Atlantic Grupa Today

Development of Atlantic Grupa

Financial overview

Strategic guidance

Back-up: Overview of businesses

Back-up: Innovative financing of growth

Innovative financing of growth
Business card

- Among the leading food and beverage companies in the SEE region

Making business

- Companies in 11 countries and products in over 40 markets
- Key markets: SEE, Western Europe, Russia
- 18 production facilities

Foundation

- 1991

FY14 sales

- EUR 682 millions

FY14 EBITDA

- EUR 80 millions

No of employees

- Over 5,100

Listed on the Zagreb Stock Exchange

- Since 2007

The SEE includes: Croatia, Slovenia, Bosnia and Herzegovina, Serbia, Montenegro, Macedonia and Kosovo. Reporting currency HRK, all figures in the presentation translated at EUR/HRK FX rate of 7.5.
PORTFOLIO OVERVIEW

Coffee

Savoury Spreads

Snacks

Sports and Functional Food

Beverages

Savoury Spreads

Personal Care

Pharma

Baby Food

Distribution

Coffee

Savoury Spreads

Snacks

Sports and Functional Food

Beverages
Management Board

Emil Tedeschi
Founder & President of the Management Board

Mladen Veber
Senior Vice President Business Operations

Zoran Stanković
Vice President Finance

Neven Vranković
Vice President Corporate Affairs

Strategic Management Council

- Consists of Board members, General Managers of business and distribution units, and senior managers in support services
- Deals with vital strategic and operational corporate issues.

Supervisory board

- Supervisory Board
  - Audit Committee
  - Nomination and Remuneration Committee
  - Corporate Governance Committee

Ownership structure as of 30/04/2015

- Emil Tedeschi; 50,2%
- Lada Tedeschi Fiorio; 5,8%
- Croatian pension funds; 22,8%
- Management; 1,1%
- EBRD; 6,0%
- DEG; 2,1%
- Others; 11,9%

Free float: 38.0% (According to the Zagreb Stock Exchange, free float does not include: treasury shares, shares in sole ownership over 5%, unless they are owned by pension funds).
SEE region: Structural reforms and deleveraging underway  
Internal devaluation caused by long recession increased competitiveness of local production

Regional economic recovery expected in 2015
Outside of Russia/CIS and Serbia currencies remain stable

Atlantic Grupa’s revenue streams have increasingly diversified with new acquisitions:
- Multipower (2005): exposure to Western Europe
- Droga Kolinska (2010): regional diversification and greater exposure to Russia and CIS
- Strategy going forth: reduce dependancy on the SEE region with growth coming from Western Europe and Russia/CIS

Macro data source: World Economic Outlook Database, IMF, May 2015
**Key market considerations**
- Stable demand growth despite decrease in GDP and overall consumption
- Rise in private label (convergence towards EU levels)
- Demand for differentiated and innovative products
- Retail consolidation
- Reduced availability of shelf space
- Though competition from both local and regional FMCG players as well as large FMCG multinationals

**Atlantic Grupa’s strengths**
- Well diversified product portfolio – less revenue volatility and higher bargaining power
- Constant product and marketing innovations (Cedevita GO etc.)
- Strongest regional distribution network – better access to shelf and HORECA space
- **Even though key market categories are falling in volume in 2014, AG’s market shares are improving**

---

**AG BRANDS WITH SALES OVER EUR 15m in 2014**

---

**Sales by segments 2014 (EUR 682m)**

- Baby food 3.6%
- Beverages 12.5%
- Principal brands 18.0%
- Sports and Functional Food 15.2%
- Pharma & Personal care 9.4%
- Savoury spreads 9.2%
- Sweet and salted snacks 12.0%
- Coffee 20.1%

**Sales by brands 2014 (EUR 682m)**

- Own brands 67.0%
- Principal brands 18.0%
- Private label 8.8%
- Farmacia 6.2%
In August 2014 the highest historic price of HRK 1,080.50. With growth of 31% in 2014 it outperformed both Croatian indices.

November 2014: German development bank – DEG reduced its ownership share from 8.5% to 2.3% in the accelerated bookbuilding process (ABB).

