

Atlantic Grupa

Company of Added Value

Regional SEE Capital Markets Day, Vienna 2009



ATLANTIC
G R U P A

CONTENT

- General overview of Atlantic Grupa
- Overview of FY08 and 9M09 financial figures
- Divisional overview
- FY09/FY10 Guidance

VERTICALLY INTEGRATED COMPANY IN **CONSUMER HEALTHCARE** BUSINESS

- The leading European company in the sports nutrition
- Leader in the vitamin instant drinks in the SEE region
- Producer of the No1 Croatian brands in the VMS and the OTC
- The largest private pharmacy chain in Croatia
- The leading FMCG distributor in the SEE region

Key brands:

MULTIPOWER

CEDEVITA

DIETPHARM

FARMACIA

Distinguished International Brands (Ferrero, Wrigley, Duracell, Johnson & Johnson)

Business Card of Atlantic Grupa

Headquarter	Zagreb, Croatia
Market position in Croatia	1
Employees (as of September 30, 2009)	1,740
Markets	30
Representative offices	9
FY08 sales	EUR278m (+20% yoy)
Expected FY09 sales	EUR290m



farmacia+

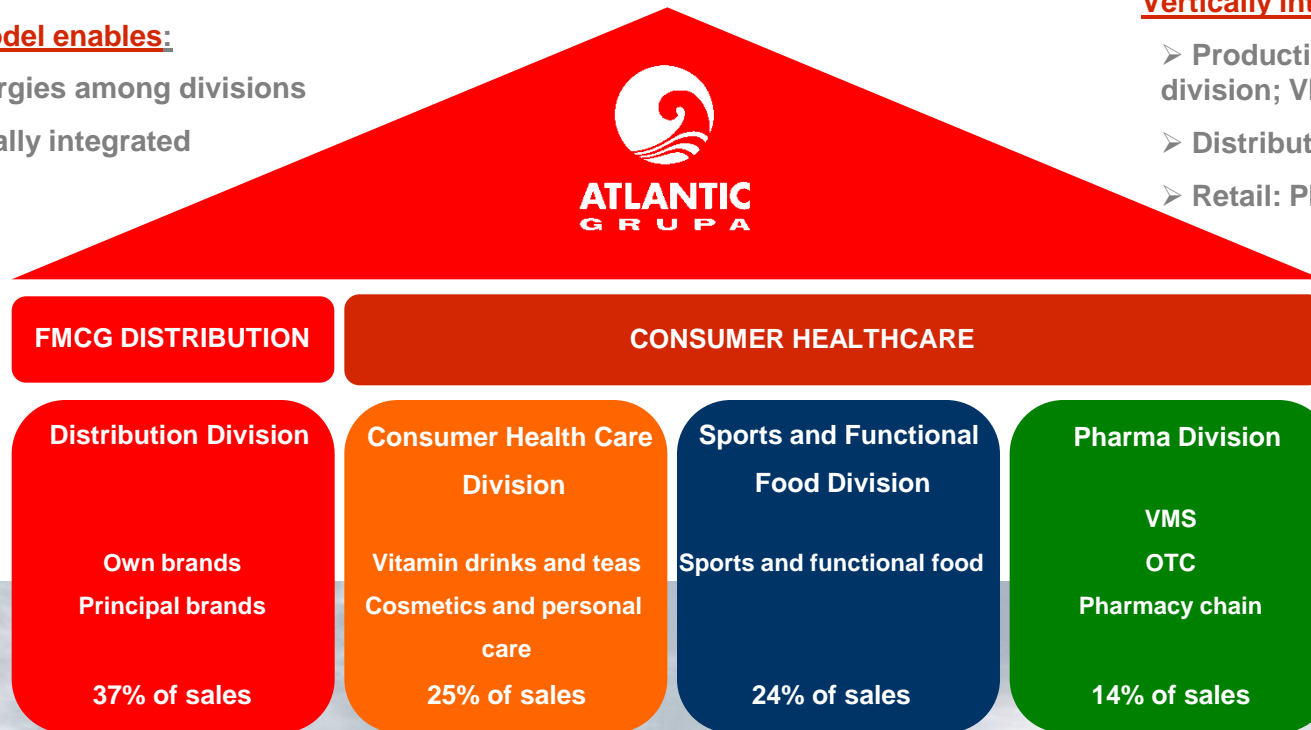
VERTICALLY INTEGRATED COMPANY IN THE *CONSUMER HEALTHCARE* BUSINESS

This business model enables:

