



Company profile for Atlantic Grupa

ATLANTIC
G R U P A

Sector: Consumer HealthCare

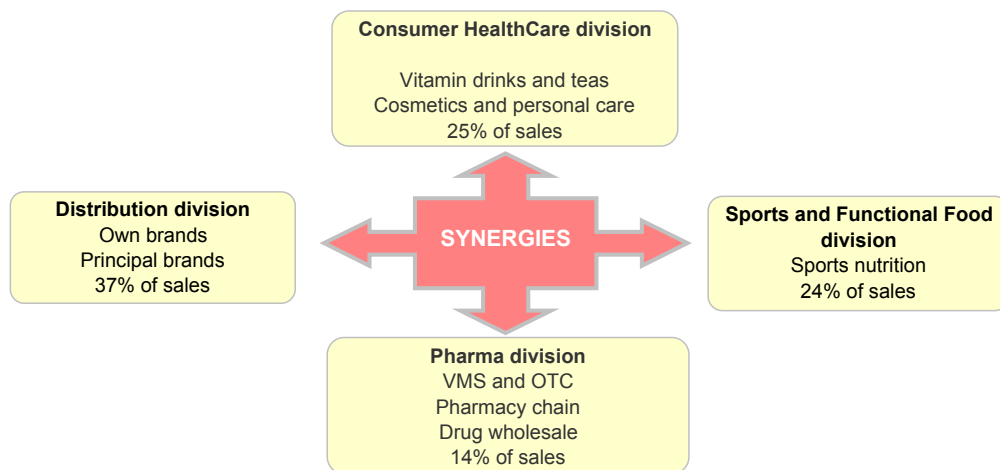
Share snapshot

Price 30/09/09	695.0
Listing	ZSE
Listing date	19/11/07
52 Wk High	760.0
52 Wk Low	318.2
Number of shares	2,469,995
MCap (HRKm)	1,717
Free float	21.83%
Index	Crobex
Bloomberg	ATGRRR CZ
Reuters	ATGR.ZA
Currency	HRK
EUR/HRK 30/09/09	7.2883

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Business model overview

Thanks to carefully thought business diversification strategy in the consumer healthcare segment followed by extensive M&A track record, Atlantic Grupa's business activities today encompass R&D, production, sale and distribution of fast moving consumer goods on the Croatian, the SEE and the West European markets. These activities are operationally set up in four divisions: Distribution division, Consumer HealthCare division, Sports and Functional Food division and Pharma division. Atlantic Grupa grounds its business model evolution on the development of the vertically integrated organisation and carefully thought foray into the selected niche industry segments that back in 2005 enabled the company to outgrow the regional boundaries and transform into the multinational company. Under scope of Distribution division, the company combines extensive know-how, developed infrastructure and economies of scale in distribution of global, regional and its own brands across the region. Distribution division combined with the newly set up private pharmacy chain in Croatia creates the gist of synergies in the business model by creating distribution channel for the company's product portfolio from the Consumer HealthCare division, Sports and Functional Food division and Pharma division. Atlantic Grupa's flagship and best-margin product - vitamin instant drink Cedevita - stands as the dominant brand in the vitamin instant drinks segment and as the second most popular soft drink brand among global brands in Croatia, while recording fast growing brand recognition region-wise. Within the Sports and Functional Food division, Atlantic Grupa manufactures and distributes products in the sports nutrition segment under Multipower brand with dominant market position Europe-wide. Following successful IPO at the end of 2007, the company boldly penetrated new segment - the pharmacy business. Under Farmacia brand, Atlantic Grupa operates the leading private pharmacy chain in Croatia whereto the company as well distributes its vitamins, minerals and supplements portfolio developed under Dietpharm brand. Strategic move toward pharmacy business and drug wholesale business enabled the company to round up its business model and vertical integration story by combining R&D and production (Consumer HealthCare, Sports and Functional Food and VMS/OTC business in the Pharma division) with distribution and retail (Distribution; pharmacy and drug wholesale businesses in the Pharma division).



