ATLANTIC GRUPA

Management presentation amidst bond refinancing

7 September 2011

ATLANTIC
GRUPA

CONTENT:

VERTICALLY INTEGRATED FOOD AND BEVERAGE COMPANY

- Among the leading European companies in the **sports nutrition**
- Among the leading **soft drinks** producer in the ex-Yugoslav area
- One of the leading **coffee producer** in the ex-Yugoslav region
- Among the leading **savoury spreads** producer in the ex-YU
- Among the leading **confectionary & snacks** producer in the ex-YU
- Producer of No1 Croatian brand in **the VMS and the OTC**
- The largest private **pharmacy chain** in Croatia
- The leading **FMCG distributer** in the SEE region

Key brands:

MULTIPOWER

CEDEVITA, COCKTA, DONAT Mg

GRAND KAFA, BARCAFFE

ARGETA

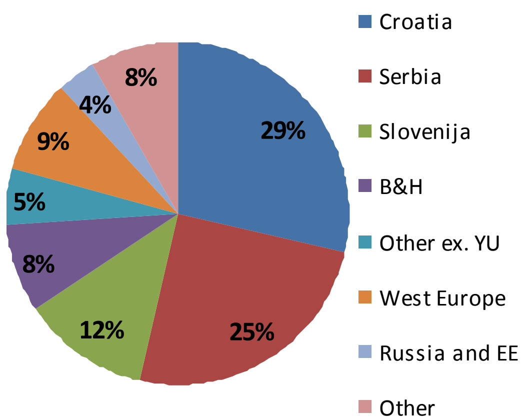
SMOKI, NAJLEPŠE ŽELJE, BANANICA

DIETPHARM

FARMACIA

International Brands (Ferrero, Wrigley…)

Headquarter	**Zagreb, Croatia**
Employees (30/06/2011)	**4.310**
Markets	**30**
Pro-forma FY10 sales	**HRK 4,5bn**

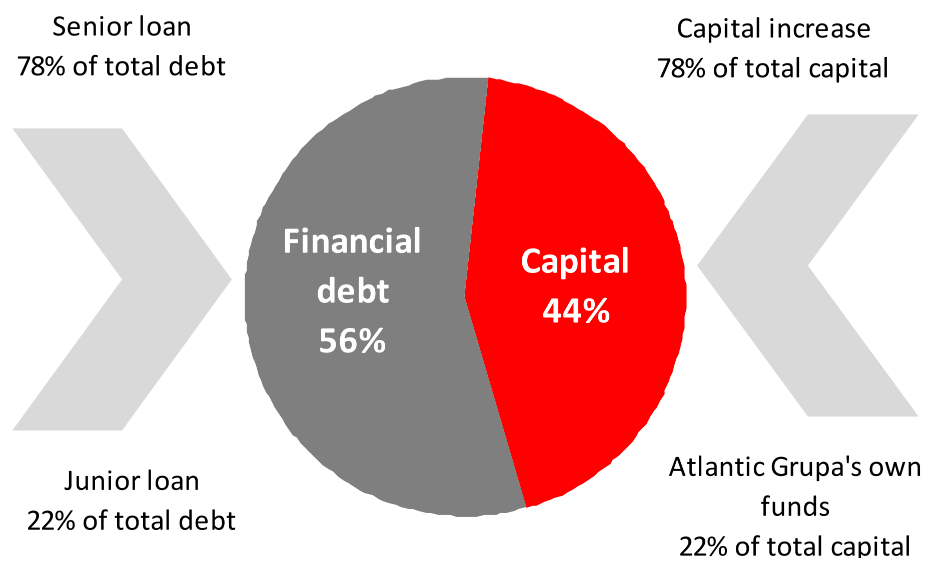


BUSINESS DEVELOPMENT: The acquisition of Droga Kolinska

❖ At the end of November 2010, Atlantic Grupa successfully acquired regional food & beverages company – **Droga Kolinska -** from company Istrabenz d.d.

	Droga Kolinska
Ownership	100%
Equity value (EURm)	243.109
Enterprise value (EURm)	382
2010 EV/Sales	1.2
2010 EV/EBITDA	8.7
2010 P/S	0.8
2010 P/EBITDA	5.5

Financing structure of equity value



ATLANTIC GRUPA'S BUSINESS MODEL

ATLANTIC GRUPA

Division Distribution	Division Consumer HealthCare	Division Sports and Functional Food	Division Pharma	Division Droga Kolinska
Own brands External brands – Ferrero, Wrigley, J&J, Duracell, One2play, ect.	Vitamin drinks and teas - **CEDEVITA** Cosmetics and personal care – **PLIDENTA, MELEM, ROSAL**	Sports and Functional Food – **MULTIPOWER, CHAMP, MULTABEN**	VMS - **DIETPHARM** OTC - **FIDIFARM** Pharmacy chain **FARMACIA**	Coffee – **GRAND KAFA, BARCAFFE** Savoury spreads - **ARGETA** Sweet and salted snacks – **SMOKI, BANANICA** Beverages – **COCKTA, DONAT Mg** Baby food - **BEBI**

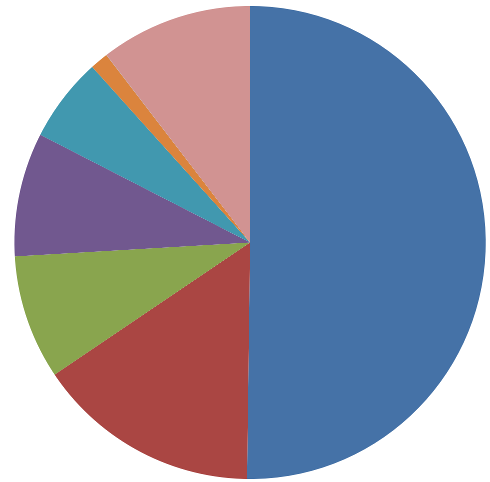
❖ Following Droga Kolinska's acquisition in 2010 – Atlantic Grupa's divisional structure has been retained which enables running vertically integrated organisation

