



# ATLANTIC GRUPA

Erste Group Investor Conference, Stegersbach, October 2015

Atlantic Grupa  
Today



Development of  
Atlantic Grupa



Financial overview



Strategic guidance



Back-up: Overview  
of businesses



Back-up:  
Innovative  
financing of growth

**16** — distribution centres

**19** — production facilities in 6 countries

**40** — product presence on over 40 markets

**5300** — employees on 12 markets

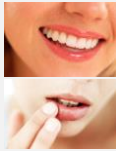


- Among the leading food and beverage companies in the SEE region
- Founded in 1991
- Listed on the **Zagreb Stock Exchange** since 2007
- MCap (02/10/2015): EUR 362m
- FY14 sales: EUR 682m
- FY14 EBITDA: EUR 80m

Coffee



Personal Care



Savoury Spreads



Pharma



Snacks



Baby Food



Sports and Functional Food



Distribution



Beverages



# DISTRIBUTION

## ZONE WEST

## ZONE EAST

### Leading Distributor of Multinational Brands

Atlantic Grupa is leading distributors of high-quality and top FMCG brands (both own and principal) in SEE.

	<b>FERRERO</b>	<b>WRIGLEY</b>	
		L'ORÉAL PARIS	
<b>DURACELL</b>		ITALFOOD <small>PREMIUM QUALITY FOODS AND INGREDIENTS</small>	
		<b>HIPP</b>	
		<b>ilirya</b> <small>SINCE 1908</small>	<b>STOCK</b>
<b>vivera</b>	<b>VODAVODA</b> <small>PREMIUM NATURAL SPRING WATER</small>		
<b>ALKALOID</b> SKOPJE			



# INTERNATIONAL

Donat  
Mg



ARGETA

CEDEVITA

Bebi



# REGIONAL



CEDEVITA

barcaffè



# LOCAL

plidenta

farmacia+



MELEM

DIETPHARM

## 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

## ATLANTIC GRUPA AS THE BEST MANAGED COMPANY IN 2015

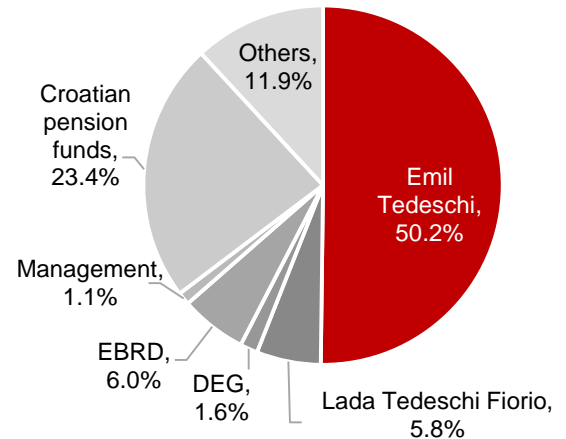
1st in CROATIA

2nd in the CEE region

1st in the FOOD & BEVERAGE  
sector in the CEE

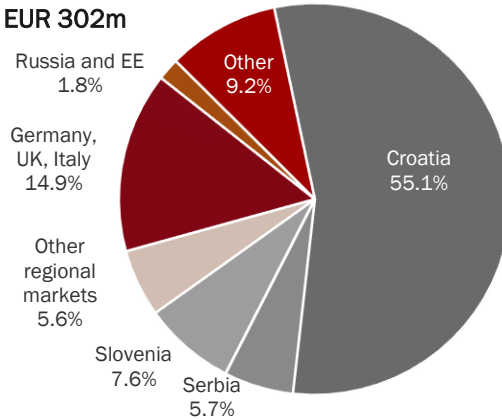


## Ownership structure as of 31/08/2015

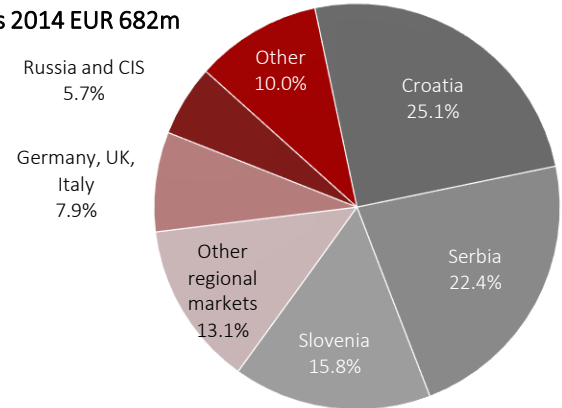


**Free float: 38.0%** (According to the Zagreb Stock Exchange, free float does not include: treasury shares, shares in sole ownership over 5%, unless they are owned by pension funds).

### Sales 2010 EUR 302m



### Sales 2014 EUR 682m



GDP change, const. prices	2011	2012	2013	2014	2015F
Croatia	-0.3	-2.2	-0.9	-0.4	0.5
Serbia	1.4	-1.0	2.6	-1.8	-0.5
Slovenia	0.6	-2.6	-1.0	2.6	2.1
Germany	3.7	0.6	0.2	1.6	1.6
Russia	4.3	3.4	1.3	0.6	-3.8
Unemployment rate	2011	2012	2013	2014	2015F
Croatia	13.3	15.2	17.0	17.1	17.3
Serbia	23.6	24.6	23.0	19.7	20.7
Slovenia	8.2	8.9	10.1	9.8	9.0
Germany	5.9	5.4	5.2	5.0	4.9
Russia	6.5	5.5	5.5	5.1	6.5
CPI (avg)	2011	2012	2013	2014	2015F
Croatia	2.3	3.4	2.2	-0.2	-0.9
Serbia	11.1	7.3	7.7	2.1	2.7
Slovenia	1.8	2.6	1.8	0.2	-0.4
Germany	2.5	2.1	1.6	0.8	0.2
Russia	8.4	5.1	6.8	7.8	17.9

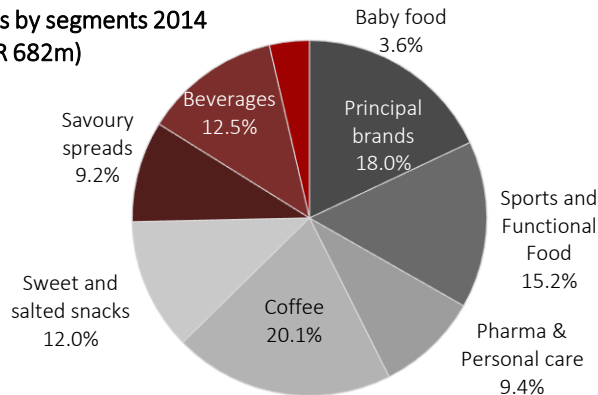
Macro data source: World Economic Outlook Database, IMF, May 2015