General business overview

Headquarter	Zagreb, Croatia
Market position in Croatia	1
No. of foreign markets	30
No. of representative offices abroad	9
No. of employees (as of September 30, 2009)	1,740
Divisions	Distribution, Consumer HealthCare, Sports and Functional Food, Pharma
Own brands	Cedevita, Multipower, Plidenta, Dietpharm, Rosal, Melem, Multivita, Montana, Champ, Farmacia
Principal brands	Wrigley, Ferrero, Duracell, Durex, Johnson & Johnson, Scholl, Karolina



farmacia+

Share information and valuation

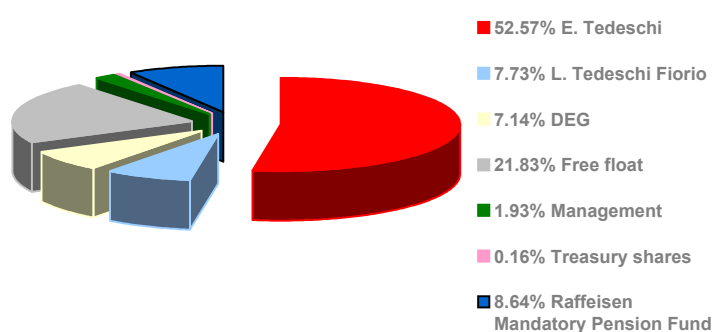
(Ratio)	2007	2008	9M09	(Ratio)	2007	2008	2009 TTM*
PPS	877.0	461.0	695**	P/E	39.9	16.6	24.3
EPS	22.0	27.8	26.2	P/Sales	1.1	0.6	0.8
Book value per share	308.3	288.4	301.9	EV/Sales	1.4	0.7	1.0
OCF per share	21.5	43.1	27.3	EV/EBITDA	17.4	8.7	11.4
Dividend per share	4.7	7.0	n/a	P/Book value	2.8	1.6	2.3
Dividend yield	0.5%	1.5%	n/a	Market cap (HRKm)	2,166	1,139	1,717

*Calculated with share price of HRK 695 as of September 30, 2009

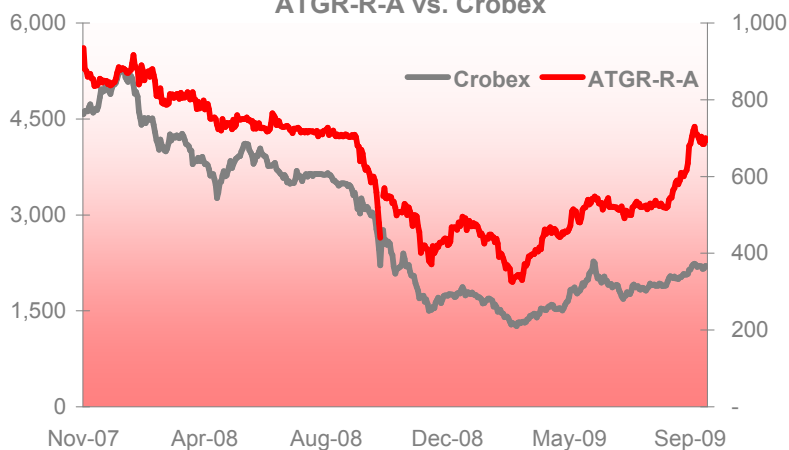
**Price of HRK 695 as of September 30, 2009

Note: 9M09 figures ex. one-offs (non-recurring gain on purchase of minority interest in Cedevita from the DEG and transfer cost of Neva to new production facility)

Shareholder structure on September 30, 2009



ATGR-R-A vs. Crobex



* ATGR-R-A up 44.8% ytd

* Crobex up 24.0% ytd

Financial highlights

Income statement

(in HRKm)	2006	2007	2008	9M09	CAGR (% yoy)	2006	2007	2008	9M09	
Turnover	1,413	1,699	2,024	1,666	19.7%	Turnover	32.7%	20.2%	19.1%	10.3%
Sales	1,394	1,670	2,003	1,643	19.8%	Sales	33.6%	19.8%	19.9%	9.7%
EBITDA	98	132	169	151	31.4%	EBITDA	28.0%	34.9%	27.9%	7.6%
EBIT	54	95	129	121	55.4%	EBIT	48.8%	77.5%	36.0%	9.8%
Net profit	21	46	69	65	82.6%	Net profit	20.8%	125.5%	47.9%	3.2%

