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## Atlantic recorded a significant profitability increase in the first quarter

*Increased sales through other retail partners fully compensated for the decrease in revenues through the largest buyer*

Due to improved sales, in the first quarter of 2017 Atlantic Grupa recorded a significant increase in profitability. Earnings before interest, taxes, depreciation and amortisation (EBITDA) amount to HRK 108.9 million and are 4.8 percent higher compared to the same period of 2016, while net profit after minorities increased by 15.4 percent to HRK 52.3 million. Total sales amount to HRK 1.1 billion, which represents a decrease of 2.9 percent compared to the same period of the last year, and is largely caused by the terminated cooperation with the major buyer of the private label in the Sports and Functional Food segment. If this effect is excluded, sales in the first quarter grew by 1.5 percent.

### *Stable sales revenue in the region*

“In the first quarter of 2017, in the majority of business segments and on the majority of markets, we recorded great sales results, with improved profitability and further decrease in debt. If we excluded the controlled decrease in the volume of operations with members of Agrokori, the largest individual customer of Atlantic Grupa, due to the problems of this concern with liquidity and inability to settle their liabilities, the recorded growth would be even better. The initiated processes of Agrokori restructuring give hope that in the coming months the concern’s operations will be stabilised, which would return the volume of our cooperation to the pre-crisis levels, whereby conditions would be met for even better results in the following periods”, Emil Tedeschi, President of the Management Board of Atlantic Grupa said.

By increased sales through other buyers, in the first three months Atlantic Grupa managed to fully compensate for the decrease in revenues through the largest regional retail chain, and all regional markets recorded equal revenue as in the comparative period of the previous year.

### *Growth of business and distribution units*

The overall increase in Atlantic Grupa’s sales in the first quarter was mainly impacted by the following Strategic Business Units: Savoury Spreads with the 9.0 percent growth, Pharma and Personal Care with the 7.2 percent growth, Snacks with the 2.4 percent growth, Coffee with the 1.4 percent growth and Beverages with the 0.3 percent growth, as well as the Strategic Distribution Unit Serbia, that grew by 2.4 percent compared to the first three months of 2016, and the Strategic Distribution Unit Croatia with the 2.3 percent growth. With 19.1 percent share in the total sales, Coffee stands out as the largest individual category with sales of HRK 215.1 million.



### *The most significant growth in Russia and Bosnia and Herzegovina*

Analysed by markets, the most significant growth of 6.3 percent was recorded in the markets of Russia and other countries of the CIS (4.6 percent of the total revenue) and in the market of Bosnia and Herzegovina which grew by 5.9 percent (8.2 percent of the total revenue). Individually the largest, Croatian market, with a share of 28.8 percent, grew by 5.2 percent, while the second largest Serbian market, with a share of 22.4 percent in the total revenue, grew by 2.5 percent. Own brands of Atlantic Grupa participate in sales with 66.3 percent, the distribution of principal brands' products with 21.2 percent, the pharmacy chain Farmacia with 8.3 percent, while products produced by Atlantic Grupa as private labels for large business systems in the country and abroad participate in the total revenue with 4.3 percent.

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