### Key Takeaways

- ❖ 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: to **reduce dependency on the SEE region** with growth coming from Western Europe and Russia/CIS



Sales by segments 2014  
(EUR 682m)



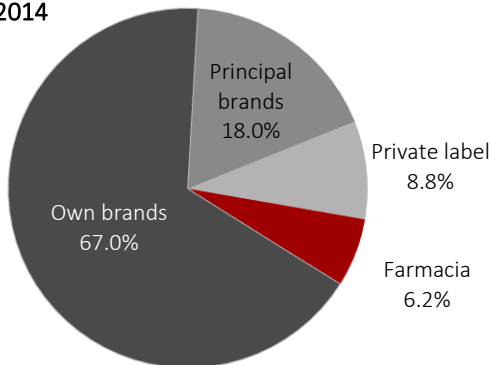
#### Key market considerations

- ❖ 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**

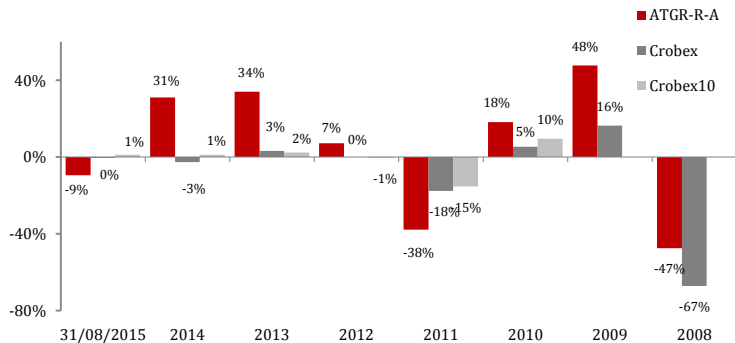
Sales by brands 2014  
(EUR 682m)



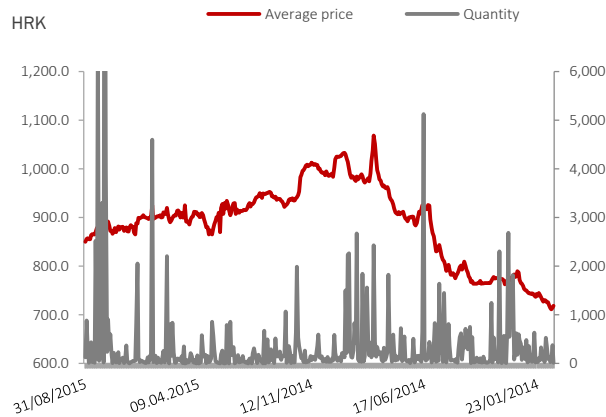
#### AG BRANDS WITH SALES OVER EUR 15m in 2014



## Performance on capital market



## Average price / volume of Atlantic Grupa's share



Valuation	31/08/2015**	2014	2013
Last price in reporting period	850.1	940.0	718.0
Market capitalization* (in HRK millions)	2,834.6	3,134.2	2,394.0
Average daily turnover (in HRK thousands)	308.1	299.5	237.8
EV (in HRK millions)	4,764.6	5,064.3	4,504.7
EV/EBITDA	8.0	8.5	7.6
EV/EBIT	10.8	11.5	10.6
EV/sales	0.9	1.0	0.9
EPS (in HRK)	60.0	60.0	58.5
P/E	14.2	15.7	12.3

\* Closing price multiplied by the total number of shares; \*\* All P&L and BS parameters calculated based on FY14

- ❖ 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 : 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

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### National company

1990's

- ❖ Distribution centres across Croatia
- ❖ Various distribution cooperations

DISTRIBUTION

### Regional company

2000-2004

- ❖ Regional expansion
- ❖ 2001: Acquisition of CEDEVITA

DISTRIBUTION & PRODUCTION

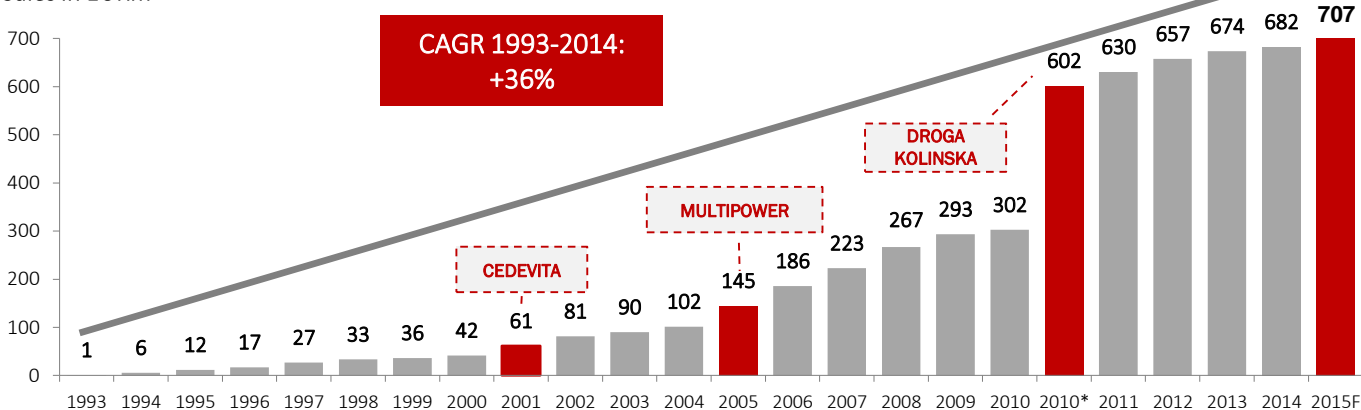
### European company

2005-2015

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

VERTICAL INTEGRATION

Sales in EURm

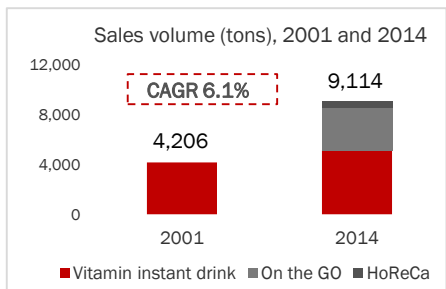


CAGR 1993-2014: +36%

2010\*: Pro-forma consolidated with Droga Kolinska

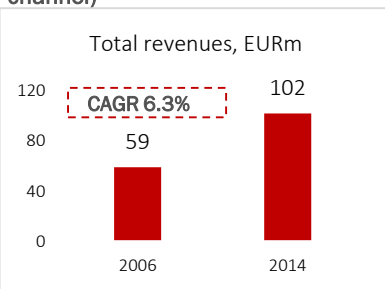
## Cedevita (2001)