- Exploring synergies among divisions
- Running vertically integrated organization

Vertically integrated organization:

- Production: CHC division, SFF division; VMS/OTC production
- Distribution
- Retail: Pharmacy chain



SYNERGIES



DEVELOPMENT CYCLE

Development based on:

- Carefully thought diversification strategy in the Consumer HealthCare segment
- Extensive M&A track record
- Foray into the selected industry niches

Croatian company

- 1999 Cooperation Johnson & Johnson
- 1996 Cooperation Duracell
- 1994 Distribution centre Rijeka
- 1994 Distribution centre Osijek
- 1992 Distribution centre Split
- 1991 Cooperation Wrigley

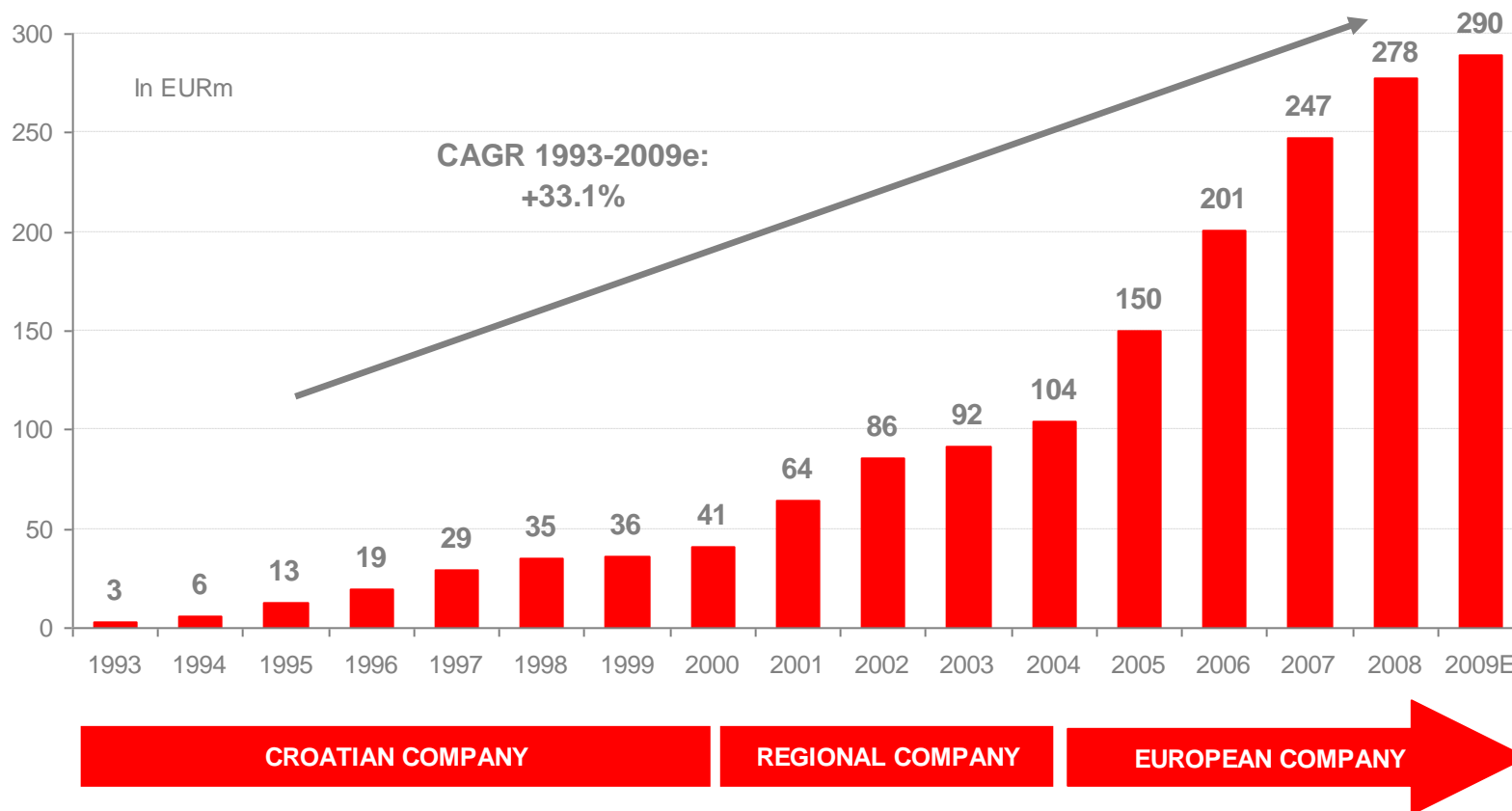
Regional company

- 2004 Melem
- 2004 Atlantic Ljubljana
- 2003 Atlantic Skopje
- 2003 Neva
- 2001 Cedevida
- 2001 Atlantic Beograd
- 2001 Representative office Sarajevo

European company

- 2008 Acquisition of pharmacies – Farmacia
- 2007 IPO
- 2007 Višički komerc (Macedonia)
- 2007 Multivita (Serbia)
- 2007 Fidifarm (Croatia)
- 2007 Representative office Moscow
- 2006 Power Gym (affiliated company in UK)
- 2005 Haleko Italy (affiliated company in Italy)
- 2005 Haleko

SALES GROWTH 1993-2009e



GEOGRAPHICAL PRESENCES



➤ Companies and representative offices across Europe

➤ Presence on **30 markets**

OVERVIEW OF THE FY08 FINANCIAL FIGURES

In HRKm	FY08	FY07	FY08/FY07
Revenues	2,024.5	1,699.1	19.1%
Sales	2,002.9	1,670.0	19.9%
EBITDA	169.3	132.3	27.9%
