



Revenue growth in the context of integration of Droga Kolinska

Zagreb, 28 April 2011 – In the first quarter of 2011, Atlantic Grupa achieved total sales revenues of HRK 976.2 million, which is an increase of 93.6% in relation to the same period last year. Earnings before interest, taxes, depreciation and amortization (EBITDA) are 116.1 percent higher while net loss amounts to HRK 11 million due to the linear impact of financial expenditure related to the acquisition of Droga Kolinska and historically most unfavourable impact on business operations in the first quarter. Along with the sales revenues realised by Droga Kolinska, Atlantic Grupa's total sales growth was achieved largely due to contributions of the Sports and Functional Food Division, which posts the highest growth of sales revenues of 26.2 percent and the Pharma Division with a 14.7 percent growth.

The first quarter was marked by integration of Droga Kolinska into the system of Atlantic Grupa. Consequently, a merger of Atlantic Grupa's and Droga Kolinska's sales and distribution operations was carried out in all regional markets and was consolidated within the Distribution Division. New commercial terms with key buyers were negotiated including the extended assortment, whilst logistic processes were integrated thus creating an even stronger distribution network of regional character. Further efforts were invested in the analysis of production processes with the aim of increasing the production capacity efficiency.

“For Atlantic Grupa, the beginning of the year was characterised by its focus on the integration of two large business systems and its efforts to optimise business processes and achieve synergies whose effect will be more visible in the following quartiles. In the first three months of this year, an extremely complex integration of distribution operations in six markets of the region was carried out, which included establishing new logistics and negotiating new commercial terms.



We are satisfied with the accomplished results, especially considering that we are still operating under unfavourable macroeconomic conditions of rising unemployment, consumer pessimism and reduced consumption which was additionally affected by absence of the so called “Easter effect” in consumption that was moved to the second quarter of this year” said Zoran Stanković, Atlantic Grupa’s Vice-President of Finance, emphasizing that special attention will still be given to organic growth and strengthening of our regional distribution activities and cost management, liquidity and fulfilment of the existing financial obligations.

In the total sales of Atlantic Grupa, the Croatian market participates with 28.6 percent, followed by markets of Serbia with 23.1 percent, Slovenia 11.6% and Western Europe 10.3 percent, of which the latter posted the largest sales growth. As a result, Atlantic Grupa posted a 22% growth in Germany and 25% growth in Great Britain. After incorporating the brands of Droga Kolinska, own brands participate in sales with 69.3 percent, product distribution of principals’ brands 18.1 percent, Farmacia 6.6 percent, while products which are manufactured by Atlantic Grupa as private labels for major domestic and foreign business systems hold the remaining 6.1 percent of sales.