Capability to successfully execute spin-off and turnaround situations and provide acquired products with new markets and distribution channels



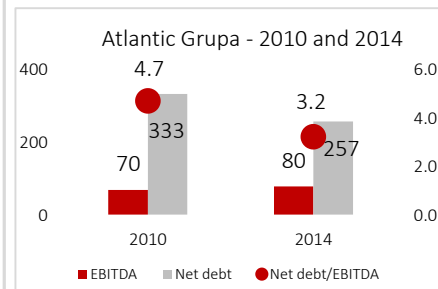
## Sports and Functional Food (2005)

Capability to successfully execute cross-border transactions in developed markets and entering new distribution channels (sport channel)



## Droga Kolinska (2010)

Capability for successfully acquiring larger companies, utilizing leveraged structures and integrating complex businesses



### 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.



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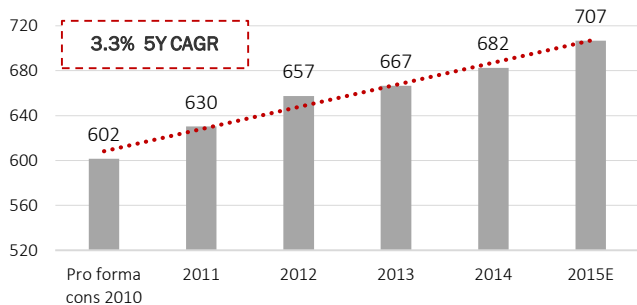


Back-up: Overview  
of businesses

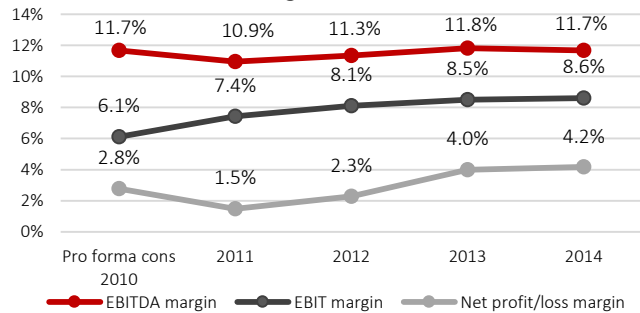


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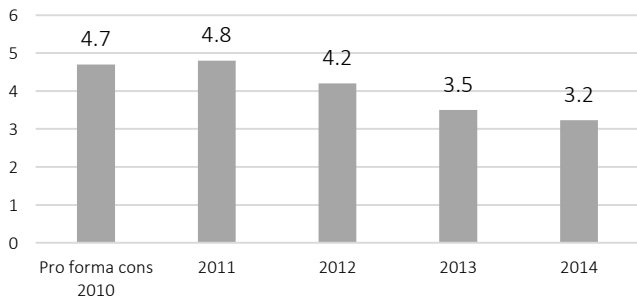
### Sales, EUR millions



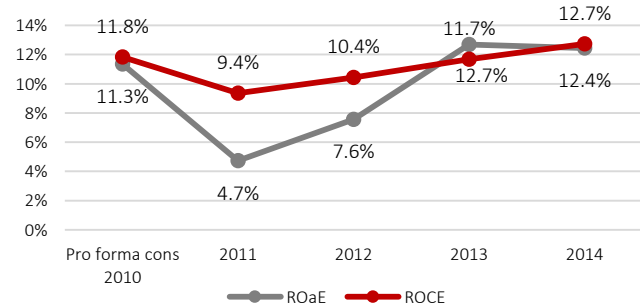
### Margin overview



### Net debt/EBITDA



### ROaE, ROCE





EURm	2012	2013	2014	2013/ 2012	2014/ 2013
Revenues	665	672	689	1.1%	2.6%
Sales	657	667	682	1.4%	2.4%
EBITDA	74	79	80	5.8%	1.1%
EBIT	53	57	59	6.4%	3.8%
Net profit	15	27	28	76.9%	7.2%

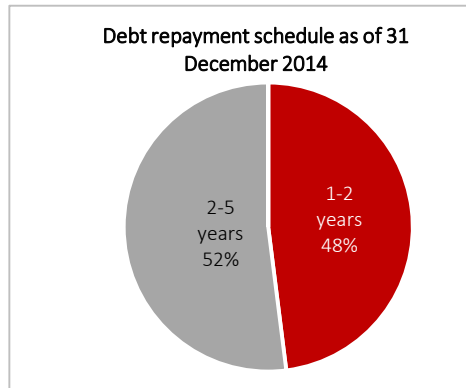
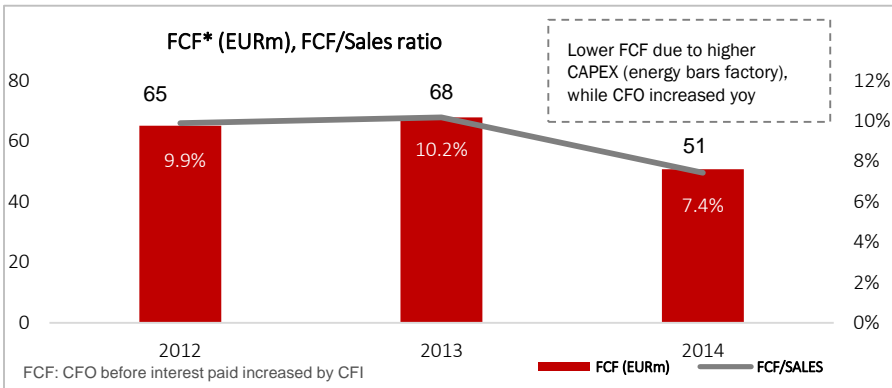
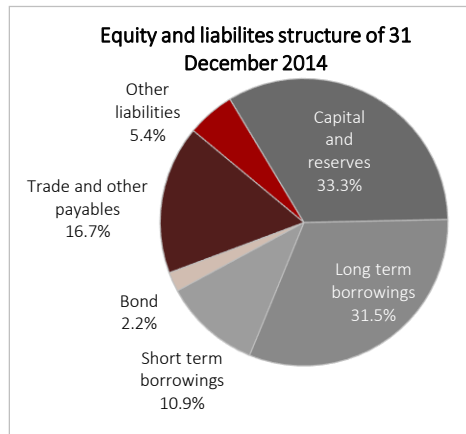
EBITDA margin	11.3%	11.8%	11.7%	+49 bp	-15 bp
EBIT margin	8.1%	8.5%	8.6%	+40 bp	+12 bp
Net profit margin	2.3%	4.0%	4.2%	+170 bp	+19 bp
ROaA	2.1%	3.9%	4.1%	+175 bp	+23 bp
ROaE	7.6%	12.7%	12.4%	+513 bp	-25 bp
ROaCE	10.4%	11.7%	12.7%	+126 bp	+105 bp

