw coffee in the global commodity markets, depending on the type of raw coffee, were higher 14% to 29%.

- ❖ Growth is a result of prolonged draught period in Brazil, Ethiopia and Columbia, which prevented recovery of coffee yields in regard of last year and low level of raw coffee stocks transferred from 2014.

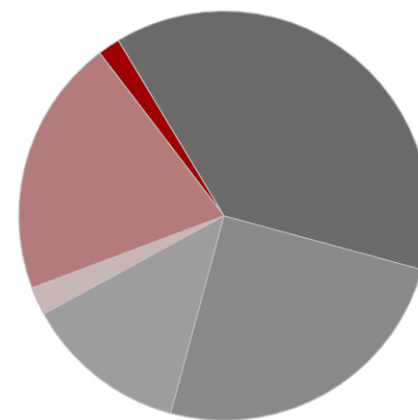
(in HRK millions)	2015	2014
Net debt	1,678.1	1,927.7
Total assets	5,294.6	5,274.3
Total Equity	1,945.3	1,755.1
Current ratio	1.3	1.5
Gearing ratio	46.3%	52.3%
Net debt/EBITDA	3.0	3.2
Interest coverage ratio	5.4	4.7
Capital expenditure	115.5	190.1
Cash flow from operating activities	470.8	445.7



- ❖ Continuous focus on further deleveraging (net debt decrease of HRK 249.7 million and ratio of net debt and EBITA to 3.0)
- ❖ Capital investments declined compared to 2014 when the construction of manufacturing plant in Nova Gradiška started
- ❖ With increase of 5.6% in regard to 2014, cash flow from operating activities is growing faster than EBITDA, indicating stability of the business model

(in HRK millions)	I.-III. 2016	I.-III. 2015	I.-III. 2016/ I.-III. 2015
Sales	1,155.2	1,157.7	(0.2%)
EBITDA	103.9	109.5	(5.1%)
EBIT	69.8	73.6	(5.1%)
Net profit/(loss)	45.2	44.5	1.6%
<i>Profitability margins</i>			
EBITDA margin	9.0%	9.5%	-46 bp
EBIT margin	6.0%	6.4%	-31 bp
Net profit margin	3.9%	3.8%	+7 bp

(in HRK millions)	March 31 st 2016	December 31 st 2015
Net debt	1,710.8	1,678.1
Total assets	5,123.5	5,294.6
Total Equity	1,939.2	1,945.3
Current ratio	1.2	1.3
Gearing ratio	46.9%	46.3%
Net debt/EBITDA	3.0	3.0
	Q1 2016	Q1 2015
Interest coverage ratio	4.4	3.8
Capital expenditure	15.1	11.5
Cash flow from operating activities	-74.1	6.6



- Capital and reserves 37.8%
- Long term borrowings 25.0%
- Short term borrowings 12.8%
- Bond 2.2%
- Trade and other payables 20.4%
- Other liabilities 1.7%

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Strategic management guidance

- ❖ Focus on (i) stronger internationalisation of brands with international potential (Multipower, Argeta, Donat Mg, Bebi, Cedevita, Granny's Secret), (ii) strengthening the position of regional brands (Cockta, Cedevita, Smoki, Grand Kafa, Barcaffè, Najlepše želje, Chipsos), (iii) active development of the regional HoReCa portfolio, and (iv) further restructuring of the business unit sports and functional food.
- ❖ Special efforts will be placed into listing and positioning of own brands into retail channel in Germany and Austria and on marketing activities on those markets.
- ❖ The management plans to largely annul possible unfavourable effects of raw coffee prices and unfavourable EURUSD exchange rate by active hedging, continuous cost management and business processes optimisation.
- ❖ Additional pressures on operations arise from discontinuation of cooperation with the biggest private brand buyer in Sports and functional food (with whom was in 2015 realized 350 HRK million annual sales), continuation of crisis in Russia and Ukraine and further depreciation of rouble.