❖ Droga Kolinska has been established as the fifth operating division

STABLE MANAGEMENT TEAM AND OWNERSHIP STRUCTURE

Management

Ownership structure on 30/06/2011



- 50,20% Emil Tedeschi
- 15,33% Pension funds
- 8,53% EBRD
- 8,49% DEG
- 5,79% Lada Tedeschi Fiorio
- 1,25% Management
- 0,01% Treasury shares
- 10,39% Other

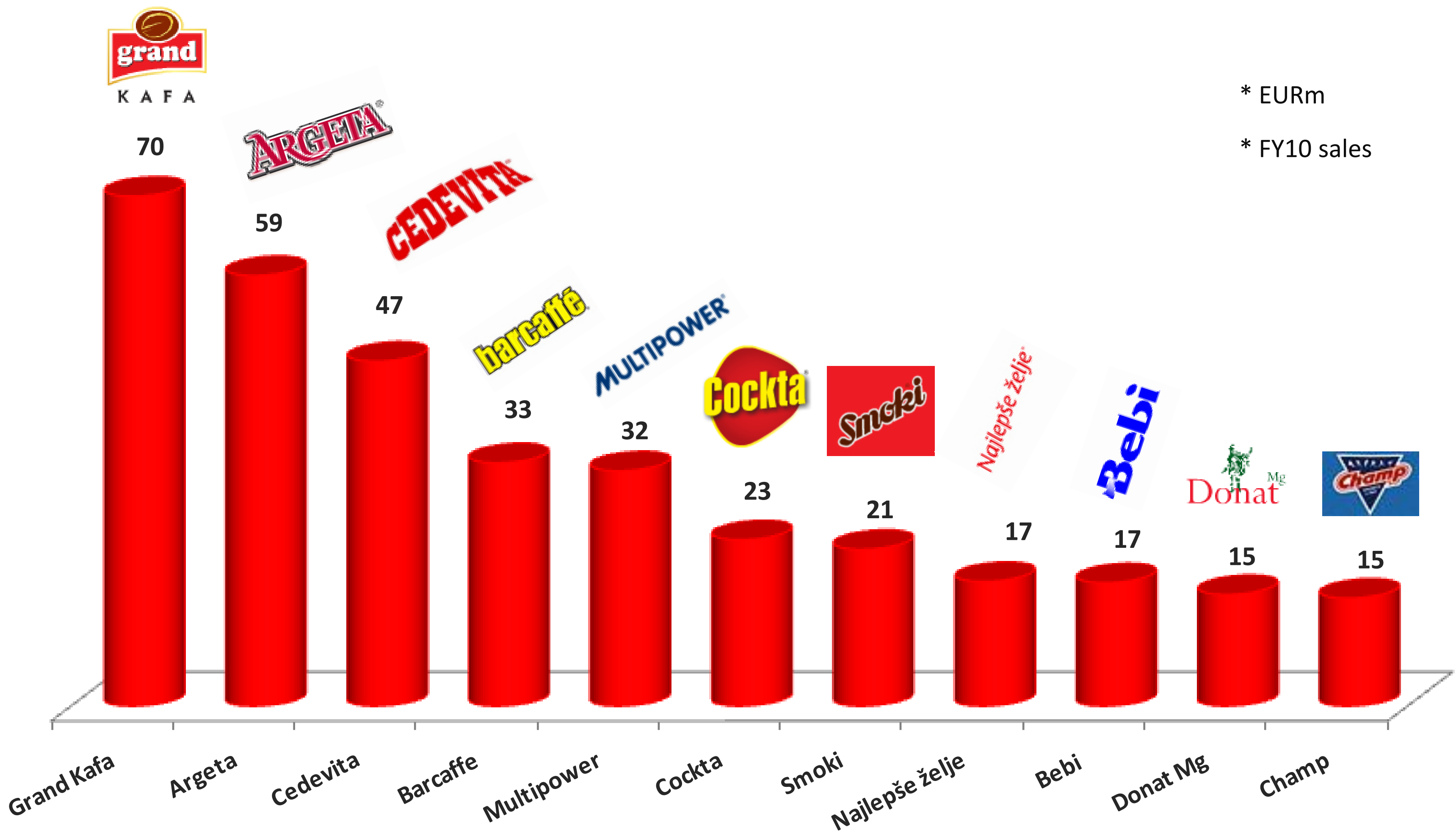
Supervisory board

Zdenko Adrović	Lada Tedeschi Fiorio	Siniša Petrović	Željko Perić	Karl Weinfurtner	Saša Pekeč	Vedrana Jelušić-Kašić
President of the Supervisory Board	Vice President of the Supervisory Board	member of the Supervisory Board	member of the Supervisory Board	member of the Supervisory Board	member of the Supervisory Board	member of the Supervisory Board

Supervisory Board

- Audit Committee
- Nomination and Remuneration Committee
- Corporate governance Committee

BRANDS OVERVIEW: 11 brands with sales ≥ EUR15m



CONTENT:

FINANCIAL OVERVIEW : 2007 - 2010

In HRKm	FY10	FY09	FY08	FY07	CAGR 10/07	2010/2009
Revenues	2.302	2.222	2.020	1.699	10,7%	3,6%
Sales	2.269	2.199	2.003	1.670	10,8%	3,1%
Normalized EBITDA	202	189	169	132	15,1%	6,5%
Normalized EBIT	147	146	129	95	15,5%	0,3%
Normalized Net profit	97	90	78	54	21,3%	8,4%
EBITDA margin*	8,9%	8,6%	8,5%	7,9%	+97bb	+28bb
EBIT margin*	6,5%	6,6%	6,5%	5,7%	+77bb	-19bb
Net profit margin*	4,3%	4,1%	3,9%	3,3%	+103bb	+21bb

Net debt	2.467	271	289	89
Total assets	5.101	1.775	1.727	1.499
Equity	1.455	758	740	674
Gearing ratio	62,9%	26,3%	28,1%	11,6%

- Growth in challenging macro milieu thanks to innovation

Balance sheet as of YE10 reflects consolidation of Droga Kolinska, but P&L accounts not consolidated in FY10 (consolidation starts as of 01/01/2011)