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))

#### 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 Barcaffè) in Konzum's stores in the fourth quarter of 2014.

(in EUR millions)	2012	2013	2014	2014/2013
Net debt	314	275	257	(6.4%)
Total assets	687	678	703	3.8%
Total Equity	195	223	234	4.8%
Current ratio	1.8	1.8	1.5	n/a
Gearing ratio	61.7%	55.2%	52.3%	n/a
Net debt/EBITDA	4.2	3.5	3.2	n/a
Interest coverage ratio	2.6	3.7	4.7	n/a
Capital expenditure	11	13	25	90.1%
Cash flow from operating activities	39	56	59	6.1%
Dividend payment for the year	-	4.0	4.7	15.9%



Sales, EURm	2014			2014/ 2013	EBITDA, EURm	2014		
	2014	2013*				2014	2013	2014/ 2013
SBU Beverages	83.7	85.0	(0.8%)	SBU Beverages	17.1	15.8	8.1%	
SBU Coffee	134.6	144.1	(5.9%)	SBU Coffee	30.8	31.7	(2.9%)	
SBU (Sweet and Salted) Snacks	80.5	81.4	(0.3%)	SBU (Sweet and Salted) Snacks	13.1	14.7	(11.1%)	
SBU Savoury Spreads	61.8	60.3	3.1%	SBU Savoury Spreads	15.1	13.7	10.4%	
SBU Sports and Functional Food	102.1	103.1	(0.3%)	SBU Sports and Functional Food	2.2	3.1	(29.9%)	
SBU Pharma and Personal Care	64.7	65.9	(1.1%)	SBU Pharma and Personal Care	6.7	6.3	5.0%	
SDU Croatia	110.6	101.0	10.4%	SDU Croatia	1.6	2.4	(31.6%)	
SDU Serbia	142.0	151.2	(5.4%)	SDU Serbia	3.8	5.1	(25.7%)	
SDU International markets	76.3	73.4	4.8%	SDU International markets	2.0	2.1	(6.4%)	
DU Slovenia	95.1	81.2	18.0%	DU Slovenia	4.9	4.8	2.0%	
Other segments**	107.5	112.4	(3.6%)	Other segments**	(17.6)	(20.9)	(16.2%)	
Reconciliation***	(388.1)	(399.0)	n/a					
Sales	682.4	660.0	2.4%	Group EBITDA	79.6	78.8	5.8%	

\* 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.

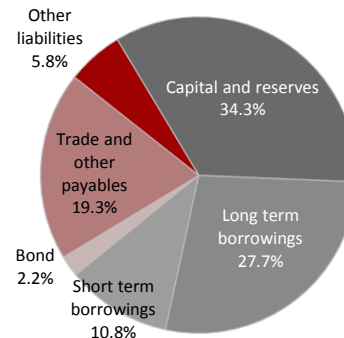
\*\* Other segments include SDU HoReCa, SDU CIS, BU Baby Food, DU Macedonia and business activities not allocated to business and distribution units (headquarters and support functions in Serbia, Slovenia and Macedonia) which are excluded from the reportable operating segments.

\*\*\* 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.

EURm	H1 2014	H1 2015	H1 2015/ H2 2014
Revenues	335	324	3.2%
Sales	333	322	3.5%
EBITDA	37	39	-6.5%
EBIT	27	30	-10.0%
Net profit	19	17	9.6%

Cash flow from operating activities	21	13	54.16%
EBITDA margin	11.0%	12.2%	- 118 bp
EBIT margin	8.2%	9.4%	-122 bp
Net profit margin	5.7%	5.8%	-17 bp
	H1 2015	2014	
Net Debt	243	257	-5.33%
Net debt/EBITDA	3.2	3.2	-2.15%

**Equity and liabilities structure  
June 30th 2015**



- ❖ Sales growth of 7.3% was recorded in Serbia, Croatia which recorded a growth of 6.6%, and Bosnia and Hercegovina which recorded a growth of 6.1%.
- ❖ EBIT decreased by 10.0% mainly due to rise in costs of production materials.
- ❖ The growth of sales was mainly propelled by the Strategic Business Unit Savoury Spreads with a growth of 6.2%, the Strategic Business Unit Snacks with a growth of 4.8%, the Strategic Business Unit Beverages with a growth of 2.3%, the Strategic Distribution Unit Croatia with a growth of 6.3% and the Strategic Distribution Unit Serbia with a growth of 5.7%.
- ❖ Coffee with 19.3% share in total sales stands out as the largest single category, having recorded sales revenue of HRK 489.0 million.
- ❖ During the first half of 2015, the focus was on an intensive integration of Foodland d.o.o. into Atlantic Grupa.