- ❖ In 2016, we expect capital expenditure in the amount of around HRK 150 million.
- ❖ The expected effective tax rate in 2016 should be at the level of the statutory tax rate for Croatia.

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RECENT DEVELOPMENTS

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Issuer	Atlantic Grupa d.d.			
Issue	Senior unsecured notes			
Principal repayment	Bullet repayment at maturity			
Maturity	5 years			
Issue amount	HRK 200,000,000.00			
Denomination	HRK			
Interest rate	Fixed, coupon paid semi-annually			
Call option	Time lapse after issue	2 yrs.	3 yrs.	4.5 yrs.
	Call price	[●]	[●]	[●]
Minimum subscription amount	HRK 150,000.00			
Benchmark	Interpolated bid yield RHMF-O-203A & RHMF-O-257A			
Risk premium	[●] bps			
Joint Bookrunners and Underwriters	ERSTE, RBA and ZABA			
Orders	Pot			
Listing	Official market ZSE			
Clearing and settlement	SKDD			
Governing law	Croatian law			

Existing bond	ATGR-O-169A
Clean replacement/redemption price	100%
Dirty replacement/redemption price	Clean replacement/redemption price increased by accrued interest paid at issue of new bonds (according to the time period including 20 March 2016 and excluding issue date)
Expected bookbuilding date	Conditional upon the approval of the Prospectus, expected not later than June 30 th 2016
Bookbuilding duration	1 day
Alocation and payment instructions	1 working day upon the offering
Issue	3 working days upon the offering
Listing	At least 4 working days upon the issue

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<i>(in HRK thousands)</i>	2014	2015	I.-III. 2016
Turnover	5,168,639	5,450,955	1,162,426
Cost of merchandise sold	-1,405,210	-1,483,783	-302,998
Change in inventories	29,964	-1,166	2,786
Production material and energy	-1,620,958	-1,791,442	-378,579
Staff costs	-704,437	-767,779	-183,492
Marketing and selling expenses	-331,605	-332,773	-71,765
Amortization and depreciation	-156,330	-163,297	-34,066
Other operating expenses	-545,645	-570,722	-132,603
Other - net	6,284	63,986	8,126
EBIT	440,702	403,979	69,835
Financial revenues	16,013	84,287	21,348
Financial expenses	-204,025	-199,170	-34,232
Net	-188,012	-114,883	-12,884
EBT	252,690	289,096	56,951
Current tax	-39,289	-46,573	-11,751
Net income	213,401	242,523	45,200

(in HRK thousands)	December 31st 2014	December 31st 2015	March 31st 2016
Total assets			
Non-current assets			
Property, plant and equipment	1,099,289	1,083,566	1,050,938
Investment property	1,363	1,748	1,718
Intangible assets	1,804,518	1,797,791	1,773,180
Deferred tax assets	41,224	37,066	35,140
Available-for-sale financial assets	942	959	942
Trade and other receivables	22,657	83,695	75,414
	2,969,993	3,004,825	2,937,332
Current assets			
Inventories	582,247	603,491	641,723
Trade and other receivables	1,169,343	1,192,314	1,182,070
Prepaid income tax	12,249	16,018	20,193
Derivative financial instruments	22,687	12,728	-
Deposits given	275	305	309
Cash and cash equivalents	417,588	365,692	285,384
	2,204,389	2,190,548	2,129,679
Non-current assets held for sale	99,874	99,196	56,526
Total current assets	2,304,263	2,289,744	2,186,205
Total assets	5,274,256	5,294,569	5,123,537
Equity and reserves			
Capital and reserves attributable to the owners of the company			
Subscribed share capital	133,372	133,372	133,372
Capital reserves	882,576	881,515	881,515
Treasury shares	-78	-198	-198
Reserves	-19,635	-26,264	-96,630
Retained earnings	756,497	954,325	1,018,696
	1,752,732	1,942,750	1,936,755
Minority interest	2,332	2,558	2,422
Total equity	1,755,064	1,945,308	1,939,177
Non-current liabilities			
Borrowings	1,776,406	1,309,180	1,150,391
Deferred tax liabilities	181,155	176,677	172,062
Derivative financial instruments	8,698	472	285
Other non-current liabilities	25	3,460	6,921
Provisions	51,936	54,475	53,199
	2,018,220	1,544,264	1,382,858
Current liabilities			
Trade and other payables	881,451	988,554	883,690
Borrowings	578,482	742,032	841,193
Derivative financial instruments	4,713	5,091	4,618
Current income tax liabilities	7,675	17,034	24,222
Provisions	28,651	52,286	47,779
	1,500,972	1,804,997	1,801,502
Total liabilities	3,519,192	3,349,261	3,184,360
Total equity and liabilities	5,274,256	5,294,569	5,123,537