* Normalized margins

FINANCIAL OVERVIEW: Pro-forma consolidation with Droga Kolinska in FY10

Key figures (HRKm)	AG	DK	2010
Revenues	2.302	2.283	**4.584**
Sales	2.269	2.244	**4.513**
Normalised EBITDA	202	321	**523**
Normalised EBIT	147	169	**316**
Normalised Net profit	97	76	**173**
Normalised EBITDA margin	8,9%	14,3%	**11,6%**
Normalised EBIT margin	6,5%	7,5%	**7,0%**
Normalised Net profit margin	4,3%	3,4%	**3,8%**

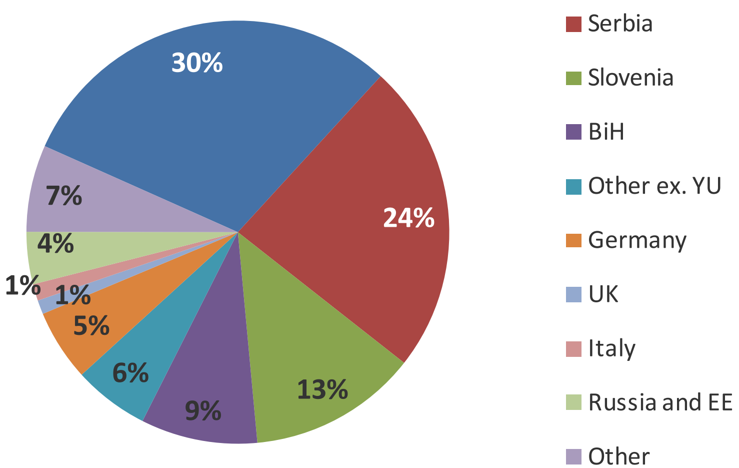
- Enhanced profit margins once Droga Kolinska consolidated, with the most pronounced improvement at EBITDA margin largely thanks to Droga Kolinska's higher gross profit margin amidst own brands-oriented product mix

* Droga Kolinska's EBIT and Net profit do not reflect goodwill impairment of EUR4.9m

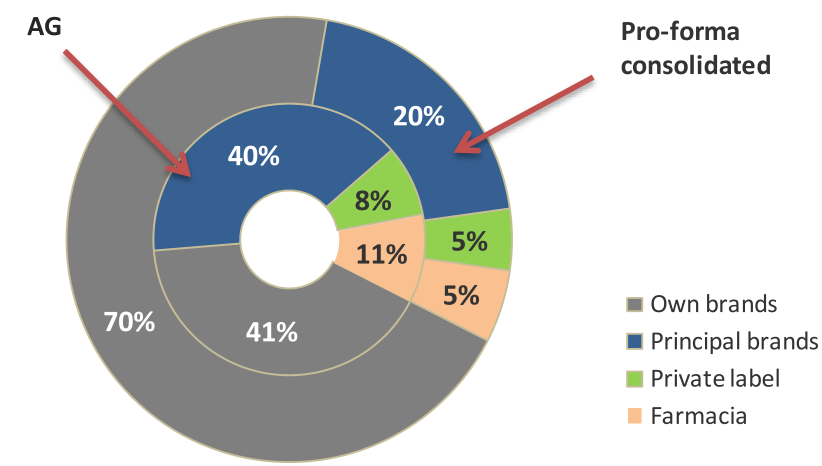
* Pro-forma consolidation reflects added results of two companies, but does not reflect actual and potential positive and negative effects of consolidation of two companies

FINANCIAL OVERVIEW: Pro-forma consolidated sales in FY10

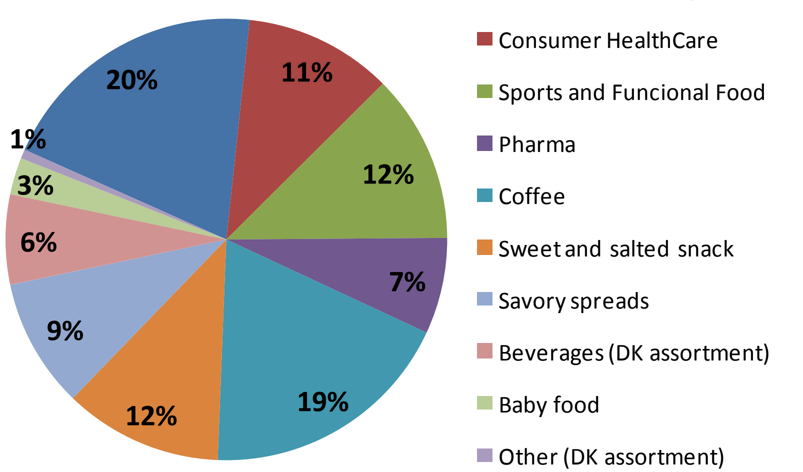
Consolidated geografical profile



Sales profile



Sales by categories



- Croatia, Serbia and Slovenia are top 3 markets in geographic sales profile
- Key WEU (Germany, UK, Italy) and Russia & EE combine altogether 12% of Group's sales
- Coffee is the largest product category followed by Sports and Functional Food and Sweet and salted snacks product categories
- Own brands comprise 70% of Group's sales

FINANCIAL OVERVIEW: FY10 Financial indicators

in HRKm	2010	2009
Net debt	**2,467.1**	**270.6**
Total assets	5,101.1	1,775.3
Equity	**1,455.5**	**757.8**
Interest coverage ratio*	4.9	6.9
Gearing ratio	**62.9%**	**26.3%**
Current ratio	1.3	1.7
Net debt/EBITDA*	**4.7**	**1.4**
Capex (net of receipts from sale)	24.1	44.0
Cash flow from operating activities**	**99.9**	**110.1**

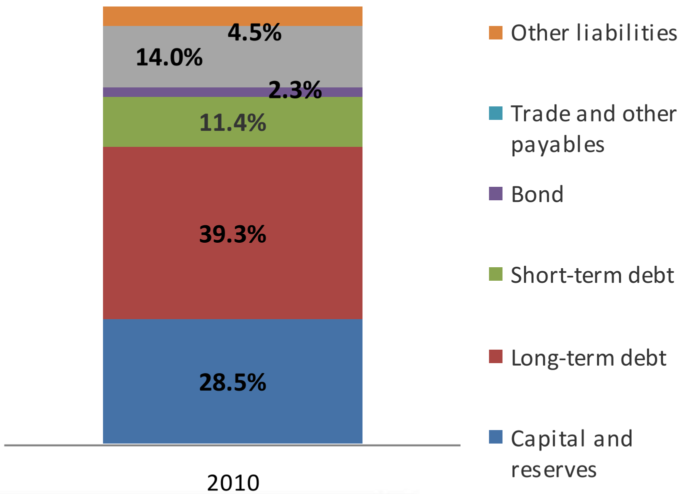
*Ex. one-offs, pro-forma
** Excluding impact of transaction costs