Sales, EURm	H1 2015	H1 2014	H1 2015/H1 2014	EBITDA, EURm	H1 2015	H1 2014	H1 2015/H1 2014
SBU Beverages	42.9	42.2	2.3%	SBU Beverages	11.5	8.4	37.1%
SBU Coffee	64.1	63.7	1.4%	SBU Coffee	13.6	15.5	(12.5%)
SBU (Sweet and Salted) Snacks	38.6	37.0	4.8%	SBU (Sweet and Salted) Snacks	6.7	6.5	2.9%
SBU Savoury Spreads	30.8	29.2	6.2%	SBU Savoury Spreads	5.7	6.9	(17.9%)
SBU Sports and Functional Food	53.4	52.8	1.9%	SBU Sports and Functional Food	0.5	1.6	(66.0%)
SBU Pharma and Personal Care	32.7	32.5	1.3%	SBU Pharma and Personal Care	2.4	2.3	5.1%
SDU Croatia	56.3	53.3	6.3%	SDU Croatia	0.5	1.1	(55.8%)
SDU Serbia	70.7	67.3	5.7%	SDU Serbia	1.5	1.3	20.2%
SDU International markets	39.1	38.9	1.1%	SDU International markets	0.2	0.9	(75.9%)
DU Slovenia	44.4	44.3	1.0%	DU Slovenia	1.9	1.3	45.9%
Other segments*	47.4	52.6	(9.2%)	Other segments**	(7.1)	(5.8)	22.0%
Reconciliation**	(187.4)	(189.9)	n/a				
Sales	338.7	324.0	3.5%	Group EBITDA	37.4	40.0	5.8%

\* 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.

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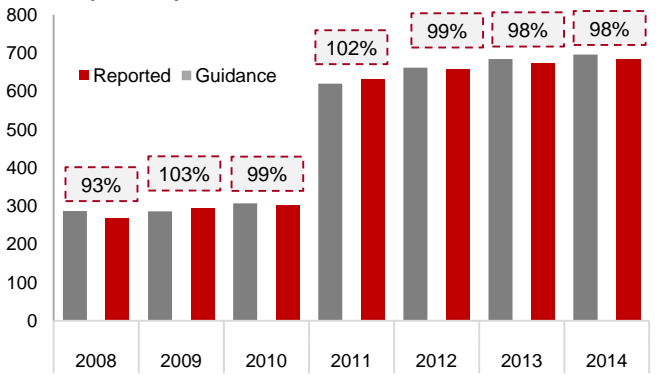


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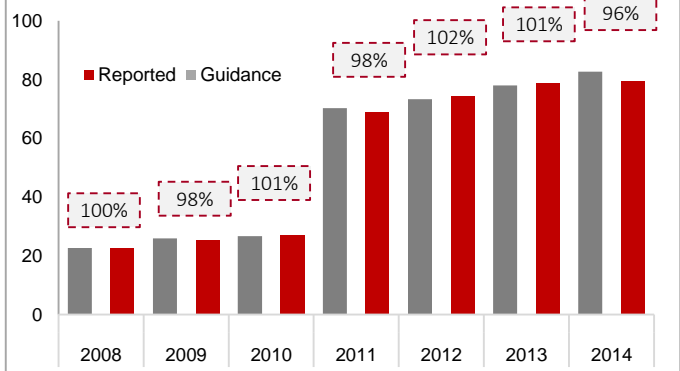


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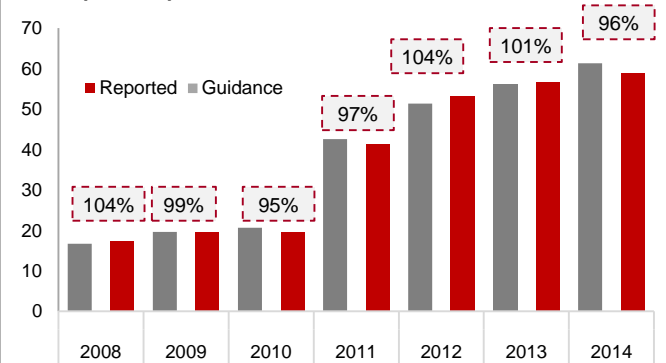
### Sales (EURm)



### EBITDA (EURm)



### EBIT (EURm)



❖ 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.

**Strategic  
management  
guidance**

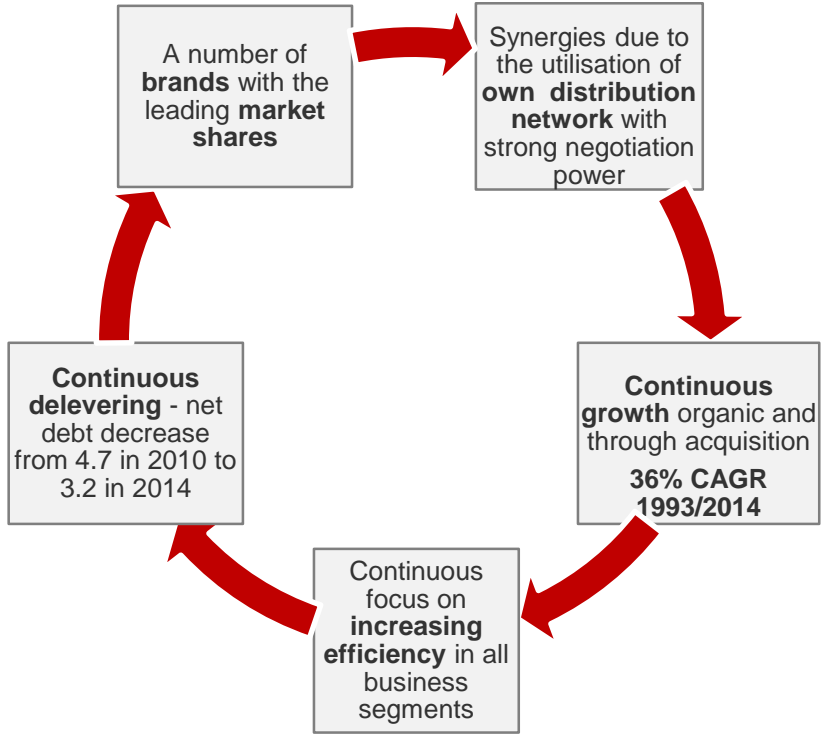
- ❖ Focus on organic business growth through active brand management with a special emphasis on (i) strengthening the position of regional brands (Cockta, Cedevita, Smoki, Grand Kafa, Barcaffè, Bananica, Štark) and (ii) brands with international potential (Multipower, Argeta, Donat Mg, Bebi, Cedevita 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.

(in EUR millions)	2015 Guidance	2014	2015/2014
Sales	707	682	3.5%
EBITDA	75	80	(5.4%)
EBIT	54	59	(8.1%)
Interest expense	17	17	(0.7%)

- ❖ 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.