(in HRK thousands)	2014	2015	I.-III. 2016
Cash flows from operating activities			
Net profit	213,401	242,523	45,200
Income tax	39,289	46,573	11,751
Depreciation, amortization and impairment	156,330	163,297	34,066
(Gain) / loss on disposal of property, plant and equipment	-947	-1,005	-255
Gain on sale of available-for-sale financial assets	-	-7,523	-
Gain from sale of tea business	-	-23,782	-
Value adjustment of current assets	33,777	48,555	2,913
Currency gain / (loss) - net	26,091	41,676	-19,185
Increase / (decrease) in provisions for risks and charges	-8,851	26,174	-5,783
Value adjustment of current assets	-2,423	-42,257	-5,212
Share based payouts	419	3,123	-
Interest income	-4,511	-4,637	-1,078
Interest expense	125,861	105,664	23,442
Other non-cash changes	4,532	5,591	316
Changes in working capital:			
Increase in inventories	-67,025	-39,049	-39,889
Increase in current receivables	-15,553	-38,153	12,237
Increase / (decrease) in current payables	121,717	89,705	-99,145
Net cash flow from operating activities before interest and income tax paid	622,107	616,475	-40,622
Interest paid	-123,509	-102,705	-25,904
Income tax paid	-52,879	-42,949	-7,554
	445,719	470,821	-74,080
Cash flow from investing activities			
Purchase of tangible and intangible assets	-190,100	-115,534	-15,147
Proceeds from sale of property, plant and equipment	6,481	4,470	42,421
Acquisition of available-for-sale financial assets	-	3,785	-
Advance for acquisition of subsidiary	-5,332	-5,295	-
Loans and deposits given	-49,946	-37,629	-2,610
Repayment of loans and deposits	45,460	6,161	1,243
Interest received	4,511	4,637	882
	-188,926	-139,405	26,789
Cash flow from financing activities			
Purchase of treasury shares	-502	-4,304	-
Proceeds from borrowings, net of fees paid	293,101	125,532	97,262
Repayment of borrowings	-322,782	-462,186	-130,279
Acquisition of non-controlling interest	-93,349	-	-
Dividend paid to Company shareholders	-35,010	-40,009	-
	-158,542	-380,967	-33,017
Net increase in cash and cash equivalents	98,251	-49,551	-80,308
Exchange gains/(losses) on cash and cash equivalents	-5,997	-2,345	-
Cash and cash equivalents at beginning of period	325,334	417,588	365,692
Cash and cash equivalents at end of period	417,588	365,692	285,384

<i>(in HRK thousands)</i>	I.-III. 2015	I.-III. 2016
Turnover	1,168,263	1,162,426
Cost of merchandise sold	-321,512	-302,998
Change in inventories	18,759	2,786
Production material and energy	-402,889	-378,579
Staff costs	-181,736	-183,492
Marketing and selling expenses	-59,417	-71,765
Amortization and depreciation	-35,907	-34,066
Other operating expenses	-125,553	-132,603
Other - net	13,549	8,126
EBIT	73,557	69,835
Financial revenues	25,192	21,348
Financial expenses	-45,100	-34,232
Net	-19,908	-12,884
EBT	53,649	56,951
Current tax	-9,177	-11,751
Net income	44,472	45,200