Strong demand of investors: book oversubscribed by 1.7x

The complete offering was allocated at HRK 925

The transaction amounted to EUR 25 million

58% investment funds, 39% pension funds and 3% banks and individual investors

65% domestic investors and 35% foreign investors

<table>
<thead>
<tr>
<th>Valuation</th>
<th>30/04/15**</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Last price in reporting period</td>
<td>914.3</td>
<td>940.0</td>
<td>718.0</td>
</tr>
<tr>
<td>Market capitalization* (in HRK millions)</td>
<td>3,048.4</td>
<td>3,134.2</td>
<td>2,394.0</td>
</tr>
<tr>
<td>Average daily turnover (in HRK thousands)</td>
<td>308.1</td>
<td>299.5</td>
<td>237.8</td>
</tr>
<tr>
<td>EV (in HRK millions)</td>
<td>4,978.5</td>
<td>5,064.3</td>
<td>4,504.7</td>
</tr>
<tr>
<td>EV/EBITDA</td>
<td>8.3</td>
<td>8.5</td>
<td>7.6</td>
</tr>
<tr>
<td>EV/EBIT</td>
<td>11.3</td>
<td>11.5</td>
<td>10.6</td>
</tr>
<tr>
<td>EV/sales</td>
<td>1.0</td>
<td>1.0</td>
<td>0.9</td>
</tr>
<tr>
<td>EPS (in HRK)</td>
<td>60.0</td>
<td>60.0</td>
<td>58.5</td>
</tr>
<tr>
<td>P/E</td>
<td>15.2</td>
<td>15.7</td>
<td>12.3</td>
</tr>
</tbody>
</table>

* Closing price multiplied by the total number of shares

** All P&L and BS parameters calculated based on FY14
Atlantic Grupa Today

Development of Atlantic Grupa

Financial overview

Strategic guidance

Back-up: Overview of businesses

Back-up: Innovative financing of growth
HISTORICAL DEVELOPMENT: TRACK RECORD IN VALUE CREATION

**DISTRIBUTION**
- 1990’s
  - Distribution centres across Croatia
  - Various distribution cooperations

**Regional company**
- 2000-2004
  - Regional expansion
  - 2001: Acquisition of CEDEVITA

**European company**
- 2005-2015
  - 2015: New energy bar factory
  - 2010: Acquisition of DROGA KOLINSKA
  - Several small-size acquisitions
  - 2007: IPO
  - 2005: Acquisition of MULTIPOWER

**VERTICAL INTEGRATION**
- 2000-2004
  - Regional expansion
  - 2001: Acquisition of CEDEVITA

**Sales in EURm**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>1</td>
<td>6</td>
<td>12</td>
<td>17</td>
<td>27</td>
<td>33</td>
<td>36</td>
<td>42</td>
<td>61</td>
<td>81</td>
<td>90</td>
<td>102</td>
<td>145</td>
<td>186</td>
<td>223</td>
<td>267</td>
<td>293</td>
<td>302</td>
<td>602</td>
<td>630</td>
<td>657</td>
<td>674</td>
<td>682</td>
</tr>
</tbody>
</table>

**CAGR 1993-2014:** +36%

2010*: Pro-forma consolidated with Droga Kolinska

Distribution centres across Croatia
Various distribution cooperations

Regional expansion
2001: Acquisition of CEDEVITA

New energy bar factory
Acquisition of DROGA KOLINSKA
Several small-size acquisitions
IPO
Acquisition of MULTIPOWER

Distribution centres across Croatia
Various distribution cooperations

Regional expansion
2001: Acquisition of CEDEVITA

2005-2015

Regional expansion
2001: Acquisition of CEDEVITA
Atlantic acquired Cedevita from Pliva in 2001. Brand was neglected since Pliva was concentrated on core pharmaceutical products. Atlantic utilised, at the time, complex financial structure, with equity support provided by DEG, the German development bank. Under new management and leveraging on Atlantic’s unparalleled distribution platform, Atlantic managed to completely transform the business and increase the revenues (+3.5% CAGR 2001-2014) and profitability.

Atlantic demonstrated that it has the capability to successfully execute spin-off and turnaround situations and provide acquired products with new markets and distribution channels.

Atlantic acquired Haleko from Wieder Nutrition International Inc in 2005. Portfolio: sports and functional food with brands Multipower, Multaben and Champ, and Private label business. This acquisition provided geographic diversification with entrance to the EU and Russian markets, while the sports and functional food strategically complemented Atlantic Grupa’s ‘consumer healthcare’ business model.

Demonstrated the capability for successfully executing cross-border transactions in developed markets and entering new distribution channels (sport channel).

In 2010 Atlantic Grupa doubled sales by acquiring Droga Kolinska, food and beverages producer with a wide portfolio of leading brands names across the ex YU region and exposure to CIS.

Atlantic utilised complex financial structure – 44% capital and 56% financial debt. Following the acquisition of Droga Kolinska Atlantic Grupa successfully executed integration activities which resulted with savings in all the major parts of business.
New energy bars factory in Nova Gradiška

- In-housing energy bars production (Nova Gradiška, Croatia) from outsourced producer in Germany
- Project with the total value of EUR 13 million, the largest individual investment in Atlantic Grupa’s history
- The construction began in April 2014 and the first products from the new lines in the market in Q1 2015
- Created 50 new jobs in the first year of the production while with the planned business growth eventually 160 new jobs will be created
- Expected positive impact on the improvement in operating profitability of the SBU SFF, additionally tax benefits and incentives are expected over the project duration

Acquisition of Foodland d.o.o.