EBITDA margin	8.45%	7.92%	+53 bps
EBIT	129.4	95.1	36.0%
EBIT margin	6.46%	5.70%	+77 bps
Net profit	68.6	46.4	47.9%

➤ **Strong organic growth:**

- ✓ Sales +6% yoy
- ✓ EBIT +19% yoy
- ✓ EBITDA+14% yoy
- ✓ Net profit +24% yoy

➤ **Acquisition of pharmacies** contributed to the top-line growth with +13% - HRK221m

➤ **Geographical profile**

- ✓ The dominant market – Croatia up 28.1%
- ✓ The largest organic growth driver – Serbia up 21.7% yoy
- ✓ Growth in CER terms on all key West European markets

OVERVIEW OF THE 9M09 FINANCIAL FIGURES

In HRKm	9M09	9M08	9M09/9M08
Revenues	1,665.9	1,510.9	10.3%
Sales	1,643.0	1,497.2	9.7%
EBITDA	158.9	140.6	13.0%
EBIT	128.6	110.2	16.8%
Net profit after MI	72.2	62.6	15.4%
EBITDA ex. one-offs	151.3	140.6	7.6%
EBIT ex. one-offs	121.0	110.2	9.8%
Net profit ex. one-offs	64.2	62.6	2.6%

➤ Continued growth accompanied with sound liquidity position despite gloomy macro trends

➤ Strong growth rates ex. one-offs:

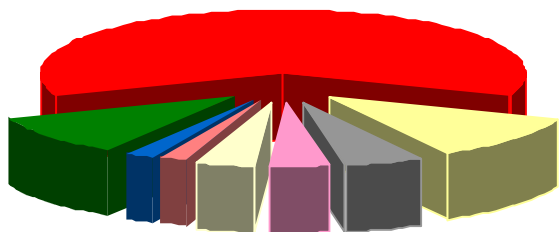
- ✓ Sales +9.7% yoy
- ✓ EBITDA +7.6% yoy
- ✓ EBIT +9.8% yoy

➤ The HRK7.6m in one-offs refer to:

- ✓ Non-recurring gain on purchase of minority interest in Cedevita from DEG
- ✓ One-time cost related to transfer of Neva to new production facility

SALES PROFILE

9M09



■ 61.2% Croatia ■ 11.3% Germany ■ 5.3% Serbia
■ 4.0% Slovenia ■ 3.7% BiH ■ 1.9% UK
■ 2.1% Italy ■ 10.5% Other

➤ Own brands up 6.2% yoy

* Reflecting the launch of Cedevida GO!