Debt indicators:

- ❖ Net debt – to – pro-forma consolidated normalized EBITDA ratio at 4.7 times
- ❖ Pro-forma consolidated normalized EBITDA – to – pro-forma consolidated interest expense ratio at 4.9 times
- ❖ Gearing ratio of 62.9% vs. 26.3% at the YE09

- ❖ At the YE10, Atlantic Grupa's balance sheet positions reflect consolidated balance sheet of Droga Kolinska
- ❖ Total shareholders equity of HRK1.455m reflects capital increase of HRK605m
- ❖ HRK2.5bn in net debt reflects:

i. Atlantic Grupa's existing leverage of HRK 0.5bn
ii. Droga Kolinska's existing indebtness of HRK 1.0bn
iii. HRK 1.1bn in new financing related to acquisition of Droga Kolinska
iv. HRK237m cash at disposable



CONTENT:

BUSINESS OVERVIEW in 1H11

Integration of Atlantic Grupa and Droga Kolinska

Sales and distribution

- Setting up joined distribution on all regional markets: establishing independent distribution companies on each regional market that are consolidated in the Distribution division
- Implemented new commercial terms on all regional markets
- Sales force optimized

Logistics and investments

- Setting up joined logistics operations and processes (the most complex one in Serbia with 11 distribution centres initially, reallocated to 4 new locations finally)
- Logistics reorganisation in Croatia (in-house logistics as opposed to formerly outsourced logistics)
- Consolidation of office space on all regional markets

Procurement/ Production/ Marketing

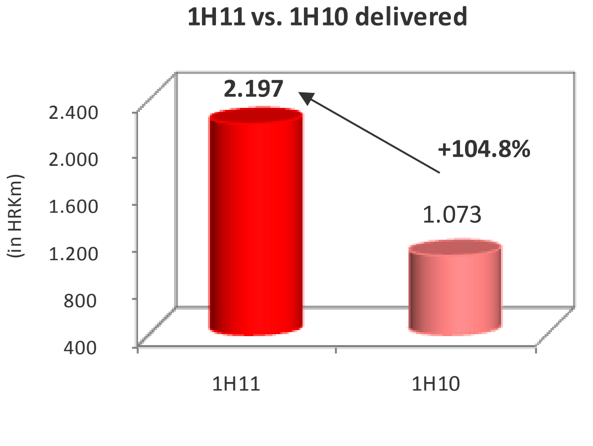
- Implemented centralised procurement system
- Developed purchasing category management concept with lead buyers for key raw materials
- Feasibility studies for consolidation of particular production activities (e.g. transfer of currently outsourced production to in-house production)
- Implemented centralised marketing

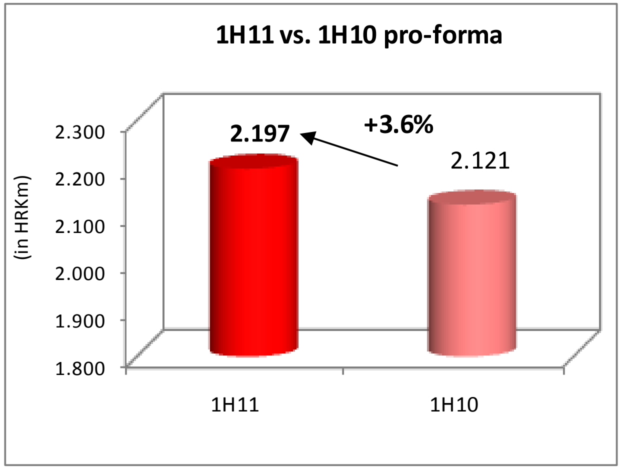
Other

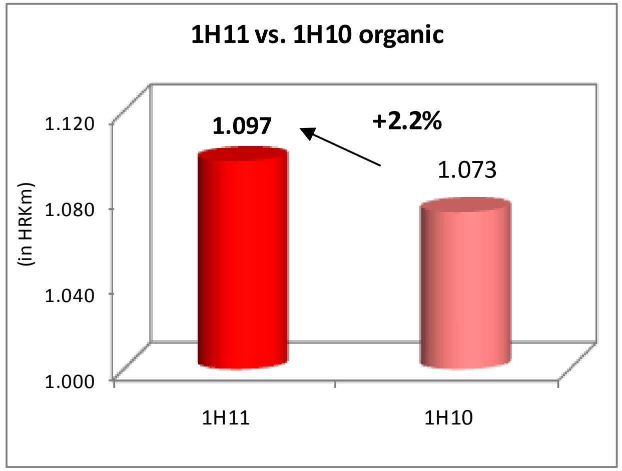
Non-core assets sale

- Atlantic Grupa reached an agreement with the majority owner RTL Group that acquired its 13% share in RTL Hrvatska
- Atlantic Grupa will retain its position in Supervisory Bord of RTL Hrvatska and the symbolic ownership of 0.01% in the company

