

ATLANTIC GRUPA d.d.
Miramarska 23
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SECURITY: ATGR / ISIN:HRATGRRRA0003
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LISTING: Zagreb Stock Exchange

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In 2017, Atlantic Exceeded Profitability Growth Plans

The Company recorded growth in almost all major markets and business segments, with historically record revenues of the Strategic Distribution Units Croatia and Slovenia

In 2017, Atlantic Grupa recorded total sales of HRK 5.3 billion, which is a 3.9 percent growth compared to the previous year. Earnings before interest, taxes, depreciation and amortisation (EBITDA) amount to HRK 582.2 million and are 22.7 percent higher, while net profit after minorities increased by 69.2 percent to HRK 275.5 million. The exceptional results were recorded riding on the growth of own brands and distribution operations, all major markets of Atlantic Grupa also recorded growth, and at the end of 2017, for the first time, and despite the challenges in the business environment, a correction to the expected profitability was announced – upwards! Among the brands, Argeta and Donat Mg in Croatia and Serbia, Barcaffè and Cedevita in the HoReCa channel, Kala, Kalnička and Štark in Croatia, and Multivita and Donat Mg in Russia especially stood out with their double-digit growth. All key brands increased or retained their market shares, and Argeta, after Austria the previous year, has also become the market leader in Switzerland.

Focus on brands, quality management and new business opportunities

In addition to the exceptional business results, the last year was marked by the divestment of the sports food production segment and focusing on branded operations and the development of Multipower towards the premium segment. The factories in German Bleckede and Nova Gradiška were taken over by the Belgian company Aminolabs, in a transaction worth HRK 200 million, with a recorded profit of almost HRK 65 million. The first quarter of 2017 was marked by the efforts aimed at the stabilisation of Agrokor, which is the biggest regional retail partner of Atlantic Grupa. Although the sales to Agrokor dropped more than 15 percent compared to 2016, that drop was more than compensated by an increase in sales to other buyers, and in the previous year a 5.1 percent growth was recorded on the markets of Serbia, Croatia and Slovenia. The new distribution contracts on the major markets, with Red Bull in Serbia (worth HRK 30 million) and with the Mars company in Croatia (worth HRK 100 million), confirm the expansion of distribution activity as part of the long-term business strategy. At the end of the year, Atlantic Grupa also started the private label production of savoury spreads Argeta in the USA, with an ambitious plan to first conquer the significant ethnic segment of this market.

ATLANTIC GRUPA d.d., Joint Stock Company for Domestic and Foreign Trade, Miramarska 23, 10000 Zagreb, Croatia, tel: +385 (1) 24 13 900, fax: +385 (1) 24 13 901, www.atlanticgrupa.com. The Company is registered with the Commercial Court of Zagreb, Company Registration Number (MBS): 080245039; Company Identification Number (MB): 1671910; Personal Identification Number (PIN): 71149912416, IBAN: HR2624840081101427897, Raiffeisenbank Austria d.d., Petrinjska 59, 10000 Zagreb; IBAN: HR5024840081500117544, Raiffeisenbank Austria d.d., Petrinjska 59, 10000 Zagreb; IBAN: HR9223600001101842569, Zagrebačka banka d.d., Trg bana Josipa Jelačića 10, 10000 Zagreb; IBAN: HR4624020061100280870, Erste&Steiermarkische Bank d.d., Jadranski trg 3a, 51000 Rijeka; IBAN: HR7423400091110356539, Privredna banka Zagreb d.d., Radnička cesta 50, 10000 Zagreb; IBAN: HR7625030071100076424, Sberbank d.d., Varšavska 9, 10000 Zagreb.

The number of shares and their nominal value: 3,334,300 shares, each in the nominal amount of HRK 40.00. Share capital: 133,372,000.00 HRK, paid in full. Management Board: Emil Tedeschi, Mladen Veber, Neven Vranković, Zoran Stanković; President of the Supervisory Board: Zdenko Adrović.

„Last year was both challenging and exceptionally successful for Atlantic Grupa. We grew almost without exception according to all the items and criteria, and not only in numbers. The Company has strengthened own brands and distribution; by divesting the biggest part of production for third parties, the focus on the brands was strengthened and the numerous activities for a more efficient approach to the Western European markets were initiated, and we have also stepped out to the promising US market with one of our most international brands. Our success was also recognized by the professional community, and Atlantic has received the Zagreb Stock Exchange award in 2017 for transparency and quality management of investor relations, while the recognition by the world umbrella organisation of human resource management experts, HRO Today, for promoting good practice in this field has placed us among the top European companies“, Emil Tedeschi, President of the Management Board of Atlantic Grupa commented.

Beverages, distribution in Croatia and the Russian market recorded the biggest growth

The overall increase in Atlantic Grupa's sales in 2017 was mainly impacted by the following Strategic Business Units: Beverages with the 7.3 percent growth and Savoury Spreads and Pharma and Personal Care, each with the 7.0 percent growth. In the distribution activity, the Strategic Distribution Unit Croatia (6.9 percent) and the Strategic Distribution Unit Serbia (3.0 percent) stand out with their respective growths. With 20.7 percent share in the total sales, Coffee stands out as the largest individual product category, with sales of HRK 1.1 billion. Among the markets, the biggest growth of 23.1 percent was recorded for the markets of Russia and other countries of the CIS, while in the region the biggest growth was recorded for the markets of Croatia with 7.5 percent, and Serbia with 3.5 percent.

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