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Half Year of New Organic Growth

Most of Atlantic Grupa's business segments are growing

In the first half of 2018, Atlantic Grupa recorded total sales of HRK 2.5 billion, which is a 4.1 percent growth compared to the same period last year, if the impact of the sale of service production of sports food due to the sale of production facilities to the Belgian Aminolabs is excluded. Earnings before interest, taxes, depreciation and amortisation (EBITDA) amount to HRK 296.4 million, and are 5.3 percent higher, while net profit after minorities increased by 8.8 percent to HRK 167.6 million. Good results were achieved in the wake of the growth of distribution business and Atlantic's own brands.

The first half marked by settlement, sale of Neva and new principals

"We leave behind a balanced half-year that has seen growth in all major markets and most business areas. The growth of profitability continues to keep pace with the growth of revenue, and we keep reducing our debt further," said Vice President of Atlantic Grupa for Finance Zoran Stanković.

Among the events marking the first half of the year, the most notable was the successful completion and adoption of the settlement among Agrokor group creditors. According to the settlement, if Konzum achieves the planned four-year EBITDA, which is included in projections of Agrokor management and advisors as a basis for the settlement, Atlantic Grupa will collect all outstanding claims from Agrokor group members from the period prior to the start of the crisis management process, which amount to approximately HRK 60 million. The half-year will also be marked by the recently signed agreement on the sale of the Neva company, by which this largest cosmetics manufacturer in Croatia becomes the property of Magdis. Magdis is a renowned producer of the cosmetic line Biobaza as well as pharmaceutical and medicinal raw materials and products.

It is a continuation of Atlantic's pursuit of its strategic program of disinvesting 'non-core' small business operations, which began last year with the sale of sports and active food production facilities to the Belgian Aminolabs. The first half was also marked by the consolidation of the

distribution business. Cooperation with new principals — Red Bull in Serbia and Mars Group in Croatia — has been agreed, enabling steady growth of distribution in these markets. In addition, in an internal organization the entire distribution business has been reorganized into a single area. Among the many initiatives in the development of our own product range, the results of the new production of Argeta in the USA, the double-digit growth of Black'n'Easy' instant Turkish coffee, and the excellent results of the redesigned Cockta in the HoReCa channel, need to be highlighted.

The greatest growth was recorded for Argeta, beverages and the Croatian market

The overall increase in Atlantic Grupa's sales was mainly impacted by the following Strategic Business Units: Savoury Spreads with 12.5 percent growth, Beverages with 9.6 percent growth, and Coffee with 6.8 percent growth. With 21.3 percent share in the total sales and HRK 531.4 million in sales revenue, Coffee stands out as the largest individual product category. Of the individual markets, the highest growth was recorded in Croatia - 8.3 percent, followed by Bosnia and Herzegovina with 6.9 percent, and Serbia, which grew by 6.1 percent. Significant growth was also recorded in the other markets of the region — Macedonia, Montenegro and Kosovo — which grew by 9.8 percent.

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