➤ Principal brands up 17.4% yoy

➤ Private label down 2.0% yoy

➤ Farmacia up 7.0% yoy

➤ The dominant market – Croatia

* **Growth of 7.6% yoy** despite GDP and private consumption drop

* Growth amidst **new distribution deals, launch of Cedevida GO!, opening of new specialised stores/pharmacies**

➤ Slovenia – the strongest growth from geographic perspective

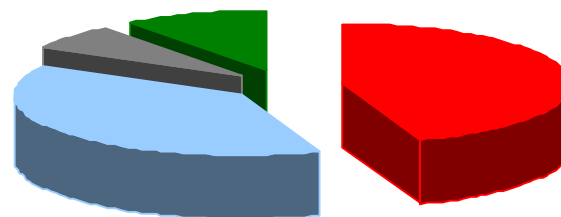
* **Growth of 76.8% yoy**

* Growth drivers: **Ferferro distribution deal and Cedevida GO!**

➤ The key West European markets

* **Growth in Germany** in spite of deteriorated economic environment

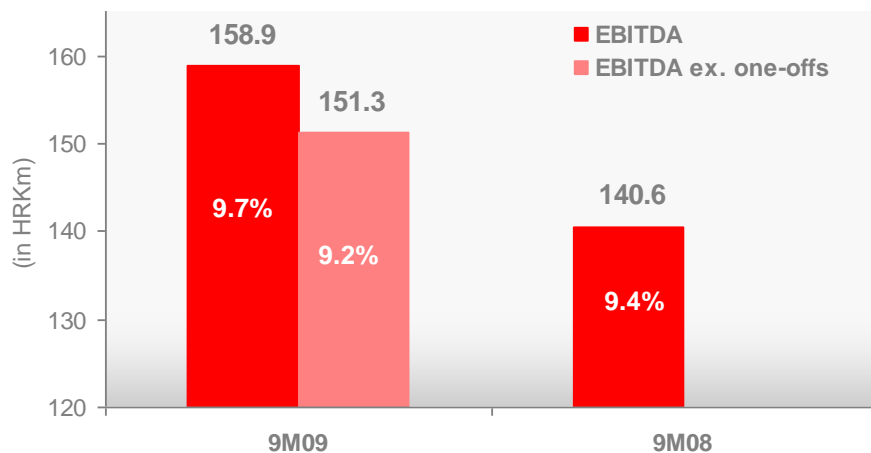
9M09



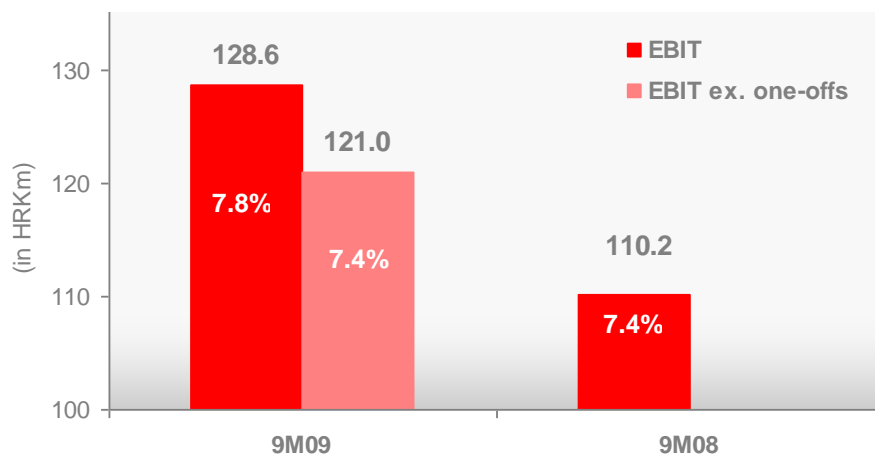
■ 44,4% Own brands ■ 38,8% Principal brands
■ 6,4% Private label ■ 10,4% Farmacia

