

ATLANTIC GRUPA

Company of Added Value

EBRD's 15th ANNUAL SYNDICATIONS AND CO-FINANCIERS MEETING

March 2013



CONTENT

OVERVIEW OF ATLANTIC GRUPA

REFINANCING

2012 FINANCIALS AND 2013 OUTLOOK

ONE OF THE LARGEST FOOD AND BEVERAGES COMPANIES IN THE REGION*

Business

- Fast Moving Consumer Goods

Headquarters

- Zagreb, Croatia (Europe)

Foundation

- 1991

No of employees

- 4,247

FY12 sales

- EUR 657 millions

Key Markets

- CEE region, Western Europe, Russia
- presence on over 40 markets

Production locations

- 14 production locations in Croatia, Slovenia, Bosnia and Herzegovina, Serbia, Macedonia and Germany

Key business segments:

- The leading **coffee** producer in the region
- Prominent European company in the **sports nutrition**
- Among the leading **soft drinks** producers in the region
- Among the leading **confectionary & snacks** producers in the region
- Among the leading **savoury spreads** producers in the region
- Producer of the No1 Croatian brand in the **VMS segment**
- The leading **private pharmacy chain** in Croatia
- The leading **FMCG distributor** in the SEE region

Key brands:

GRAND KAFA, BARCAFFE

MULTIPOWER

CEDEVITA, COCKTA, DONAT Mg

SMOKI, NAJLEPŠE ŽELJE, BANANICA

ARGETA

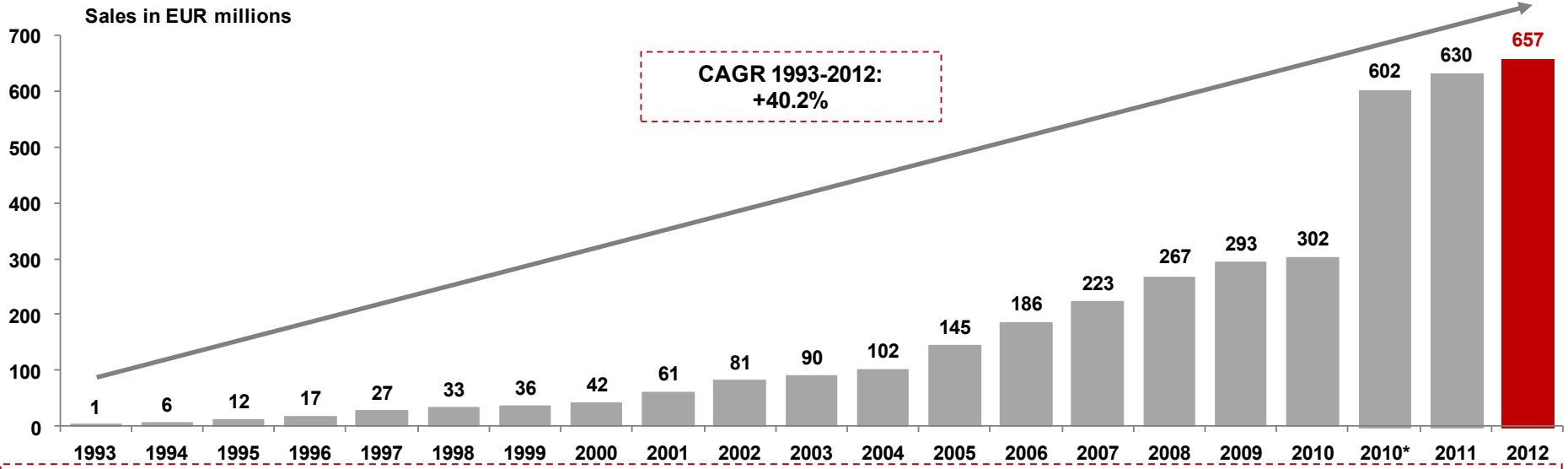
DIETPHARM

FARMACIA

International Brands (Ferrero, Wrigley...)