SALES DYNAMICS in 1H11







*** In 1H11, Atlantic Grupa delivered 104.8% higher sales compared to 1H10**

➢ **Key growth generators:**

* Acquisition of Droga Kolinska
* Sales growth on organic level

*** 3.6% higher sales in 1H11 compared to pro-forma consolidated sales in 1H10**

➢ **Key growth generators:**

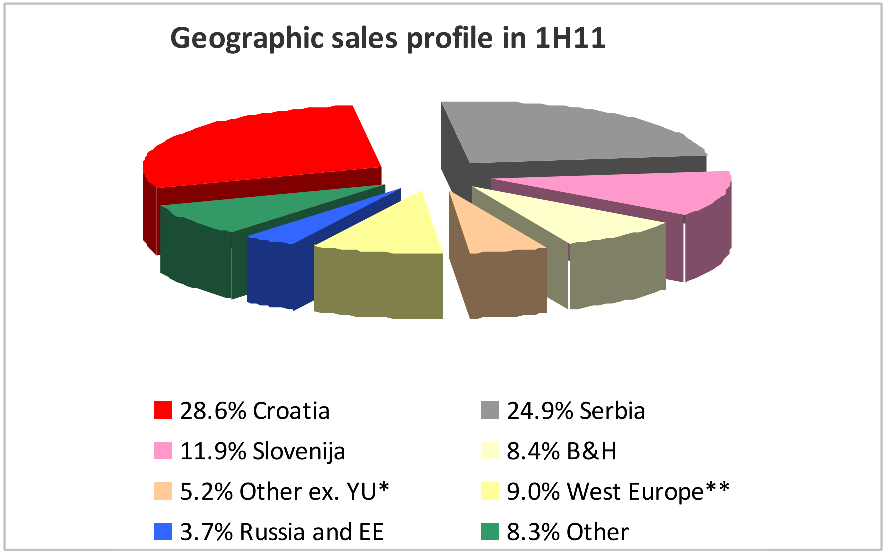
(i) sales increase on regional markets following the acquisition of Droga Kolinska
(ii) sales growth in coffee segment, baby food segment and confectionary segment

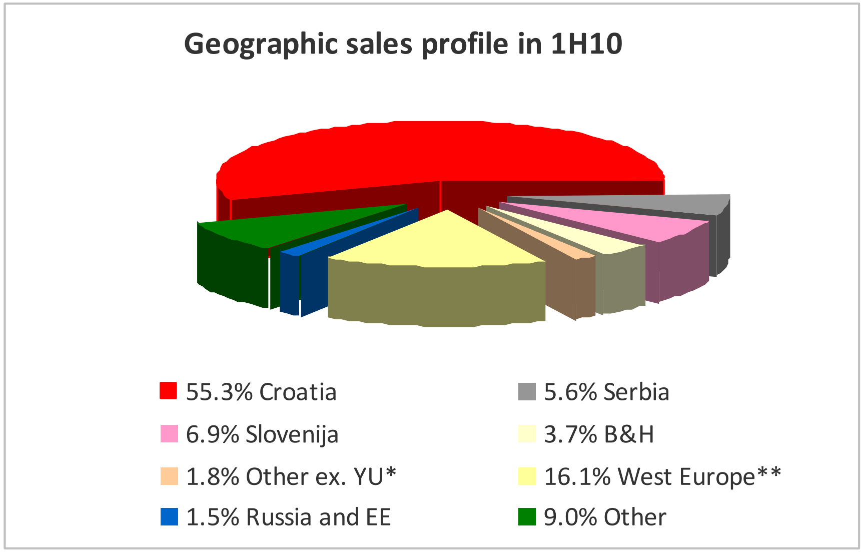
*** Stripping off Droga Kolinska's assortment, Atlantic Grupa posted 2.2% yoy higher sales on organic level**

➢ **Key growth generators:**

(i) growth of sports and functional food brands in Sports and Functional Food division
(ii) growth of private labels
(iii) opening of new pharmacies and specialized stores
(iv) finalising consolidation of pharmacies and specialized stores from the acquired Dvoržak pharmacy chain

GEOGRAPHIC SALES PROFILE





- After the acquisition of Droga Kolinska, Atlantic Grupa's exposure to **Croatia** was reduced to 28.6%, but nevertheless it remained the company's largest market in terms of sale
- 6.0% yoy higher sales
- 3.3% yoy lower sales on organic level reflects still unfavourable macro environment

- **Regional markets** account for 50.4% of sales, whereby Serbia and Slovenia became second and third largest market in terms of sales with 24.9% and 11.9%, apiece
- Serbia's 9.4% growth on pro-forma consolidated basis was buoyed by coffee segment, confectionary segment and functional water segment
- Slovenia posted 1.2% higher sales on pro-forma consolidated basis on the wings of Ferrero assortment and coffee segment

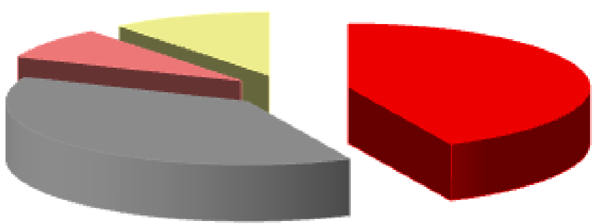
- **Key West European markets**: UK spearheaded the growth with 18.4% growth on organic level, while Germany posted 11.3% growth on organic level in local currency
- Growth reflects higher sales of own brands – Champ and Multaben – as well as higher sales of private label
- **Russia and East Europe**: 2.8% sales increase on pro-forma consolidated level driven by baby food assortment

*Other ex. Yu – Macedonia, Montenegro and Kosovo **West Europe – Germany, United Kingdom, Italy

SALES PROFILE BY BRANDS

1H11

1H10



Own brands

+2.4% on organic level (excluding Droga Kolinska's assortment) **amidst**:
(i) double-digit growth rates in the sports and functional food brands -Champ and Multaben
(ii) growth in the VMS assortment with 6.9% higher Dietpharm sales
(iii) modest sales growth of Cedevita brand

+4.2% higher sales on pro-forma consolidated basis thanks to:
(i) coffee segment with Grand Kafa posting 12.9% higher sales and Barcaffe 6.1% sales growth
(ii) sweet and salted snacks with brands Smoki and Najlepše želje
(iii) baby food assortment with Bebi brand

Principal brands

-8.9% yoy lower sales, while several distribution categories including Ferrero assortment - Kinder and Nutella - as well as One2play assortment delivered growth driven by regional distribution expansion