- Production of high-quality products under own brands:
  - Bakina Tajna or Granny’s Secret (paprika relish, jams, fruit butters, juices)
  - Amfissa (olives, cornichons, roasted red peppers, capers, dried tomatoes, etc)
- Own production facility in Igros, southern Serbia
- Sales of EUR 8.3 m in FY2014

International expansion potential

- Granny’ Secret with its palette of supreme quality products prepared in a traditional way, without additives or preservatives, meets both aims defined in AG’s development strategy: expanding the current brand portfolio with international potential (alongside Argeta, Donat Mg, Multipower, Bebi and Cedevita GO!) and internationalization.

Regional expansion

- Using the strength of AG’s distribution network and infrastructure to increase distribution reach of brand Granny’s Secret across the region and Amfissa and principal brands in Serbia and Montenegro.
HISTORICAL DEVELOPMENT OF KEY FINANCIAL INDICATORS
In 2014 the classification of contracted marketing expenses has changed from “Marketing and selling expenses” to decrease in “Sales revenues”, and classification of support for contracted marketing expenses has changed from decrease in “Marketing and selling expenses” to decrease in “Cost of merchandise sold”. In accordance with this change, sales revenue, referring to sales from the distribution company Atlantic Trade Zagreb and sales of SBU Savoury Spreads and BU Baby Food in the market of Russia for segment information in 2013 has been restated, but no restatement has been made for sales revenue referring to SBU Savoury Spreads on markets outside the region and Russia due to immateriality.

ROaCE is calculated as EBIT/(average (Total Equity+LT debt-Cash))

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>665</td>
<td>672</td>
<td>689</td>
<td>1.1%</td>
<td>2.6%</td>
</tr>
<tr>
<td>Sales</td>
<td>657</td>
<td>667</td>
<td>682</td>
<td>1.4%</td>
<td>2.4%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>74</td>
<td>79</td>
<td>80</td>
<td>5.8%</td>
<td>1.1%</td>
</tr>
<tr>
<td>EBIT</td>
<td>53</td>
<td>57</td>
<td>59</td>
<td>6.4%</td>
<td>3.8%</td>
</tr>
<tr>
<td>Net profit</td>
<td>15</td>
<td>27</td>
<td>28</td>
<td>76.9%</td>
<td>7.2%</td>
</tr>
</tbody>
</table>

Highlights from 2014 results:
- Sales growth in Croatian and Slovenian markets, mainly due to the newly signed contract with Unilever, which confirmed the position of Atlantic Grupa as the leading distributor in the region.
- Decline in sales in Serbia and Bosnia and Herzegovina due to the negative impact of floods in the region and depreciation of Serbian dinar.
- Sales increase of SBU Savoury spreads due to key regional markets and international markets.
- Decline in sales in Russia and CIS markets primarily due to strong ruble depreciation and political instability in Ukraine.
- Production material expenses in 2014 decreased despite a significant growth in prices of raw coffee in the global commodity markets in 2014. By using available hedging instruments Atlantic Grupa reduced the effects of higher prices of raw coffee.
- Rise in profitability, in addition to impacts above EBIT level, is the result of significant decrease of interest expenses as the result of refinancing performed in 2012 and the decrease in effective tax rate.
- Continued deleveraging: net debt repayment amounted to EUR 17.5m with net debt/EBITDA of 3.2 as at 31 December 2014.
- Due to the transferring the production from the contractual producer to own plant, at the beginning of 2014 Atlantic Grupa started the construction of new energy bar factory in Nova Gradiška with the total value of the investment of EUR 13m.
- The regional business environment was marked with Agrokor’s acquisition of Mercator. Atlantic Grupa considers this acquisition as an opportunity which resulted in entering with the entire portfolio (including Argeta and Barcaffe) in Konzum’s stores in the fourth quarter of 2014.
FINANCIAL OVERVIEW (2/2)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net debt</td>
<td>314</td>
<td>275</td>
<td>257</td>
<td>(6.4%)</td>
</tr>
<tr>
<td>Total assets</td>
<td>687</td>
<td>678</td>
<td>703</td>
<td>3.8%</td>
</tr>
<tr>
<td>Total Equity</td>
<td>195</td>
<td>223</td>
<td>234</td>
<td>4.8%</td>
</tr>
<tr>
<td>Current ratio</td>
<td>1.8</td>
<td>1.8</td>
<td>1.5</td>
<td>n/a</td>
</tr>
<tr>
<td>Gearing ratio</td>
<td>61.7%</td>
<td>55.2%</td>
<td>52.3%</td>
<td>n/a</td>
</tr>
<tr>
<td>Net debt/EBITDA</td>
<td>4.2</td>
<td>3.5</td>
<td>3.2</td>
<td>n/a</td>
</tr>
<tr>
<td>Interest coverage ratio</td>
<td>2.6</td>
<td>3.7</td>
<td>4.7</td>
<td>n/a</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>11</td>
<td>13</td>
<td>25</td>
<td>90.1%</td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td>39</td>
<td>56</td>
<td>59</td>
<td>6.1%</td>
</tr>
<tr>
<td>Dividend payment for the year</td>
<td>-</td>
<td>4.0</td>
<td>4.7</td>
<td>15.9%</td>
</tr>
</tbody>
</table>