Balance sheet

(in HRKm)	2006	2007	2008	9M09	(in HRKm)	2006	2007	2008	9M09
Non-current assets	254	456	705	754	Total equity	281	652	711	744
Cash and cash equivalents	48	400	200	188	LT fin. debt	200	249	390	388
A/R and other receivables	322	400	509	517	ST fin. debt	120	242	101	104
Other current assets	223	209	234	273	Other ST liabilities	242	309	438	481
Total assets	846	1,464	1,656	1,731	Total equity & liab.	846	1,464	1,656	1,731
					Net debt	272	90	291	304

Cash flow statement

(in HRKm)	2006	2007	2008	9M09	(in HRKm)	2006	2007	2008	9M09
CF from operating activities	27	45	106	67	Net (decrease) /increase in cash & cash equivalents	13	352	- 200	- 12
CF from investing activities	- 85	- 165	- 285	- 55	Capex	28	54	56	83
CF from financing activities	72	471	- 21	- 25					

Key ratios

(%)	2006	2007	2008	9M09	(%)	2006	2007	2008	9M09
EBIT margin	3.8%	5.7%	6.5%	7.4%	ROCE*	11.1%	10.4%	11.6%	12.2%
EBITDA margin	7.0%	7.9%	8.5%	9.2%	Interest coverage	4.3	5.6	6.7	7.1
Net profit margin	1.5%	2.8%	3.4%	3.9%	Current ratio	1.6	1.8	1.8	1.7
ROaA*	2.6%	4.0%	4.4%	4.4%	Gearing ratio	49.2%	12.2%	29.1%	29.0%
ROaE*	8.8%	10.0%	10.1%	10.1%	Asset turnover	1.8	1.4	1.3	1.3
Net debt/equity	1.0	0.1	0.4	0.4	Net debt/EBITDA*	2.8	0.7	1.7	1.7

*Refers to TTM figures

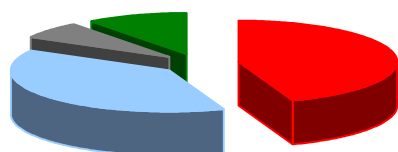
Note: 9M09 figures ex. one-offs (non-recurring gain on purchase of minority interest in Cedevita from the DEG and transfer cost of Neva to new production facility)

Overview of 9M09 and FY08 financial figures

In **9M09**, Atlantic Grupa delivered 9.7% yoy higher sales of HRK1.643m on wings of top-line growth in all divisions with Distribution and Pharma divisions spearheading the growth. EBIT enhanced by 16.8% yoy to HRK128.6m, whereby EBIT improvement ex. one-offs came in at HRK121.0m (+9.8% yoy) with HRK7.6m in one-offs referred to: (i) HRK9.9m in non-recurring gain on purchase of minority interest in Cedevida from DEG and (ii) HRK2.2m one-time cost related to transfer of Neva's production in new production facility. Focused cost control coupled with business processes' optimisation emerged as one of the key strategic determinants in raising operating efficiency during economic downturns.

In **FY08**, Atlantic Grupa preformed strongly by improving both top line and bottom line with the former up 19.9% yoy to HRK2.0bn (organically +6.7% yoy) and the latter soaring 47.9% yoy (organically 23.7% yoy). Thereby profitability improvements with EBIT shooting up 36.0% yoy (organically +18.5% yoy) reflected cost management focus and business process improvements particularly in the central supply, distribution-logistics and marketing activities as well as restructuring efforts in the Sports and Functional Food division. Appropriately the latter delivered the strongest EBIT enhancement of 81.0% yoy. Following the acquisition spree on the local pharmacy market in 1H08, the pharmacy business contributed to the group's top-line growth with a 13% increase.

Sales profile in 9M09



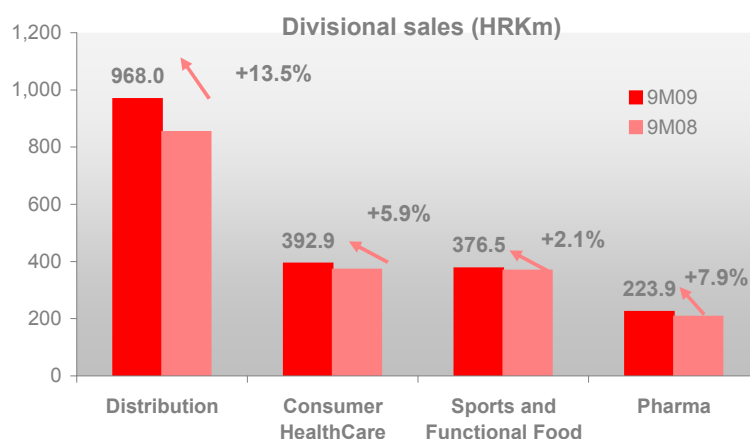
- 44.4% Own brands
- 38.8% Principal brands
- 6.4% Private label
- 10.4% Farmacia