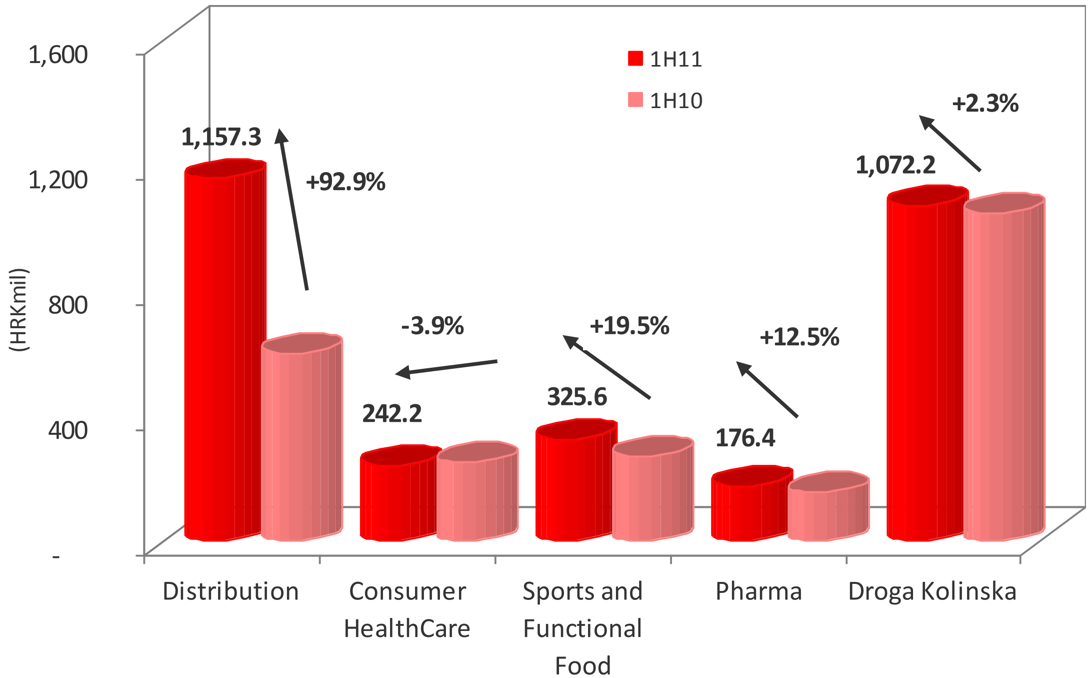
Private label

+38.5% buoyed by growth in private label sales in the sports and functional food portfolio

Farmacia

+13.6% considering:
(i) opening of one pharmacy and two specialised stores in 1H11
(ii) consolidation of the last five pharmacies from the acquired pharmacy chain Dvoržak
+11.7% on organic level stripping off sales delivered by consolidated pharmacies within acquired pharmacy chain Dvoržak

SALES PROFILE BY DIVISION



Division overview:

Distribution

-6.0% excluding Droga Kolinska's assortment reflecting:
(i) decline in private consumption in 1Q11;
Nevertheless, drop was partially alleviated by:
(i) Eastern holidays-driven sales that affected 2Q this year and
(ii) renewal of key customers' contracts

Consumer HealthCare

-3.9% amidst:
(i) consolidation of distribution activities
(ii) anaemic macroeconomic environment particularly on the Croatian market

Sports and Functional Food

+19.5% on wings of:
(i) 21.3% yoy higher sales in Champ brand and 14.9% yoy sales growth in Multaben brand
(ii) private label sales uplift

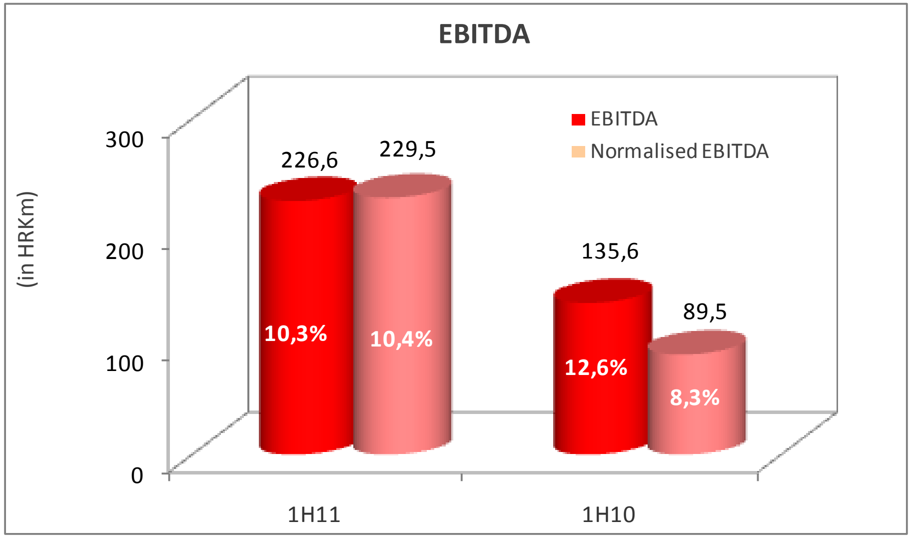
Pharma

+12.5% thanks to:
(i) 14% yoy sales increase in the pharmacy chain Farmacia
(ii) 7% yoy sales advance in Fidifarm

Droga Kolinska

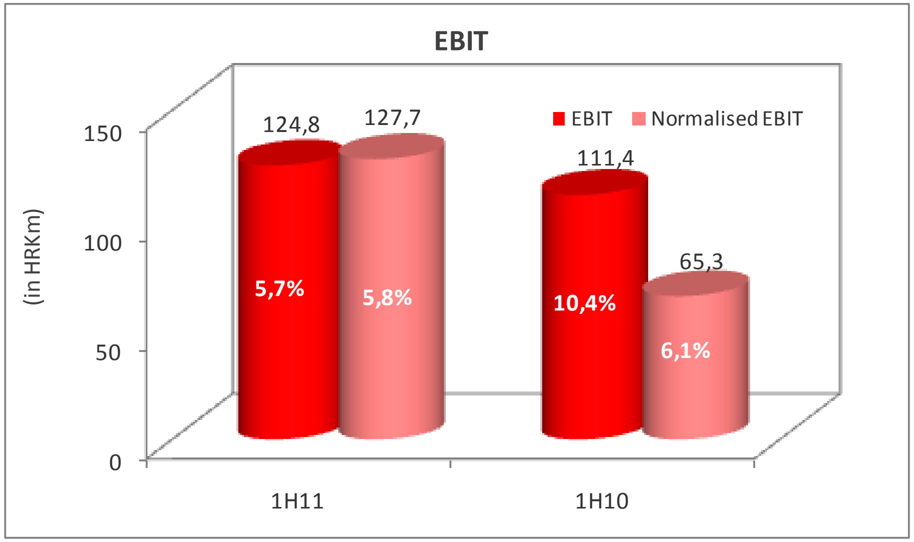
+2.3% following:
(i) sales rebound in the 2Q11 by 7.2% yoy
(ii) finalisation of integration activities within distribution segment

