



## Revenue and profitability growth along with the completion of Atlantic Grupa's largest acquisition

**Zagreb, 24 February 2011** – In 2010 Atlantic Grupa realised total revenues of HRK 2.3 billion, which represents a growth of 3.6 percent compared to 2009, while net profit increased by 10 percent to HRK 106.8 million. The Sports and Functional Food Division, which posted the strongest growth in revenues of 12.9 percent and the Pharma Division with a 9.8 percent growth, were the largest contributors to Atlantic Grupa's growth in 2010.

The year was most intensely marked by the successful acquisition of Droga Kolinska, which was taken over by Atlantic Grupa at the end of November for the total amount of EUR 382 million. Due to the takeover of control near the end of the year, Droga Kolinska's 2010 results are included in the consolidated results of Atlantic Grupa through balance sheet positions, while at the *pro forma* level of consolidation, joint sales revenues of the two companies amounted to HRK 4.5 billion.

"Last year was a turning point in the business development of Atlantic Grupa, primarily with the successful completion of the largest acquisition to this date with which Atlantic became one of the leading food companies in the region. We are extremely satisfied with the fact that Atlantic Grupa, with its intense focus on the merger and acquisition segment, yet again realised the announced expectations of growth in revenues and profitability despite the still very unfavourable macroeconomic conditions in the real sector. In 2011, the company's management will focus on swift and efficient integration of DK into the system of Atlantic Grupa at all levels and on realising the planned synergies. Special attention will be given to organic growth of our production categories and strengthening of our regional distribution activities as well as cost management, liquidity management and fulfilment of the existing financial obligations", commented the CEO of Atlantic Grupa, Emil Tedeschi.

Prior to the acquisition of Droga Kolinska, Atlantic Grupa acquired from Badel 1862 the company Kalničke vode Bio natura, and signed a number of new distribution contracts with new partners – with Ferrero in the markets of Serbia and Macedonia, with the company One2play for the distribution of its impulse assortment in the region, with Rauch and Red Bull for all distribution channels in the Croatian market. The acquisition of Droga Kolinska was preceded by successful capital increase of Atlantic Grupa, which resulted in a new significant shareholder – EBRD, while the newly issued shares were listed on the Official Market of the Zagreb Stock Exchange in October.

In the total sales of Atlantic Grupa in 2010, the Croatian market participates with 55 percent and international markets with 45 percent. Germany remains the largest foreign market, while the largest sales growth, in addition to the Slovenian market which almost doubled its sales revenues, has been realised in Italy with 15 percent. Own brands participate in sales with 41 percent, the product distribution of brands from international principals 40 percent, Atlantic Farmacia 11 percent, while the products which are manufactured by Atlantic Grupa as private labels for major domestic and foreign business systems hold the remaining 8 percent of sales.

After completing the acquisition of Droga Kolinska, Atlantic Grupa becomes the second largest food company in the territory of the former state, with significant presence in the Russian market and the developed markets of Western Europe. The combination of the two companies ensures that Atlantic Grupa has a strong regional presence through its expanded network of production plants supported by the highly developed distribution network. At the 2010 level, with a view to *pro forma* consolidated results, the Croatian market participates in Atlantic Grupa's results with 30 percent, Serbia with 24 percent becomes the second, and Slovenia with 13 percent the third largest market. The region as a whole accounts for around 82 percent of the total sales revenues.