**FCF* (EURm), FCF/Sales ratio**

- 2012: 65 EURm, 9.9%
- 2013: 68 EURm, 10.2%
- 2014: 51 EURm, 7.4%

*Lower FCF due to higher CAPEX (energy bars factory), while CFO increased yoy*
In 2014 the classification of contracted marketing expenses has changed from “Marketing and selling expenses” to decrease in “Sales revenues”, and classification of support for contracted marketing expenses has changed from decrease in “Marketing and selling expenses” to decrease in “Cost of merchandise sold”. In accordance with this change, sales revenue, referring to sales from the distribution company Atlantic Trade Zagreb and sales of SBU Savoury Spreads and BU Baby Food in the market of Russia for segment information in 2013 has been restated, but no restatement has been made for sales revenue referring to SBU Savoury Spreads on markets outside the region and Russia due to immateriality.

** Other segments include SDU HoReCa, SDU CIS, BU Baby Food, DU Macedonia and business activities not allocated to business and distribution units (headquarters and support functions in Serbia, Slovenia and Macedonia) which are excluded from the reportable operating segments.

*** Line item “Reconciliation” relates to the sale of own brands which is included in the appropriate SBU and BU and in SDUs and DUs through which the products were distributed.
Atlantic Grupa Today

Development of Atlantic Grupa

Financial overview

Strategic guidance

Back-up: Overview of businesses

Back-up: Innovative financing of growth
Atlantic Grupa listed on the Zagreb Stock Exchange on 19th of November 2007.

Since 2008 Atlantic Grupa publishes guidance for the following financial year and delivers it.
Focus on organic business growth through active brand management with a special emphasis on (i) strengthening the position of regional brands (Cockta, Cedevita, Smoki, Grand Kafa, Barcaffe, Bananica, Štark) and (ii) brands with international potential (Multipower, Argeta, Donat Mg, Bebi, Cedevita GO!, Granny’s Secret) as well as active development of the regional HoReCa segment.

In 2015, Atlantic Grupa’s management expects increased pressures on the price of raw coffee in the global commodity markets (with an additional unfavorable impact of the EURUSD exchange rate) driven by fundamental factors, including: (i) downward trend in global supply due to draughts in Brazil, (ii) upward trend in global demand for coffee, and (iii) low levels of global stocks. Additional business pressures are a consequence of the volatility of the Serbian dinar and the Russian ruble.

Management plans to largely compensate the listed pressures by active hedging, continuous cost management and optimisation of business processes.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>707</td>
<td>682</td>
<td>3.5%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>75</td>
<td>80</td>
<td>(5.4%)</td>
</tr>
<tr>
<td>EBIT</td>
<td>54</td>
<td>59</td>
<td>(8.1%)</td>
</tr>
<tr>
<td>Interest expense</td>
<td>17</td>
<td>17</td>
<td>(0.7%)</td>
</tr>
</tbody>
</table>

The effects of higher coffee prices and unfavorable exchange rates between the Russian ruble and the US dollar will be stronger in the first two quarters of 2015.

In 2015, we expect capital expenditure in the amount of around HRK 150 million.

The expected effective tax rate in 2015 should be at the level of the statutory tax rate for Croatia.
One of leading regional FMCG producers and distributors in Eastern Europe

18 production facilities and sales generated in over 40 markets

Well respected management team with history of continuous delivery of published guidance and 26 executed M&A deals

A number of brands with the leading market shares

Synergies due to the utilisation of own distribution network with strong negotiation power

Continuous delevering - net debt decrease from 4.7 in 2010 to 3.2 in 2014

Continuous growth organic and through acquisition 36% CAGR 1993/2014

Continuous focus on increasing efficiency in all business segments
STRONG PROFITABLE GROWTH

REGION
* Innovating own brands and attracting new principles
* Growing market shares across categories in all markets

INTERNATIONAL FOCUS
* New acquisitions
* Reducing dependancy on the SEE region
Argeta, Donat MG, Multipower, Bebi, Cedevita GO!, Granny’s Secret