PROFITABILITY DYNAMICS

EBITDA



EBIT



Optimisation of business operations

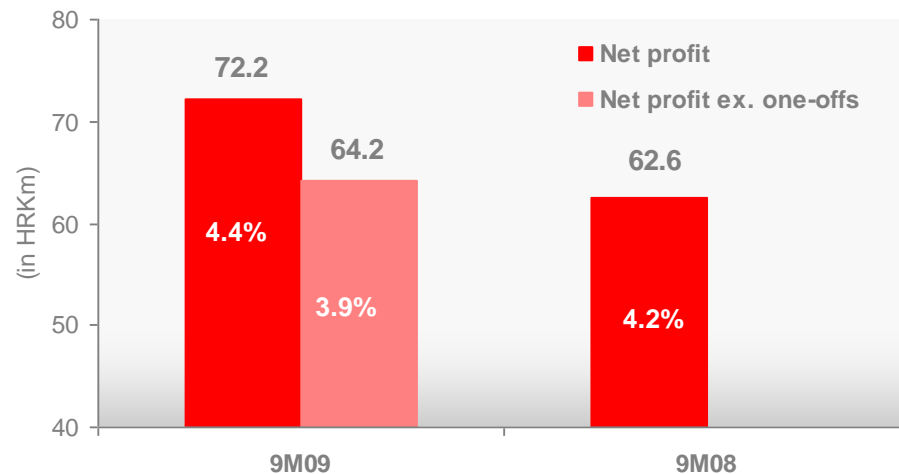


Cost savings



EBITDA	+7.6%	} Ex. one-offs
EBIT	+9.8%	
Net profit	+2.6%	

NET PROFIT



FINANCIAL INDICATORS in 1H09

in HRKm	9M09	9M08
Net debt	304.0	297.1
Total assets	1,731.4	1,470.8
Equity	744.3	654.4
Interest coverage ratio*	7.1	7.5
Current ratio	1.7	1.5
Gearing ratio	29.0%	31.2%
Capex	83.2	51.2
Cash flow from operating activities	67.4	55.4
*Ex. one-offs		

Key highlights:

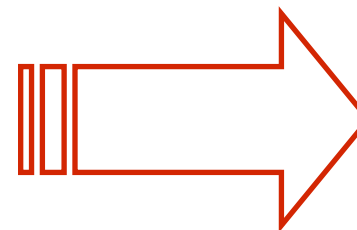
- Very stable balance sheet
- Liquidity maintenance
- Prudent debt management

- Maintenance of stable cash flow from operating activities

- Available ca. HRK190m in cash for new acquisitions and capex financing

Key highlights:

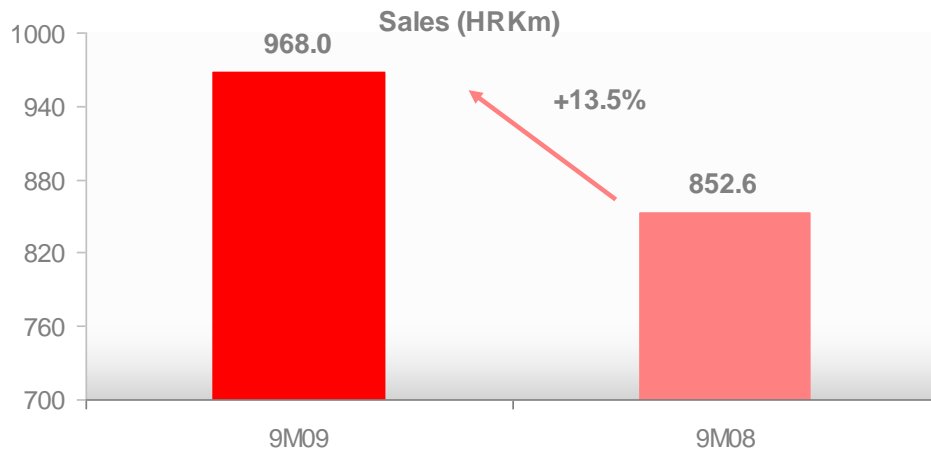
- Strong interest coverage
- Favourable gearing ratio
- Exploitation of available **IR hedging instruments**
(the long-term financial debt cost fixed below 5%)
- No refinancing requirement - favourable debt structure with the majority maturing in 2011



