

ULJANIK PLOVIDBA

Pomorski promet, dioničko društvo

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ZAGREB STOCK EXCHANGE INC.
Ivana Lučića 2a
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Pula, 30.08.2018.

Dear Sirs,

Further to a chain of false, inaccurate and fictional statements published in various press editions and internet portals, originating from unreliable sources at make-believe level, all of which are meant to cause direct damage to the reputation of the company ULJANIK PLOVIDBA d.d. and its management, we hereby wish to communicate to the investment community the following in order to provide accurate description of the facts.

ULJANIK PLOVIDBA d.d. Maritime transport (hereinafter referred to as: Company), is a joint stock company based in Pula. Company's core activity is international maritime and coastal transport of goods by dry cargo ships (bulkers) and oil and chemical tankers. The Company was established on 01 September 1986 as one of the companies within ULJANIK Group. The Company was completely privatized between 1994 and 2000 through sale of shares in the Company in order for the ULJANIK Group to raise financial means required to finance newbuilding program, settle its obligations towards suppliers and employees and purchase of various personal protection equipment within the ULJANIK Group.

Shares of the Company were initially sold exclusively to the employees, retirees and seafarers from the ULJANIK Group, which is the reason why even today among more than 4,000 shareholders of the Company there are many that are either current or previous employees of ULJANIK Group or their descendants, but no single shareholder holds more than 6.5% stake in the Company.

Following the privatization, the Company left the ULJANIK Group and continued its business as entirely independent, market oriented company competing in the world shipping market.

The Company has always promoted Croatian economy and strategically opted to employ only Croatian seafarers on its fleet and to contract their entire newbuilding program exclusively in the domestic, Croatian shipyards.

During the investment cycle from 2004 to 2012, the Company invested about USD 350 million in ships built in Croatian shipyards ULJANIK and 3. MAJ, which shipyards were conducting their business independently from each other and were not part of the same group within the said period.

All subject ships were built within the publicly published and transparent newbuilding program developed and supported by the government of Croatia, with clearly defined price of the ships which was beyond prevailing market price in order to generate some additional revenue for the shipyards which were, at that time, suffering from the empty order books.

The Company ordered and took delivery of total of 7 ships for transport of oil, oil products and chemicals from 3. MAJ shipyard at the total contracted price of USD 283,171,462. The Company ordered and took delivery of further 2 ships for transport of dry bulk cargoes from ULJANIK shipyard at the total contracted price of USD 61,500,000. All ships were duly paid whilst there is still an open outstanding towards 3. MAJ shipyard for the ship that was delivered last in the amount of HRK 18,029,263 which is being repaid in regular instalments.

Due to rather expensive loans which the Company had to take in order to finance aforementioned newbuildings and which, in the combination of the unfavorable market conditions are burdening regular business of the Company, the Company did not pay out the dividend to its shareholders since 2011.

We also wish to mention that the Director of the Company, Mr. Dragutin Pavletić was a member of the Supervisory board of ULJANIK d.d. only from June 2017, while he tendered his irrevocable resignation from the said Supervisory Board on 23 July 2018 in order to avoid that ULJANIK d.d., where he was member of the Supervisory Board, and the Company in which he is acting as a Director, be perceived as two related companies.

Further to all of the aforementioned, it is extremely disingenuous and deceitful to hold the Company responsible for the current situation within ULJANIK Group.

Best regards,

ULJANIK PLOVIDBA d.d.

Dragutin Pavletić, director