IMPROVING OPERATING EFFICIENCY IN EXISTING BUSINESSES

WHAT IS NEXT?
## HIGHLIGHTS

### ORGANIC FOCUS

- Active brand management with emphasis on:
  1. Strengthening the position of regional brands
  2. Increasing placement of brands with international potential on the international markets
- Strengthening the regional character of distribution through extension of the principals’ brands portfolio
- Active development of the regional HoReCa segment with a portfolio that covers ‘24/7 consumer needs’ and other sale channels (Online, Etno channel)

### M&A FOCUS

- With continuous deleveraging and Net debt/EBITDA nearing 3.0x level, the company is set for new acquisitions
- Key aim: reduce dependency in the SEE region and strengthen foothold on the WESTERN EUROPEAN markets

## TARGETS

- **WESTERN EUROPE** (primarily):
  1. Branded business within the FMCG industry
  2. Distributor with wide-spread distribution network (aim: finding distribution channel for own brands with international potential)
- **REGION**:
  1. Branded business with premium products that have international potential
  2. Regional companies that will further strengthen market position in the regional categories (e.g. coffee, snacks)

## SUMMARY

### SHORT-TERM:

- M&A financing
- Investments required for international expansion

### LONG-TERM:

- Multinational company with STRONG PROFITABLE GROWTH and at least 1/3 of sales coming from International markets
Atlantic Grupa Today

Development of Atlantic Grupa

Financial overview

Strategic guidance

Back-up: Overview of businesses

Back-up: Innovative financing of growth
No.1 in Turkish coffee in Serbia, Slovenia, B&H and Macedonia

Sales by categories:
- TURKISH COFFEE 88%
- INSTANTS 4%
- ESPRESSO 6%
- OTHER 2%

Sales by countries:
- SERBIA 50%
- SLOVENIA 29%
- MACEDONIA 6%
- B&H 8%
- CROATIA 6%
- OTHER 1%

EUR 137m sales in 2014

Over 15 years the No.1 brand in No.1 Turkish coffee in B&H and Macedonia.

The most loved coffee aroma and taste in Slovenia for over 40 years.

The youngest brand in the coffee portfolio with smart-buy brand positioning.
**No.1** Spreads in B&H, Slovenia and Macedonia.

Argeta is the **5th strongest** FMCG brand in the region.

Argeta is sold in **33 countries**.

**No.2** Spreads in Austria, Switzerland, Serbia and Croatia.

**EUR 63m** sales in 2014

**SAVOURY SPREADS BUSINESS**
Created in 1972, the first flips produced in SEE. Smoki has become the generic word for a group of flips products.

A delightful dessert offers a wide selection of flavours and shapes.

The famous soft chocolate foam dessert, first of its kind in the SEE region, is a product with more than 75 years of tradition.

Biscuits and wafers have marked the youth of many generations.

**No.1** Filps in Serbia, B&H, Slovenia and Croatia.
Chocolate bars in Serbia.
Wafers in Serbia.

**No.2** Chocolate tablets in Serbia.
Biscuits in Serbia.
Sticks in Serbia.

**Sales by categories**
- Confectionary: 65%
- Savoury Snacks: 35%

**Sales by countries**
- Serbia: 67%
- Croatia: 4%
- Montenegro: 6%
- BiH: 13%
- Macedonia: 5%
- Slovenia: 3%
- Kosovo: 1%
- Other: 1%

**EUR 82m sales in 2014**

**SNACKS BUSINESS**
No.1 Sports food in Europe.

The largest greenfield investment in Atlantic Grupa’s history: EUR 13m worth energy bars production facility in Nova Gradiška, Croatia.

Sold in more than 28 countries worldwide.

EUR 104m sales in 2014

Sales by countries:
- Germany 40%
- Italy 4%
- Austria 2%
- Switzerland 3%
- Spain 2%
- Russia 1%
- Turkey 1%
- UK 5%
- Other 41%
- Croatia 1%

SPORTS AND FUNCTIONAL FOODS BUSINESS
A cola drink that was born different 60 years ago. Unique blend of 11 herbs and aroma of dog rose.

During its 40 years it became synonym for healthy multivitamin refreshment in the region.

A natural multifunctional mineral water with a high level of magnesium.

**No.1** Vitamin Instant Drink in Croatia, Slovenia and Serbia.

**No.2** HoReCa brand in Croatia (Cedevita in soft drinks universe).
Cola CSD in Slovenia.
Cola CSD HoReCa in Croatia, Serbia.

**Sales by categories**
- Carbonated soft drinks: 22%
- Vitamin instant drinks: 37%
- Functional drinks: 25%
- Other: 16%

**Sales by countries**
- Croatia: 36%
- Slovenia: 24%
- Serbia: 16%
- Russia: 5%
- Austria: 1%
- Italy: 1%
- Montenegro: 2%
- BiH: 10%
- Macedonia: 3%
- Other: 2%

EUR 85m sales in 2014

BEVERAGES BUSINESS

Growing Markets with Innovations

“In-home consumption”
Hospitality industry
Everywhere!
3 complementary businesses:
* Pharmacies and specialised stores
* Cosmetics
* Food supplements and OTC portfolio

Croatia’s largest private chain of pharmacies and specialised shops for medicines and food supplements.