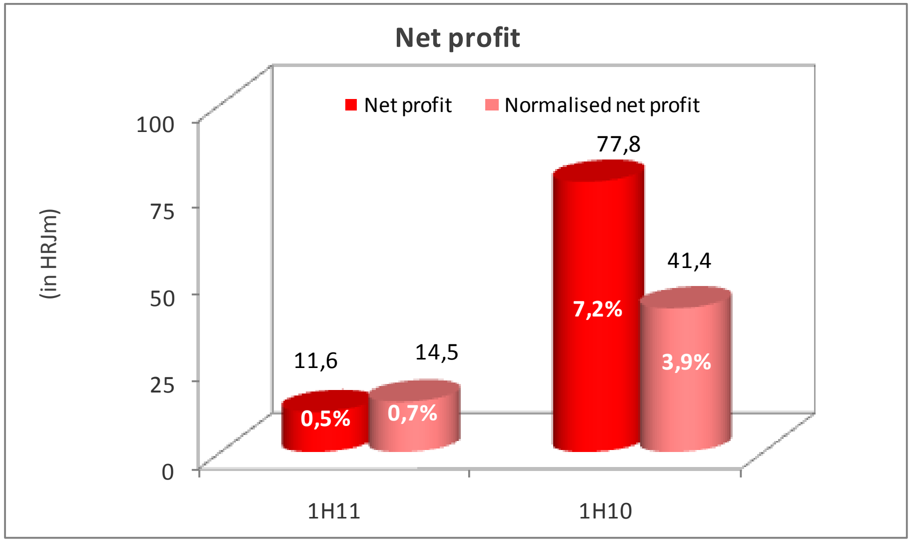
PROFITABILITY DYNAMICS



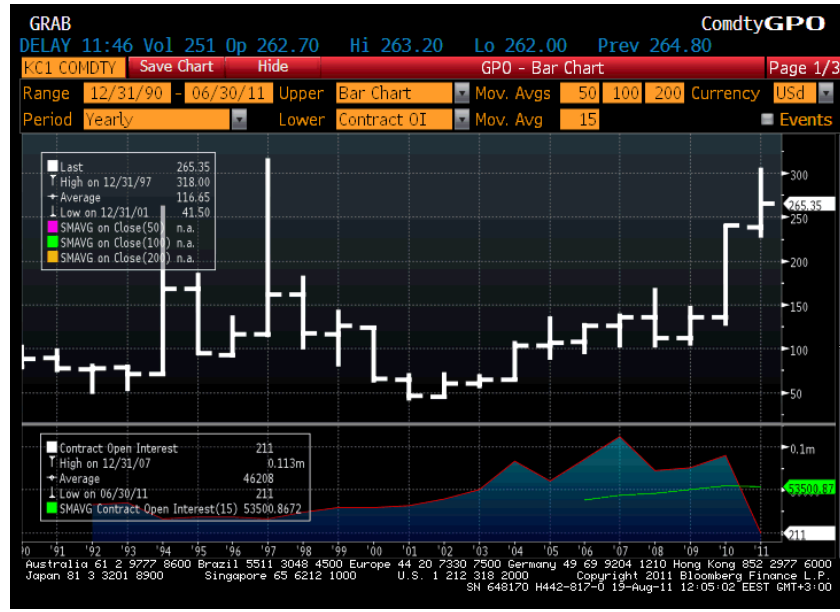
- Consolidation of Droga Kolinska with its product portfolio entirely consisting of own brands
- Impact of surge in raw material prices on global commodity markets
- Higher interest expenses related to financing acquisition of Droga Kolinska and FX loss
- 1H11 EBIT does not reflect potentially material impact on amortisation coming from currently active PPA process related to the acquisition of Droga Kolinska

	1H11/1H10	1H11/1H10 pro-forma
Normalised EBITDA	+156.4%	-3.6%
Normalised EBIT	+95.6%	+0.7%
Normalised Net profit	-64.9%	





PROFITABILITY DYNAMICS – Impact of surge in raw material prices on global commodity markets



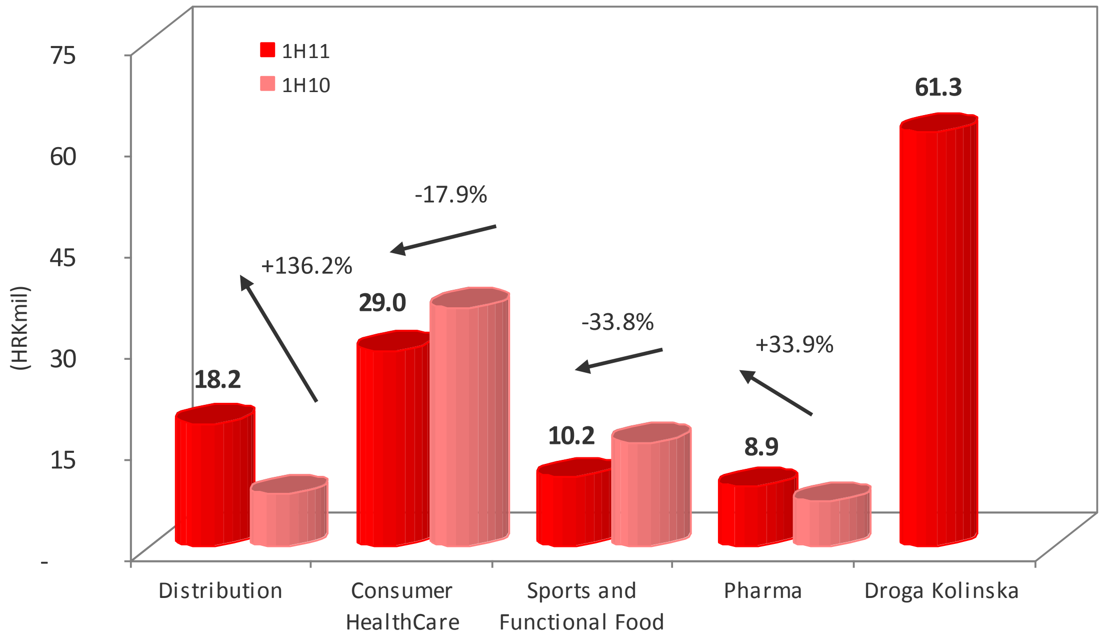
- On pro-forma consolidated level, Atlantic Grupa's production materials expense rose by 25% yoy
- Thereby, coffee as one of the key raw materials in Atlantic Grupa's production mix with a 34% share in total production materials expense, rocketed 31% yoy (in EUR)