(in HRK thousands)	December 31st 2015	March 31st 2016
Total assets		
Non-current assets		
Property, plant and equipment	1,083,566	1,050,938
Investment property	1,748	1,718
Intangible assets	1,797,791	1,773,180
Deferred tax assets	37,066	35,140
Available-for-sale financial assets	959	942
Trade and other receivables	83,695	75,414
	3,004,825	2,937,332
Current assets		
Inventories	603,491	641,723
Trade and other receivables	1,192,314	1,182,070
Prepaid income tax	16,018	20,193
Derivative financial instruments	12,728	-
Deposits given	305	309
Cash and cash equivalents	365,692	285,384
	2,190,548	2,129,679
Non-current assets held for sale	99,196	56,526
Total current assets	2,289,744	2,186,205
Total assets	5,294,569	5,123,537
Equity and reserves		
Capital and reserves attributable to the owners of the company		
Subscribed share capital	133,372	133,372
Capital reserves	881,515	881,515
Treasury shares	-198	-198
Reserves	-26,264	-96,630
Retained earnings	954,325	1,018,696
	1,942,750	1,936,755
Minority interest	2,558	2,422
Total equity	1,945,308	1,939,177
Non-current liabilities		
Borrowings	1,309,180	1,150,391
Deferred tax liabilities	176,677	172,062
Derivative financial instruments	472	285
Other non-current liabilities	3,460	6,921
Provisions	54,475	53,199
	1,544,264	1,382,858
Current liabilities		
Trade and other payables	988,554	883,690
Borrowings	742,032	841,193
Derivative financial instruments	5,091	4,618
Current income tax liabilities	17,034	24,222
Provisions	52,286	47,779
	1,804,997	1,801,502
Total liabilities	3,349,261	3,184,360
Total equity and liabilities	5,294,569	5,123,537

(in HRK thousands)

I.-III. 2015

I.-III. 2016

Cash flows from operating activities

Net profit	44,472	45,200
Income tax	9,177	11,751
Depreciation, amortization and impairment	35,907	34,066
(Gain) / loss on disposal of property, plant and equipment	-463	-255
Value adjustment of current assets	6,662	2,913
Currency gain / (loss) - net	-1,322	-19,185
Increase / (decrease) in provisions for risks and charges	7,218	-5,783
(Gain) / loss on dvalue adjustment of current assets	-15,643	-5,212
Interest income	-1,587	-1,078
Interest expense	28,485	23,442
Other non-cash changes	-3	316
Changes in working capital:		
Increase in inventories	-83,620	-39,889
Increase in current receivables	84,164	12,237
Increase / (decrease) in current payables	-63,401	-99,145
Net cash flow from operating activities before interest and income tax paid	50,046	-40,622
Interest paid	-33,150	-25,904
Income tax paid	-10,280	-7,554
	6,616	-74,080

Cash flow from investing activities

Purchase of tangible and intangible assets	-11,512	-15,147
Proceeds from sale of property, plant and equipment	784	42,421
Advance for acquisition of subsidiary	-5,030	-
Loans and deposits given	-1,952	-2,610
Repayment of loans and deposits	1,202	1,243
Interest received	1,587	882
	-14,921	26,789

Cash flow from financing activities

Proceeds from borrowings, net of fees paid	15,393	97,262
Repayment of borrowings	-126,594	-130,279
	-111,201	-33,017
Net increase in cash and cash equivalents	-119,506	-80,308
Cash and cash equivalents at beginning of period	417,588	365,692
Cash and cash equivalents at end of period	298,082	285,384

THANK YOU FOR YOUR ATTENTION