Plidenta toothpaste has maintained its leading position on the Croatian market.

An original Croatian universal cream.

Renowned Croatian brand in the cosmetics.

The leading regional producer of food supplements and vitamin products.

No.1 Toothpaste in Croatia.
Lip care in Croatia.
Food supplements in Croatia.

No.2 Lip care in Serbia.

Sales by categories
- FARMACIA 61%
- DIETPHARM 13%
- NEVA 15%
- MULTIVITA 8%
- OTHER 3%

EUR 66m sales in 2014

Pharma & Personal care 9.4%
**No.1** Baby cereals in Ukraine. Baby biscuits in Lithuania.

**Sales by countries**
- **RUSSIA**: 78%
- **UKRAINE**: 9%
- **OTHER CIS**: 13%

**Sales by categories**
- **BABY CEREALS**: 75%
- **MILK FORMULA**: 12%
- **BABY WATER**: 4%
- **BABY TEAS**: 3%
- **BABY JUICE**: 1%
- **BABY BISCUITS**: 5%

**No.2** Baby cereals in Lithuania.

**Baby food 3.6%**
LEADING REGIONAL DISTRIBUTION OF FMCG WITH TOP GLOBAL AND REGIONAL BRANDS

Principal brands

Own brands
<table>
<thead>
<tr>
<th>Country</th>
<th>Established</th>
<th>Headquarter</th>
<th>Distribution centres</th>
<th>Vehicles</th>
<th>Warehouse space</th>
<th>Distribution coverage</th>
<th>Portion of brands within portfolio (in addition to own brands)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CROATIA</strong></td>
<td>1991</td>
<td>Zagreb</td>
<td>4 (Zagreb, Rijeka, Osijek, Split)</td>
<td>225</td>
<td>21,000 pal</td>
<td>Increased in HoReCa</td>
<td>Portion of brands within portfolio (in addition to own brands):</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>WRIGLEY, RAUCH, Johnson &amp; Johnson, FERRERO, DURACELL</td>
</tr>
<tr>
<td><strong>SERBIA</strong></td>
<td></td>
<td>Belgrade</td>
<td>4 (Novi Sad, Belgrade, Čačak, Niš)</td>
<td>260</td>
<td>13,920 m²</td>
<td>Increased in HoReCa</td>
<td>Portion of brands within portfolio (in addition to own brands):</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Zvečevo, KLAS, durex, FERRERO, SCHWARTAU</td>
</tr>
<tr>
<td><strong>SLOVENIA</strong></td>
<td></td>
<td>Ljubljana</td>
<td>1</td>
<td>260</td>
<td>13,920 m²</td>
<td>Increased in HoReCa</td>
<td>Portion of brands within portfolio (in addition to own brands):</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Bic, HiPP, U, FERRERO, ITALFOOD, Rauch, THE BAKERS</td>
</tr>
<tr>
<td><strong>MACEDONIA</strong></td>
<td></td>
<td>Skopje</td>
<td>1</td>
<td>95</td>
<td>2,580 m²</td>
<td>Continuously strengthening</td>
<td>Portion of brands within portfolio (in addition to own brands):</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Zvečevo, Orangina, FERRERO</td>
</tr>
</tbody>
</table>
### SDU CIS

- Russia and neighbouring countries (region of the Commonwealth of Independent States, CIS) are becoming increasingly important for the business development of Atlantic Grupa.
- This distribution unit is responsible for the distribution of all brands that have the potential to achieve above-average growth in the market.
- Approximately 70% of products sold within this unit relate to brand Bebi (baby food), while the remaining portfolio includes Donat Mg, Multivita, Argeta, Multipower etc.

### STRATEGIC DISTRIBUTION UNIT INTERNATIONAL

- Atlantic Grupa's goal is to continue to increase the presence in international markets.
- The market entry strategy in international markets is based on:
  - Local market structures operating directly with the leading retail chains.
  - Cooperating with long-standing distribution partners in order to optimise the availability of products to consumers.