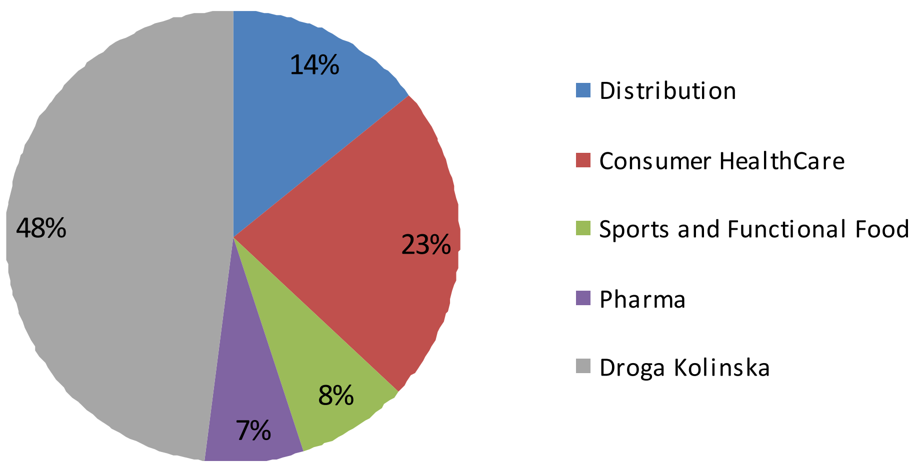
- Despite surplus of global coffee beans in the period July 2010 – June 2011, 9% higher global coffee beans production and 2% lower global coffee demand there was:

(i) skyrocketing growth of coffee prices in 1H11 of 93% on average, compared to 1H10,

(ii) consequently hitting 14-years high at the beginning of June 2011

DIVISION OPERATING PROFITABILITY ex. One-offs





Distribution
+136.2% on the back of:
* distribution of Droga Kolinska's production portfolio entirely consisting of own brands

Consumer HealthCare
-17.9% pressured by:
(i) lower sales
(ii) increase of other operating expenses

Sports and Functional Food
-33.8% reflecting:
(i) front-loaded investments in launching new company on the Spanish market
(ii) higher production materials cost amidst higher raw materials prices

Pharma
+33.9% amidst:
(i) higher sales
(ii) finalisation of the restructuring process
(ii) low-base effect in 1H10

Droga Kolinska
* with HRK61.3m in operating profit contributes the most to the group's profitability

FINANCIAL INDICATORS

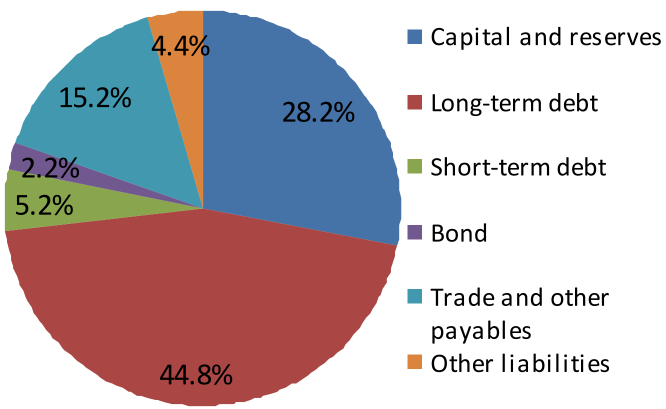
in HRKm	1H11	YE10
Net debt	**2,497.2**	**2,467.1**
Total assets	5,271.4	5,101.1
Equity	**1,485.2**	**1,455.5**
Current ratio	1.7	1.3
Gearing ratio	**62.7%**	**62.9%**
	1H11	1H10
Interest coverage ratio*	2.2	7.1
Capex	**59.4**	**20.9**
Cash flow from operating activities	51.0	12.2

*Ex. one-offs

Key highlights

➢ Net debt at HRK2,497.2m reflects financial debt of HRK2,751.1m and cash and cash equivalents at HRK253.9m

* Atlantic Grupa's financing structure on 30/06/2011 is as follows:



Key highlights

➢ The largest item in the financing structure is long-term financial debt with 44.8% share

➢ Atlantic Grupa used interest rate swaps to fix significant portion of its long-term financial liabilities during 1Q11

➢ Within short-term financial debt, Atlantic Grupa has corporate bond in the amount of HRK115m maturing in December 2011, that the company plans to refinance

CONTENT:

1. Overview of Atlantic Grupa's business model
2. Financial results in FY10
3. 1H11 Financial overview
4. **Bond refinancing**

Bond terms

Issuer	Atlantic Grupa d.d.
Issue Amount	115.0 million kuna
Principal repayment	Bullet repayment on maturity date
Period	5 years
Interest rate	Fixed
Denomination	HRK
Benchmark	5-year Croatian bond, RHMF-O-167A
Indicative margin	XX bps – XX bps
Purpose	Refinancing of Atlantic Grupa bond, ATGR-O-11CA
Minimum subscription	EUR 50,000.00
Security	Unsecured
Listing	Official market of ZSE, (by approval)
Depository and Settlement Agency	Central Depository & Clearing Company Inc.
Joint Agents	Raiffeisenbank Austria d.d., Zagrebačka banka d.d.

Timetable

Investors presentation	September 7th 2011
Bookbuilding initiation	September 12th 2011
Bond price setting	September 15th 2011
Bookbuilding completition	September 15th 2011
Allocation and payment instructions	September 16th 2011
Bond issuance	September 20th 2011
Bond listing	Upon Prospectus approval by the CFSSA (HANFA)

Q & A

Thank you for the attention!