- 1** One of leading regional FMCG producers and distributors in Eastern Europe
- 2** 19 production facilities and sales generated in over 40 markets
- 3** Well respected management team with history of continuous delivery of published guidance and 26 executed M&A deals



# STRONG PROFITABLE GROWTH

## International focus

- New acquisitions
- Reducing the SEE dependancy and increasing the European presence (DACH and NORDIC)
- Argeta, Donat MG, Multipower, Bebi, Cedevita, Granny's Secret
- Key markets: Germany, Austria, Switzerland, UK, Italy, Sweden, Spain, France

## Region

- Innovating own brands and attracting new principles
- Growing market shares across categories

Improving operating efficiency in existing business



ORGANIC  
FOCUS

HIGHLIGHTS

- ❖ 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)
- ❖ Cost management and optimisation of business processes on all operating levels aimed at improving operating efficiency
- ❖ Active monitoring of trends and hedging the price of raw coffee and other raw materials
- ❖ Regular settlement of existing financial liabilities with an active management of debt and financial expenses
- ❖ Prudent liquidity management and deleveraging

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**

M&A  
FOCUS

HIGHLIGHTS

- ❖ With continuous deleveraging and Net debt/EBITDA nearing 3.0x level, the company is set for new acquisitions
- ❖ Key aim: reduce dependancy 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 strenghten market position in the regional categories (e.g. coffee, snacks)

Atlantic Grupa  
Today



Development of  
Atlantic Grupa



Financial overview



Strategic guidance



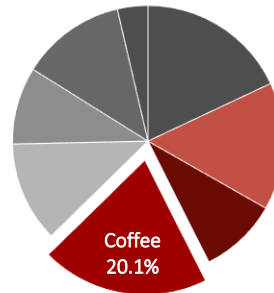
Back-up: Overview  
of businesses



Back-up:  
Innovative  
financing of growth

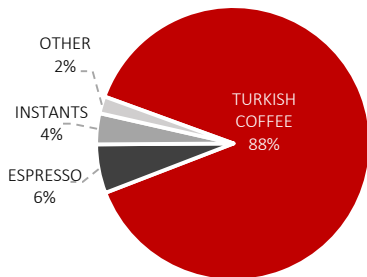


**No.1** in Turkish coffee in Serbia, Slovenia, B&H and Macedonia

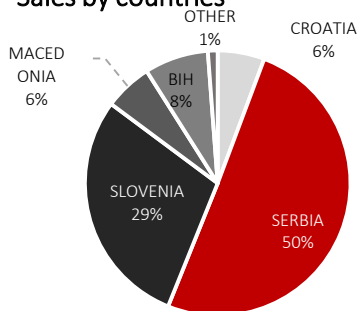


**EUR 137m**  
sales in 2014

**Sales by categories**



**Sales by countries**



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, Austria and Macedonia.



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

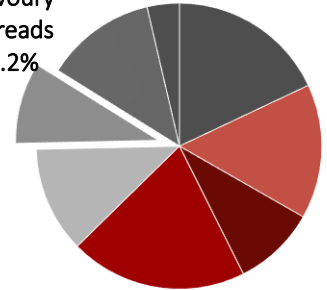
Argeta is sold in **33 countries**.

# ARGETA®

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

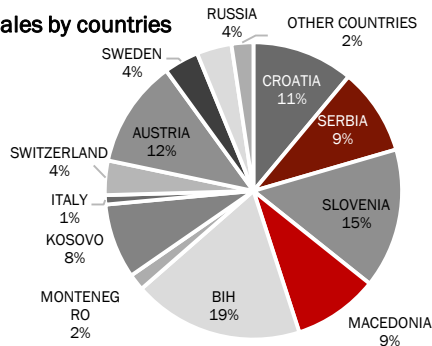


Savoury spreads  
9.2%



**EUR 63m**  
sales in 2014

**Sales by countries**





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.



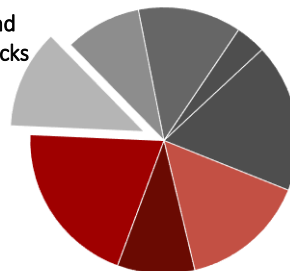
Biscuits and wafers have marked the youth of many generations.

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



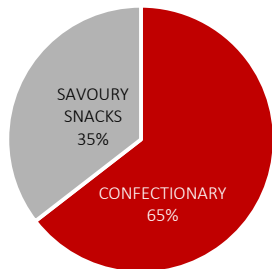
**No.2** Chocolate tablets in Serbia.  
Biscuits in Serbia.  
Sticks in Serbia.

Sweet and salted snacks  
12.0%

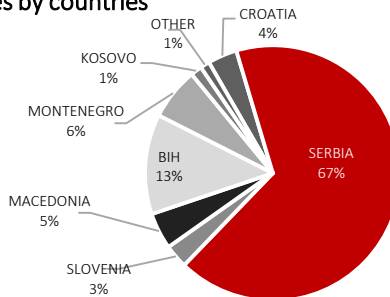


**EUR 82m**  
sales in 2014

Sales by categories



Sales by countries





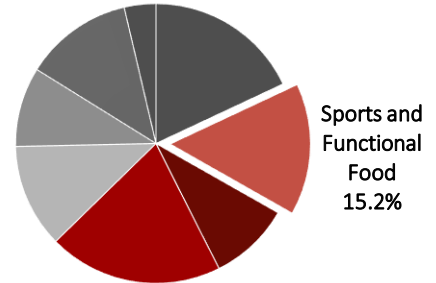
**No.1** Sports food in Europe.



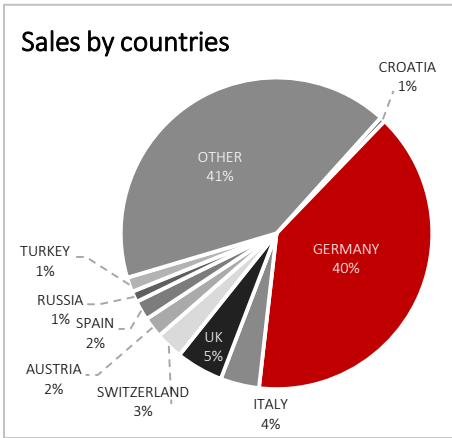
The largest greenfield investment in Atlantic Grupa's history: EUR 13m worth energy bars production facility in Nova Gradiška, Croatia.