The key Atlantic Grupa’s brands for the distribution in CIS are:

- Bebi
- Argeta
- Multipower SPORTSFOD
- Donat Mg
- Granny's Secret

The key Atlantic Grupa’s brands for the distribution in international markets are:

- Argeta
- Multipower SPORTSFOD
- CEDEVITA
- Donat Mg
- Granny's Secret
<table>
<thead>
<tr>
<th>Risk</th>
<th>Description</th>
<th>Effects / Management</th>
</tr>
</thead>
</table>
| Macro outlook in key countries   | Key SEE markets have been in recession for several years with personal consumption under the influence of poor situation in the labour markets and deleveraging of households                                                                                                                                                                                                                                      | Non-cyclical key categories  
|                                  | Planed reducing dependency on the SEE region with expansion in the Western European markets (acquisitions) and CIS and Russia (organic growth)                                                                                                                                         |
| Retail consolidation and private label | Continous retail consolidation is underway, most significantly Agrokor-Mercator combination which puts pressure on the local FMCG producers                                                                                                                                                                                                                             | Atlantic is one of the largest regional producer with the largest portfolio of “essential” brands   
|                                  | Increase of bargaining power with new principals/own brands portfolio expansion (e.g. Unilever distribution contract)                                                                                                                                                                                                                      |
| Global competition               | Larger global competitors have lower cost production, globally established brands and bigger marketing firepower and in the future will focus more on Eastern Europe                                                                                                                                                                                                                       | Atlantic’s brands are household names comanding much larger brand awareness  
|                                  | Tactical acquisitions aimed at niche products with premium positioning                                                                                                                                                                                                       |
| Currency and commodity risk      | Volatile currencies (RUB and RSD) present large risks to Atlantic and its EUR based investors  
|                                  | Substantial commodity risks with key raw materials (coffee, sugar)                                                                                                                                                                                                          | Atlantic utilises available risk management tools (forward contracts for commodities), but for some risks (RUB, RSD) hedging is too expensive |

BUSINESS RISK MANAGEMENT
Acquisition of Cedevita: 2001

**Pre-acquisition situation:**
- Dying brand that Pliva wanted to divest as part of its non-core business

**Investment highlights:**
- Foray into production
- Reducing dependence on distribution of the FMCG principal brands
- Increasing the share of higher-margin own brands
- Developing ‘consumer healthcare’ business model

**Financing:**
- Complex financing structure:
  - Senior Acquisition Loan
  - Mezzanine Financing: by German Development Bank DEG
  - Quasi Equity: by DEG and Grocer Holding SA

**Post-acquisition situation:**
- Atlantic Grupa revived the brand and today Cedevita is No. 1 Vitamin instant drink in the region
- Key pillars of sales growth: strong distribution, penetration to new consumption channels (on-the-go, HoReCa), new flavours, packaging
INNOVATIVE OF GROWTH: (2/3)

Initial Public Offering: 19 November 2007

- **Prior to IPO**: the first private Croatian company that financed on the capital markets
  - In 2003: Commercial papers
  - In 2004: Euro-denominated corporate bond
- **In 2006: Capital increase**
  - The German development bank DEG entered the shareholder structure with EUR 11m in exchange for 8.24% share in capital

- The largest private IPO on the Croatian capital market:
  - Issuing 382,970 new shares – raised **EUR 48m**
  - Selling 382,969 shares by the existing shareholders (EUR 48m)
- **Funds from IPO**:
  - Entering pharmacy business – the largest private pharmacy chain in Croatia under FARMACIA brand (48 pharmacies and 22 specialised stores)
  - Launch of new products

- **Post IPO**:
  - Easier accessibility to fresh capital (for financing acquisitions/investments) on capital markets – in July 2010, Atlantic Grupa raised EUR 83m for Droga Kolinska acquisition financing
  - Since 2008 Atlantic Grupa publishes guidance for the following financial year and delivers it
  - 26 consecutive quarters of growth (since IPO)

Change in shareholder structure

**Prior to IPO**
- Emil Tedeschi: 62.4%
- Svetozar Tedeschi: 18.3%
- Lada Tedeschi: 9.2%
- Fiorio: 8.2%
- DEG: 1.8%

**Post IPO**
- Emil Tedeschi: 52.7%
- Lada Tedeschi: 7.8%
- Fiorio: 7.0%
- DEG: 1.7%
- Management: 30.8%
**Acquisition of Droga Kolinska: 2010**

**Investment highlights**
- Atlantic Grupa becomes one of the leading F&B companies in the region
- Regional network of production plants and distribution infrastructure
- Product assortment expansion with twofold higher share of own brands
- Balanced geographic profile
- Sales synergies (by utilising existing distribution infrastructure)
- Costs savings: merging distribution, logistics, procurement and marketing

**Prior to acquisition**
- Food and beverages producer with a wide portfolio of leading brands names across the ex YU region
  - 9 brands with sales over EUR10m
  - Presence in the EU and the CIS
- 9 own production locations across the region
- FY10 sales of EUR 299m

---

**Financing structure of Equity value**

**EUR 243,109 ths**

- **Capital increase**: EUR 83m
- **Senior loan**: 78% of total debt
- **Junior loan**: 22% of total debt