Management pays **special focus** on these given generally arguably unfavourable financing environment

DISTRIBUTION DIVISION

- The **leading regional distributor of FMCGs** with top global and regional brands



Sales growth drivers

- Continuously adding new distribution deals
 - ✓ *diversification of distribution portfolio*
- Growth across all distribution channels (retail/HoReCa)
- New distribution deals as growth drivers in FY09:
 - ✓ Karolina brand
 - ✓ Ferrero program in Slovenia
 - ✓ Nestle's NESCAFE in the HoReCa channel

Profitability growth drivers

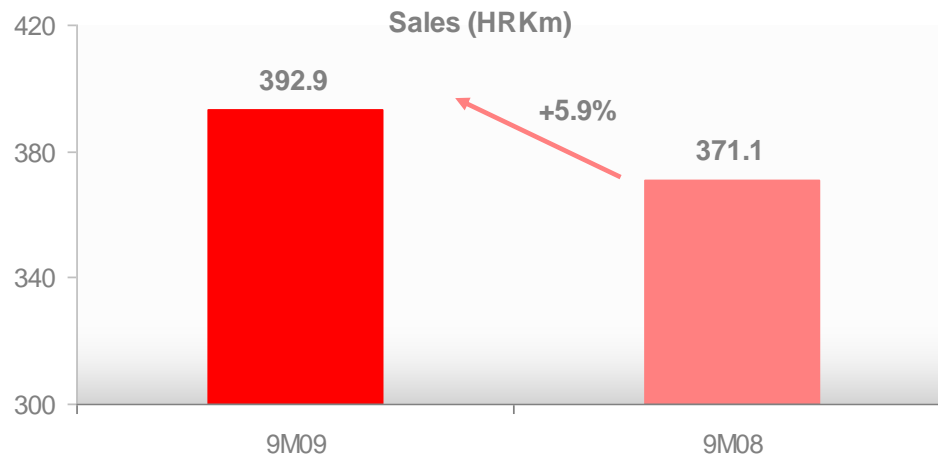
- **Economies of scale**
- Developed network of distribution centres
- Bargaining power
- Exploring brand synergies
- **Extensive know-how**



CONSUMER HEALTHCARE DIVISION

➤ Integrates R&D, manufacturing, packaging, marketing and sales of:

- ✓ **Cedevita** vitamin instant drinks → No1 producer in the SEE region
- ✓ Personal care products: **Plidenta** toothpaste, **Rosal** lip balm



Profitability growth drivers

- Best-margin division
- Cedevita entering new distribution channels
- Business processes' improvements

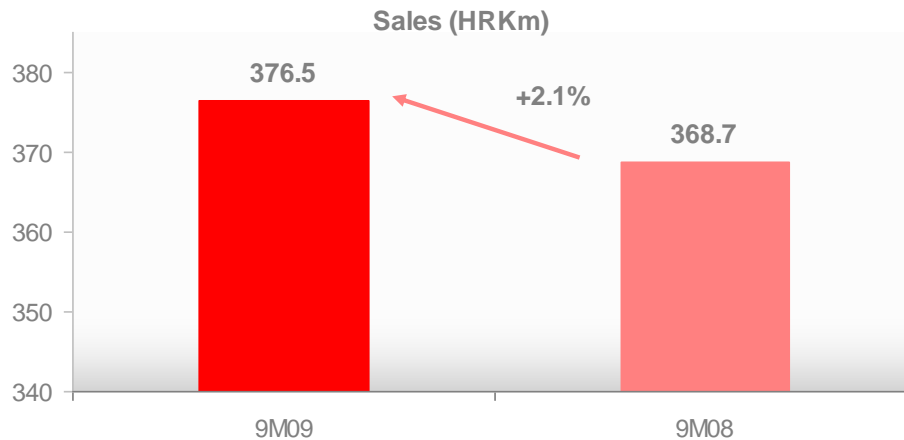
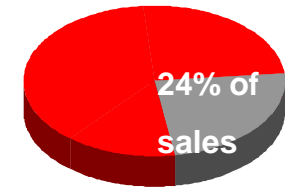


