



**ATLANTIC GRUPA
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2016 Marked by Growing Market Shares in Croatia, the Region and Extended Distribution Activities in Germany & Austria

Atlantic's financial results meet expectations despite depreciation effects of the Russian Ruble and Serbian Dinar.

In 2016, Atlantic Grupa recorded sales of EUR 678.1 million – a 5.5% drop compared to 2015. The decline in sales resulted from termination of the cooperation with the leading buyer of private labels in the Sports and Functional Food segment and depreciation of the Russian Ruble and Serbian Dinar. With the exception of these effects, sales have maintained last year's level. The earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR 63 million – a 16.4% decrease due to the announced investment in developing the distribution of the Group's own brands in Germany and Austria. The net profit after minority interests in the last year was EUR 21.6 million.

Company brands among the TOP10 leading brands in the SEE region

"In 2016, Atlantic Grupa established distribution companies in Germany and Austria in order to secure a market for its target products with the highest international potential on those markets. While implementing our business internationalization strategy, we also continued the successful restructuring of the Sports and Functional Food segment by simplifying the recipes and product portfolio. In addition to extending our distribution activities to regional markets by signing contracts with new principals, we continued developing our own brands. This is best reflected in the latest survey carried out by the independent agency Valicon, placing four of Atlantic Grupa's own brands (Cedevita, Argeta, Smoki and Cockta) among the TOP 10 brands in five major regional markets," said Atlantic Grupa's CEO Emil Tedeschi. It should also be noted that – when observed by individual countries – Atlantic Grupa's brands have taken the lead in three countries: Argeta is the leading brand in Bosnia-Herzegovina and Macedonia, and Barcaffè is the leading brand in Slovenia.



Beam Suntory and Nocco – new principals

In addition to investing in its distribution activities in Western Europe, Atlantic kept developing its distribution activities by signing contracts with new principals in the region (Beam Suntory for the markets in Serbia, Macedonia, Montenegro, Kosovo and Albania) and in Western Europe (Swedish Nocco). In 2016, Atlantic Grupa focused on the reconstruction of its Sports and Functional Food segment, closing the year with a considerably more efficient business model based on less products with a higher profitability. As regards the production of private labels, a cooperation was established with a new partner and the development of new products and negotiations with potential new partners continued.

Successful refinancing

Furthermore, Atlantic managed to negotiate with the EBRD, its four partner banks (Erste, Raiffeisen, Sberbank and Unicredit) and the International Finance Corporation (IFC) more favourable financial conditions for a loan package in the amount of EUR 191.5 million with extended payment terms. Corporate bonds were successfully issued as well. In 2016, Atlantic Grupa won awards for Best Corporate Management in Croatia and Transparent Relations with Investors. Also, the company won first prize at the ZSE for the fourth time in a row, and a silver plaque at the International Conference of the Belgrade Stock Exchange.

Highest growth in the Savoury Spreads category

The total growth of Atlantic Grupa's sales was primarily boosted by the growth of SBU Savoury Spreads (9.4%), SBU Pharma and Personal Care (5.4%), SBU Snacks (3.1%) and SDU Croatia (2.2%). With its EUR 141.3 million sales and 20.8% share in the Group's total sales, Coffee stands out as the highest individual category. Almost all major brands (Barcaffè, Grand kafa, Argeta, Smoki, Cedevita, Donat Mg) recorded an increase in their respective shares in regional markets.

Highest growth in Croatia and Bosnia-Herzegovina

As regards individual markets, the highest growth (4.4%) was recorded in the Croatian market, which is Atlantic Grupa's largest market, accounting for 28.8% of the total sales. The second highest growth (3.9%) was achieved in the market of Bosnia-Herzegovina, accounting for a 7.8% share of the total sales. The Group's own brands accounted for 67.8% of the total sales. They were followed by the distribution of principal brands (21.4%), the pharmacy chain Farmacia (7.1%), and products made as private labels for large business systems in Croatia and abroad (3.7%).

Atlantic Grupa d.d.