**Capital**: 44%

**Financial debt**: 56%

**Atlantic Grupa's existing cash balance**: 22% of total capital

---

**Droga Kolinska**

**Ownership**: 100%

**Enterprise value (EURm)**

- 382

**Equity value (EURm)**

- 243

---

**Capital Increase: EUR 83m**

**Highlights: DEG increased its share, EBRD new shareholder**

**Prior to SPO**

- Emil Tedeschi Fiorio: 7.7%
- DEG: 7.1%
- Mgmt: 2.0%
- Treasury shares: 0.1%
- Free float: 30.5%

- Emil Tedeschi: 52.6%

**Post SPO**

- Emil Tedeschi: 50.2%
- EBRD: 8.5%
- DEG: 8.5%
- L. Tedeschi Fiorio: 5.8%
- Mgmt: 1.5%
- Free float: 25.4%
- Treasury shares: 0.1%

---

INNOVATIVE FINANCING OF GROWTH: (3/3)
## POST – DK ACQUISITION DEVELOPMENT: FINANCIAL OVERVIEW

### INTEGRATION
- Integration of distribution and logistics in 2011
- Integration of production and IT systems in progress

### PROFITABILITY IMPROVEMENTS
- Business restructuring
- Cost reduction program
- Sound business growth with CF from operating activities continuously growing

### PRODUCT PORTFOLIO
- Increasing market positions of key brands on key markets
- Innovation in product portfolio

### DELEVERAGING
- Focus on deleveraging with net debt-to-EBITDA continuously decreasing
- Refinancing in 2012 resulting in prolonged average maturity and lower average interest rate

---

<table>
<thead>
<tr>
<th>(EURm)</th>
<th>FY10</th>
<th>FY10 pro-forma</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>CAGR FY10 pro-forma - FY14</th>
<th>FY14/FY13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>306</td>
<td>609</td>
<td>637</td>
<td>665</td>
<td>672</td>
<td>689</td>
<td>3.1%</td>
<td>2.6%</td>
</tr>
<tr>
<td>Sales</td>
<td>302</td>
<td>602</td>
<td>630</td>
<td>657</td>
<td>667</td>
<td>682</td>
<td>3.2%</td>
<td>2.4%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>27</td>
<td>70</td>
<td>69</td>
<td>74</td>
<td>79</td>
<td>80</td>
<td>3.2%</td>
<td>1.1%</td>
</tr>
<tr>
<td>EBIT</td>
<td>20</td>
<td>37</td>
<td>47</td>
<td>53</td>
<td>57</td>
<td>59</td>
<td>12.4%</td>
<td>3.8%</td>
</tr>
<tr>
<td>Net profit</td>
<td>11</td>
<td>17</td>
<td>9</td>
<td>15</td>
<td>27</td>
<td>28</td>
<td>14.2%</td>
<td>7.2%</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>8.9%</td>
<td>11.7%</td>
<td>10.9%</td>
<td>11.3%</td>
<td>11.8%</td>
<td>11.7%</td>
<td>0bp</td>
<td>-15bp</td>
</tr>
<tr>
<td>EBIT margin</td>
<td>6.5%</td>
<td>6.1%</td>
<td>7.4%</td>
<td>8.1%</td>
<td>8.5%</td>
<td>8.6%</td>
<td>+250bp</td>
<td>+12bp</td>
</tr>
<tr>
<td>Net profit margin</td>
<td>3.8%</td>
<td>2.8%</td>
<td>1.5%</td>
<td>2.3%</td>
<td>4.0%</td>
<td>4.2%</td>
<td>+139bp</td>
<td>+19bp</td>
</tr>
</tbody>
</table>

Net debt       | 333  | 333            | 333  | 314  | 275  | 257  |                           |           |
Total assets    | 701  | 701            | 714  | 687  | 678  | 703  |                           |           |
Equity          | 194  | 194            | 202  | 195  | 223  | 234  |                           |           |
Gearing ratio*  | 63.2%| 63.2%          | 62.3%| 61.7%| 55.2%| 52.3%|                           |           |
Net debt/EBITDA | 4.7  | 4.7            | 4.8  | 4.2  | 3.5  | 3.2  |                           |           |
Cash Flow from operating activities | 14 | n/a | 22 | 39 | 56 | 59 | | |

Balance sheet as of YE10 reflected consolidation of Droga Kolinska, but P&L accounts were not consolidated in FY10 (consolidation started as of 01/01/2011). In 2014, the classification of contracted marketing expenses has changed from “Marketing and selling expenses” to decrease in “Sales revenues”, and classification of support for contracted marketing expenses has changed from decrease in “Cost of merchandise sold”. P&L figures normalized; “Gearing ratio calculated as Net debt/(Total equity+Net debt)"
Atlantic Grupa d.d.
Miramarska 23
10000 Zagreb, HR

T +385 1 2413 145
F +385 1 2413 901

ir@atlanticgrupa.com