FY09/10 Guidance

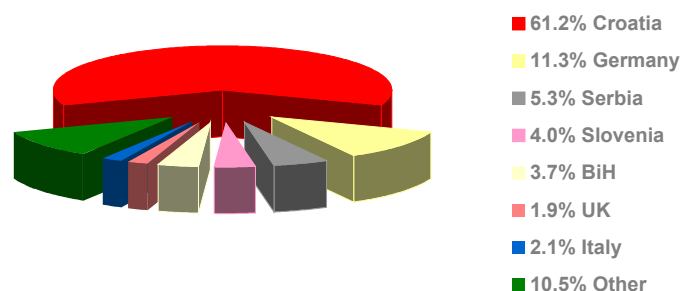
With full awareness of the severity of the macroeconomic downturn and aggravated liquidity, the management makes substantial efforts in creation of new opportunities for the organic growth and for the growth via acquisitions. Among the new opportunities in FY09, the management emphasizes: (i) launch of Cedevida GO!, (ii) further expansion and balancing of distribution product portfolio (Ferrero program in Slovenia, Karolina program in Croatia), (iii) opening of new pharmacy units and (iv) launch of new endurance line Active in the Sports and Functional Food division. Thereby, Cedevida GO! opens up entirely new distribution channel for Cedevida – consumption on the go and therewith enables Cedevida to cover three key pillars of consumption – households, HoReCa and on the go consumption.

Medium-term strategic development

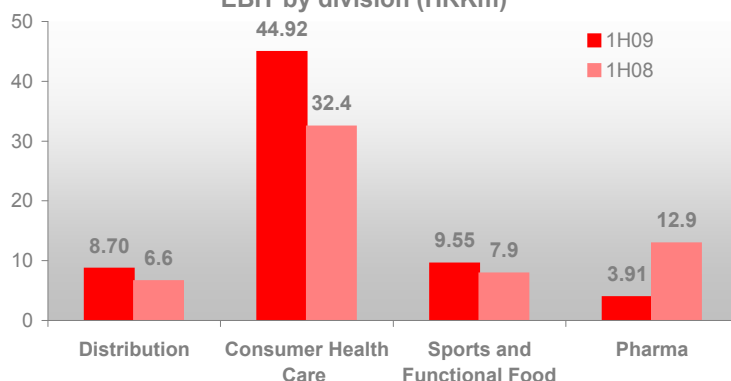
Atlantic Grupa plans to further capitalize on winning combination of organic growth and carefully planned acquisitions in the selected market niches with value-creative IRR on the group level. Specifically, the management plans to target pharmacies in Croatia with an aim to further extend Farmacia pharmacy chain as already evidenced by the latest acquisition of 5 pharmacies and 7 specialised stores with sales of ca. HRK50m. Additionally, these developments should be supported with strategic focus on increasing participation of better-margin non-prescription drugs in the pharmacy product portfolio. The management will as well target companies and brands in the food supplements and the sports nutrition segments in the EU market (particularly in the CEE, Germany and Scandinavia). The management expects products under the best-selling Cedevida brand (including the launch of Cedevida GO!) and the second best-selling Multipower brand with developed distribution infrastructure to ensure the medium-term organic growth.



Geographic sales profile in 9M09



EBIT by division (HRKm)



FY09 Guidance ex. one-offs*

(in HRKm)	2008	2009E	% change
Revenues	2,024	2,166	7%
Sales	2,003	2,143	7%
EBITDA	169	194	14.3%
EBIT	129	147	13.4%

*Guidance reflects organic development; One-offs from non-recurring gain on purchase of minority interest in Cedevida (HRK10m) and the sale of Neva production location

Cedevida GO! project

Project value	HRK 75m
Capex 2002-2009	HRK 45m
Payback period	5-6 years
Region-wise distribution	