Growth drivers

- Strength of the *Cedevita brand*
 - ✓ Atlantic's *best selling brand*
- New distribution channels for Cedevita
 - ✓ HoReCa
 - ✓ On-the-go consumption – **Cedevita GO!**
- Markets with high consumption potential
 - ✓ Serbia
 - ✓ Slovenia
- Cedevita GO! snatching 4.0% value market share on the fragmented Croatian on-the-go market in the period from the distribution start in February up to July
- Cedevita GO! distributed region-wise
- Cedevita GO! as prime example of exploring synergies among divisions

SPORTS AND FUNCTIONAL FOOD DIVISION

- Integrates R&D, manufacturing, packaging, marketing
- Key brand: **Multipower** for sports and functional nutrition



Growth drivers

- Strength of the *Multipower brand*
 - ✓ Atlantic's *second best selling brand*
- The leading market position in Germany, Norway, Sweden
- Markets with the highest growth: Russia, Sweden, Spain
- Successfully completed restructuring
 - ✓ *the highest EBIT growth of 81.0% yoy among divisions in FY08*
- Innovative product line
 - ✓ Launch of endurance line – Active Multipower
 - ✓ Consumer base expansion (outside gyms and fitness centres)
 - ✓ Cooperation with the cycling equipment manufacturer – Shimano



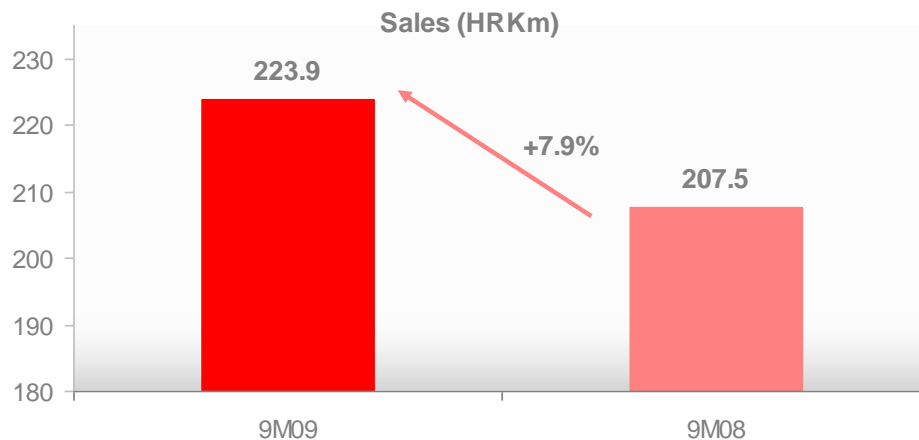
PHARMA DIVISION

- R&D, manufacturing, packaging, marketing and sales of VMS and OTC
- Key brand in the VMS and OTC segment - **Dietpharm**
- The largest private pharmacy chain in Croatia - **Atlantic Farmacia**



Growth drivers

- Acquisition of pharmacies/launch of specialised stores
 - ✓ new distribution channel
- Farmacia counts 41 pharmacies/specialised stores
- Focus on non-prescription drugs in pharmacies
- **Launch of drug wholesale business**
 - ✓ Differentiated strategic focus on VMS and OTC through exclusive distribution deals
 - ✓ Vertical integration within division:



farmacia 



Production (Dietpharm)



Distribution (Wholesaler Fidifarm)



Retail (Farmacia)

FY09 GUIDANCE DURING UNFAVOURABLE MACROECONOMIC SETUP

In HRKm	2009 Plan	2008	2009/2008
Revenues	2,166	2,024.5	7.0%
Sales	2,143	2,002.9	7.0%
EBITDA	194	169.3	14.3%
EBIT	147	129.4	13.4%

Guidance:

- (i) reflects organic development
- (ii) ex. one-offs from 9M09 figures

FY09/FY10 GUIDANCE DURING UNFAVOURABLE MACROECONOMIC SETUP

Strategic focus during economic crisis

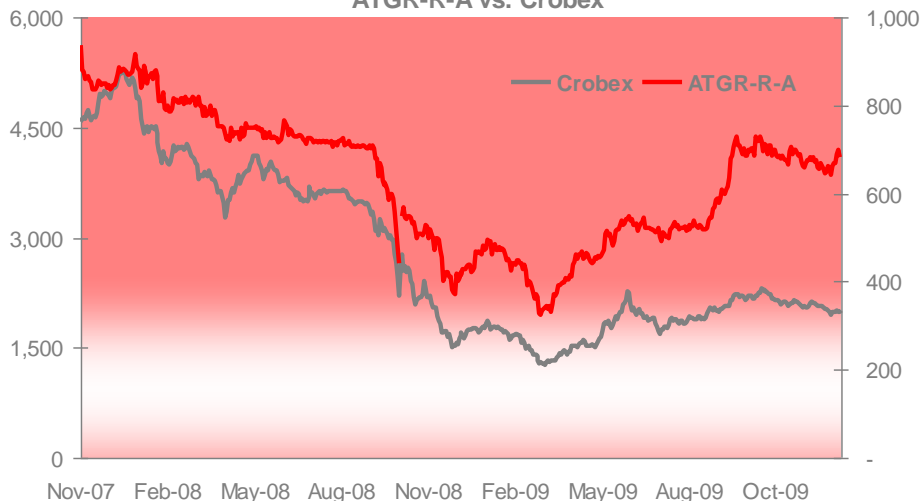
- ✓ Creation of new opportunities for the organic growth and growth via acquisitions
- ✓ Cost efficiency
- ✓ Financial stability enabling flexibility for development of initiatives for the company's long-term growth
- ✓ Liquidity maintenance
- ✓ Business process improvements

M&A strategy

- acquisition valuation premiums that would secure value-creative IRR
- ✓ In segments that strategically fit the company's further development:
 - ✓ Pharmacies in Croatia
 - ✓ Companies and brands in the food supplements segment in the CEE market, Germany, Scandinavia
 - ✓ Companies and brands in the sports nutrition in the EU market
 - ✓ Distribution companies with higher margin distribution

ATLANTIC GRUPA ON THE CAPITAL MARKET

ATGR-R-A vs. Crobex



➤ Performance (with PPS of HRK 681 as of 31/12/2009):

✓ ATGR-R-A +47.7% in 2009

✓ CROBEX +16.4% in 2009

➤ Outperformance resulting from:

✓ Strong ownership structure

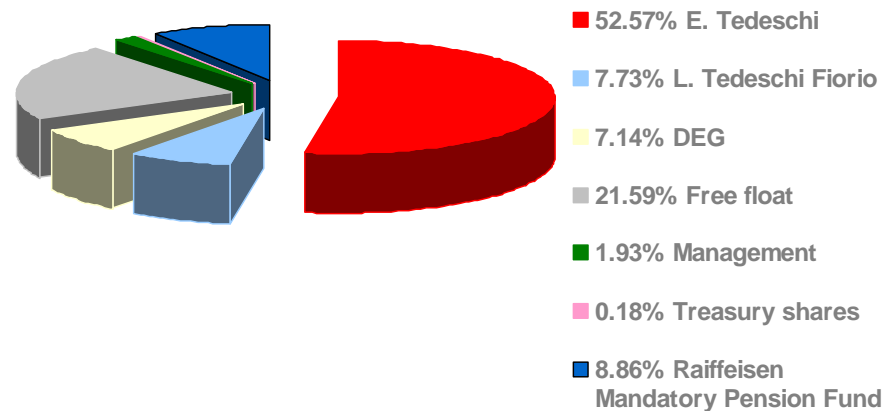
✓ Strong business fundamentals

➤ All domestic mandatory pension funds in top 10 shareholders

Share info & valuation	12-month Trailing
PPS (as of 31/12/09)	681.0
MCap (HRK 000)	1,682,091
Av. daily turnover (HRK)	359,837
EV (HRK 000)	2,016,026
EV/EBITDA	11.20
EV/EBIT	14.38
EV/sales	0.95
EPS (HRK)	28.65
P/E	23.77

* Calculated based on figures ex. one-offs

Shareholder structure on December 31, 2009



CONTACTS

➤ Maja Barac, CFA

Head of Investor Relations

maja.barac@atlantic.hr

ir@atlantic.hr

+385 1 24 13 908