Sold in more than **28** countries worldwide.



**EUR 104m** sales in 2014





**CEDEVITA**

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

**Cockta**  
CREATED DIFFERENT

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

**Donat  
Mg**

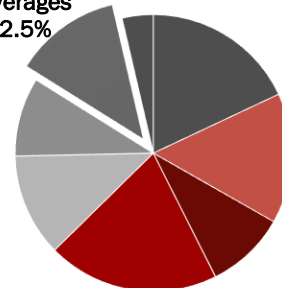
A natural multifunctional mineral water with a high level of magnesium.

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



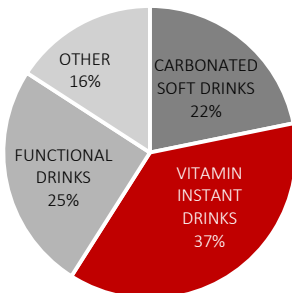
**GROWING MARKETS WITH INNOVATIONS**

**Beverages  
12.5%**



**EUR 85m**  
sales in 2014

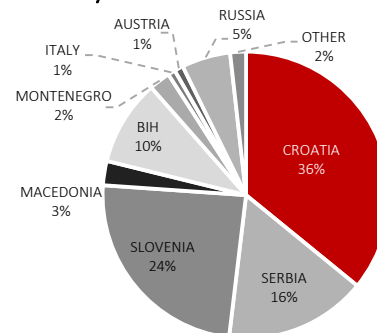
**Sales by categories**



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



**Sales by countries**



### 3 complementary businesses:

- \* Pharmacies and specialised stores
- \* Cosmetics
- \* Food supplements and OTC portfolio

**farmacia+**

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

**plidenta**

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

**MELEM**

An original Croatian universal cream.

**ROSAL**

Renowned Croatian brand in the cosmetics.

**DIETPHARM**

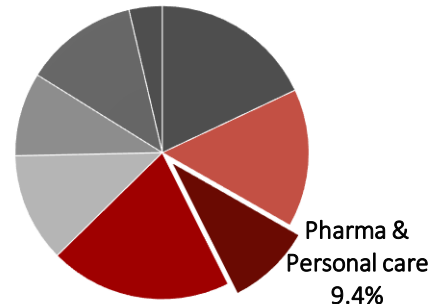
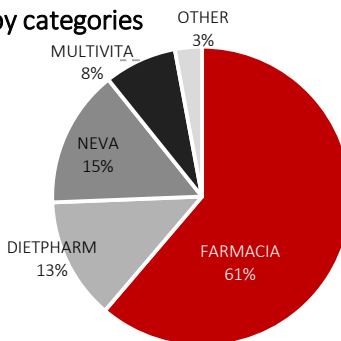
The leading regional producer of food supplements and vitamin products.

### No.2 Lip care in Serbia.

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



### Sales by categories



**EUR 66m**  
sales in 2014

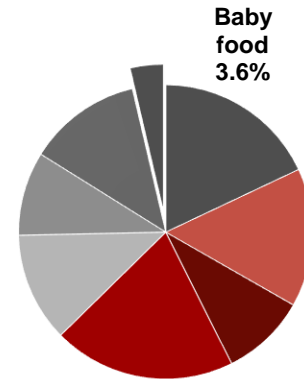


**No.1** Baby cereals in Ukraine.  
Baby biscuits in Lithuania.

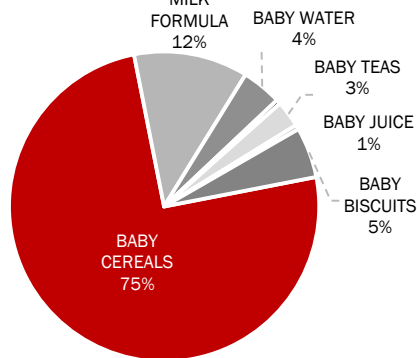
Sales by countries



**Bebi**



Sales by categories



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



## CROATIA

- ❖ Established: 1991
- ❖ Headquarter: Zagreb
- ❖ Distribution centres: 4 (Zagreb, Rijeka, Osijek, Split)
- ❖ Vehicles: 225
- ❖ Warehouse space: 21,000 pal
- ❖ Distribution coverage increased in HoReCa („Barcaffe-on-the go” at gas stations)

## SERBIA

- ❖ Headquarter Belgrade
- ❖ 4 Distribution centres (Novi Sad, Belgrade, Čačak, Niš)
- ❖ 260 vehicles
- ❖ 13.920 m2 warehouse space
- ❖ HoReCa channel - growth of installed espresso machines

## SLOVENIA

- ❖ Headquarter Ljubljana
- ❖ 1 Distribution centre
- ❖ Logistics: BTC
- ❖ Distribution coverage increased in HoReCa („Barcaffe-on-the go” at gas stations)

## MACEDONIA

- ❖ Headquarter Skopje
- ❖ 1 Distribution centre
- ❖ 95 vehicles
- ❖ Storage: 2,580 m2
- ❖ HoReCa channel – continuously strengthening

Portion of brands within portfolio (in addition to own brands):

**WRIGLEY**  
A Subsidiary of Mars, Incorporated



**Johnson & Johnson**



**FERRERO**



**DURACELL**

Portion of brands within portfolio (in addition to own brands):

**ZVEČEVO**  
—1921—



**FERRERO**



Portion of brands within portfolio (in addition to own brands):



**HiPP**



**FERRERO**

**ITALFOOD**



Portion of brands within portfolio (in addition to own brands):

**ZVEČEVO**  
—1921—



**FERRERO**

## 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.

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

**Bebi**

**ARGETA**

**MULTIPOWER**

**Donat  
Mg**

  
Granny's Secret

## 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 international markets are:

**ARGETA**

**MULTIPOWER**

**CEDEVITA**

**Donat  
Mg**

  
Granny's Secret

Risk	Description	Effects / Management
<p><b>Macro outlook in key countries</b></p>	<ul style="list-style-type: none"> <li>❖ 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</li> </ul>	<ul style="list-style-type: none"> <li>✓ Non-cyclical key categories</li> <li>➤ Planned reducing dependency on the SEE region with expansion in the Western European markets (acquisitions) and CIS and Russia (organic growth)</li> </ul>
<p><b>Retail consolidation and private label</b></p>	<ul style="list-style-type: none"> <li>❖ Continuous retail consolidation is underway, most significantly Agrokor-Mercator combination which puts pressure on the local FMCG producers</li> </ul>	<ul style="list-style-type: none"> <li>✓ Atlantic is one of the largest regional producer with the largest portfolio of “essential” brands</li> <li>➤ Increase of bargaining power with new principals/own brands portfolio expansion (e.g. Unilever distribution contract)</li> </ul>
<p><b>Global competition</b></p>	<ul style="list-style-type: none"> <li>❖ Larger global competitors have lower cost production, globally established brands and bigger marketing firepower and in the future will focus more on Eastern Europe</li> </ul>	<ul style="list-style-type: none"> <li>✓ Atlantic’s brands are household names commanding much larger brand awareness</li> <li>➤ Tactical acquisitions aimed at niche products with premium positioning</li> </ul>
<p><b>Currency and commodity risk</b></p>	<ul style="list-style-type: none"> <li>❖ Volatile currencies (RUB and RSD) present large risks to Atlantic and its EUR based investors</li> <li>❖ Substantial commodity risks with key raw materials (coffee, sugar)</li> </ul>	<ul style="list-style-type: none"> <li>✓ Atlantic utilises available risk management tools (forward contracts for commodities), but for some risks (RUB, RSD) hedging is too expensive</li> </ul>

Atlantic Grupa  
Today



Development of  
Atlantic Grupa



Financial  
overview



Strategic  
guidance



Back-up:  
Overview of  
businesses



Back-up:  
Innovative  
financing of  
growth



## Acquisition of Cedevida: 2001

### Pre-acquisition situation:

- ❖ Dying brand that Pliva wanted to divest as part of its non-core business

### Investment highlights:

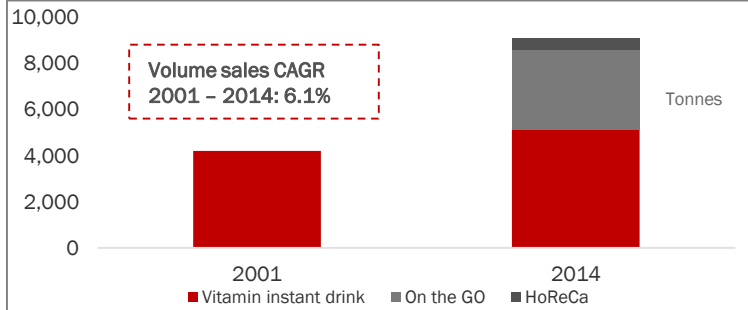
- ❖ Foray into production
- ❖ Reducing dependence on distribution of the FMCG principal brands
- ❖ Increasing the share of higher-margin own brands
- ❖ Developing 'consumer healthcare' business model

### 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 Cedevida 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



### Pre-acquisition



### Post-acquisition





## 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

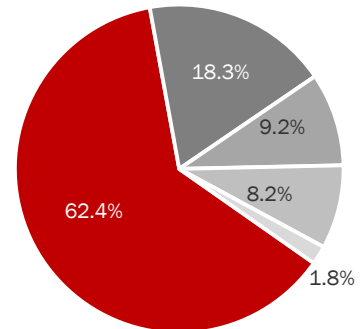
- ❖ The largest private IPO on the Croatian capital market:
  - ❖ Issuing 382,970 new shares – raised **EUR 48m**
  - ❖ Selling 382,969 shares by the existing shareholders (EUR 48m)
- ❖ Funds from IPO:
  - ❖ Entering pharmacy business – the largest private pharmacy chain in Croatia under FARMACIA brand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

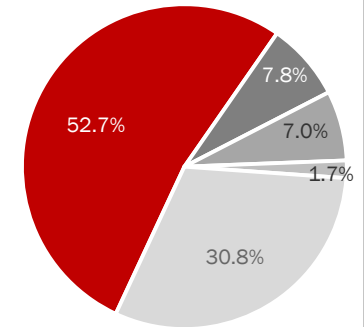
### Prior to IPO

- Emil Tedeschi
- Svetozar Tedeschi
- Lada Tedeschi Fiorio
- DEG



### Post IPO

- Emil Tedeschi
- Lada Tedeschi Fiorio
- DEG
- Management



## 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

Senior loan  
78% of total debt



Financial  
debt  
56%

Capital  
44%

Capital increase  
78% of total capital



Junior loan  
22% of total debt

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

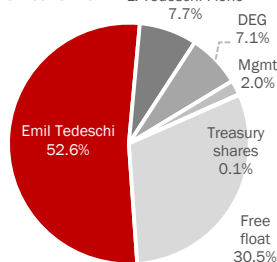
Capital increase: EUR 83m

Highlights: DEG increased its share, EBRD new shareholder

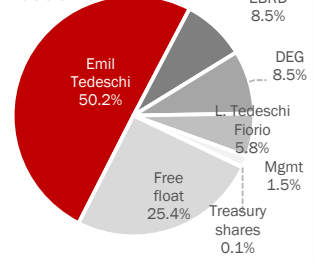
### Droga Kolinska

Ownership	100%
Enterprise value (EURm)	382
Equity value (EURm)	243

### Prior to SPO



### Post SPO



(EURm)	FY10	FY10 pro-forma	FY11	FY12	FY13	FY14	CAGR FY10 pro-forma - FY14	FY14/FY13
Revenues	306	609	637	665	672	689	3.1%	2.6%
Sales	302	602	630	657	667	682	3.2%	2.4%
EBITDA	27	70	69	74	79	80	3.2%	1.1%
EBIT	20	37	47	53	57	59	12.4%	3.8%
Net profit	11	17	9	15	27	28	14.2%	7.2%

EBITDA margin	8.9%	11.7%	10.9%	11.3%	11.8%	11.7%	0bp	-15bp
EBIT margin	6.5%	6.1%	7.4%	8.1%	8.5%	8.6%	+250bp	+12bp
Net profit margin	3.8%	2.8%	1.5%	2.3%	4.0%	4.2%	+139bp	+19bp

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 "Marketing and selling expenses" to decrease in "Cost of merchandise sold".

P&L figures normalized; \*Gearing ratio calculated as Net debt/(Total equity+Net debt)

#### 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



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