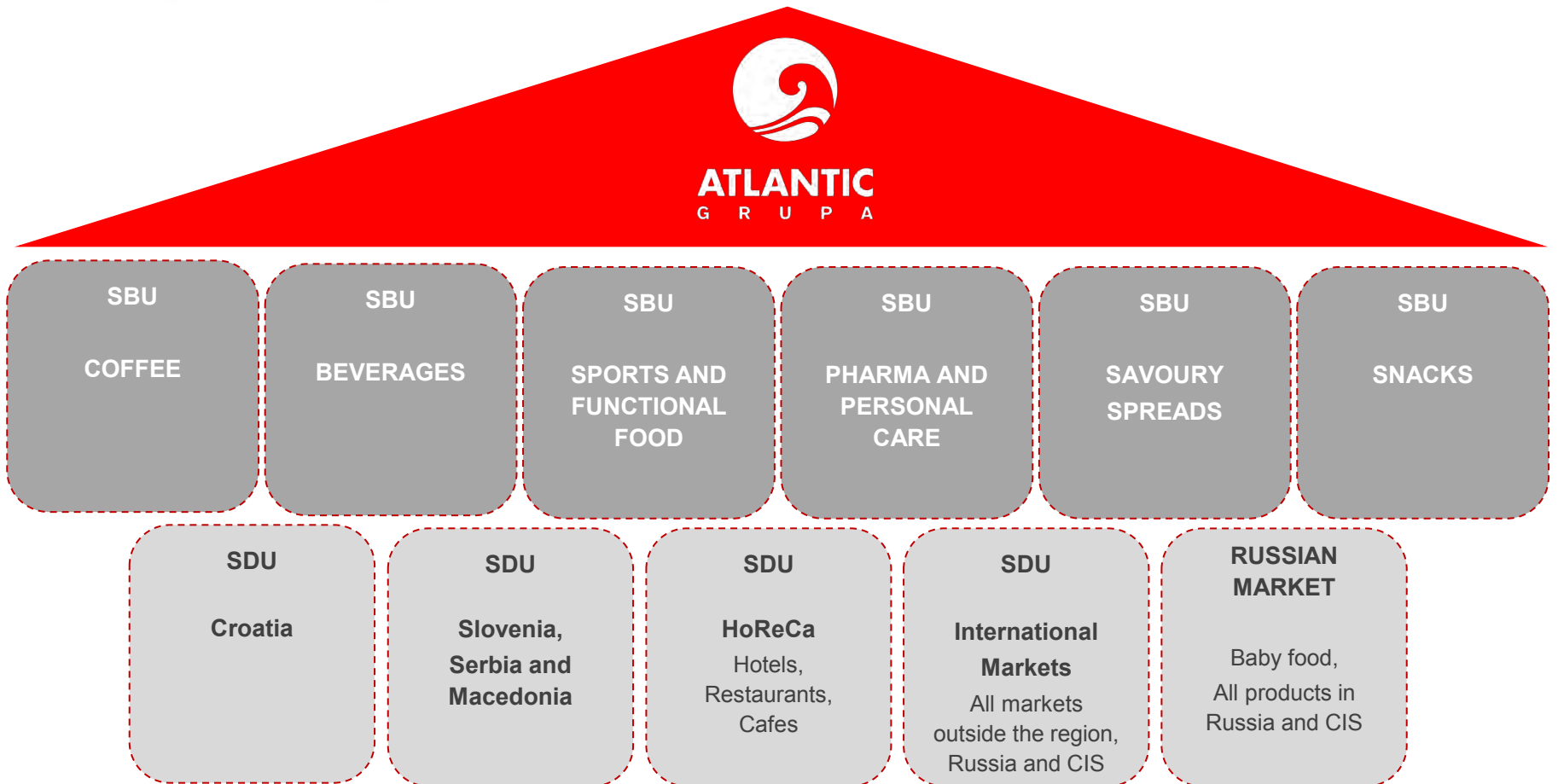
*The region includes: Croatia, Slovenia, Bosnia and Herzegovina, Serbia, Montenegro, Macedonia and Kosovo; Figure translated at EUR/HRK FX rate of 7.5

DEVELOPMENT CYCLE: EXTENSIVE M&A TRACK RECORD










































2010*: Pro-forma consolidated with Droga Kolinska; Figures translated at EUR/HRK FX rate of 7.5 to avoid FX differences

ATLANTIC GRUPA'S BUSINESS MODEL FROM 2012



- Reorganization in 2012 with an aim to manage business segments and distribution markets in a more efficient manner
- The new business organisation includes six Strategic Business Units (SBU), four Strategic Distribution Units (SDU) and Russian market

PRODUCT/DISTRIBUTION PORTFOLIO OVERVIEW

Coffee	<ul style="list-style-type: none"> Turkish Coffee Espresso coffee Instant coffee   	Beverages	<ul style="list-style-type: none"> Carbonated soft drinks Vitamin instant drinks Functional waters Waters Tea and Functional tea          
Savoury spreads	<ul style="list-style-type: none"> Meat spreads Fish spreads Sandwiches   	Personal care	<ul style="list-style-type: none"> Body care Face care Lip care Tooth care   
Snacks	<ul style="list-style-type: none"> Savoury snacks Chocolate tablets Wafers & Biscuits Bars      	Pharma	<ul style="list-style-type: none"> Food supplements OTC products Pharmacy chain   
Sports and functional food	<ul style="list-style-type: none"> Sports food Weight management range Energy range Body building range    	Baby food	<ul style="list-style-type: none"> Baby cereals Milk formula Juices, tea, water Biscuits, jars 
Distribution	<ul style="list-style-type: none"> Own brands International brands      		

ATLANTIC GRUPA'S GREATEST ASSETS

Croatia											
Serbia											
Slovenia											
Bosnia and Herzegovina											
Macedonia											
Germany											
Italy											
United Kingdom											
Austria											
Switzerland											
Ukraine											

Brands with key market positions - among the top 3 in their category based on Nielsen Retail Panel and company data

STABLE MANAGEMENT TEAM AND OWNERSHIP STRUCTURE

Management



Emil Tedeschi
President of
Management



Mladen Veber
Senior Group Vice
President
Business Operations



Zoran Stanković
Group Vice President
Finance

Strategic Management Council: deals with vital strategic and operational corporate issues.

Consists of: Board Members, Vice Presidents and Senior Executive Directors of each SBU and SDU, Senior Executive Director for Regional KAM and Sales Croatia, the Secretary General, Executive Directors of Corporate Controlling, Central Procurement and Human Resources, and the Head of the Investment Committee.

Supervisory board



Zdenko
Adrović

President
of the
Supervisory
Bord



Lada
Tedeschi
Fiorio

Vice President
of the
Supervisory
Bord



Siniša
Petrović

Member
of the
Supervisory
Bord



Željko
Perić

Member
of the
Supervisory
Bord



Franz
Josef
Flosbach

Member
of the
Supervisory
Bord



Siniša
Petrović

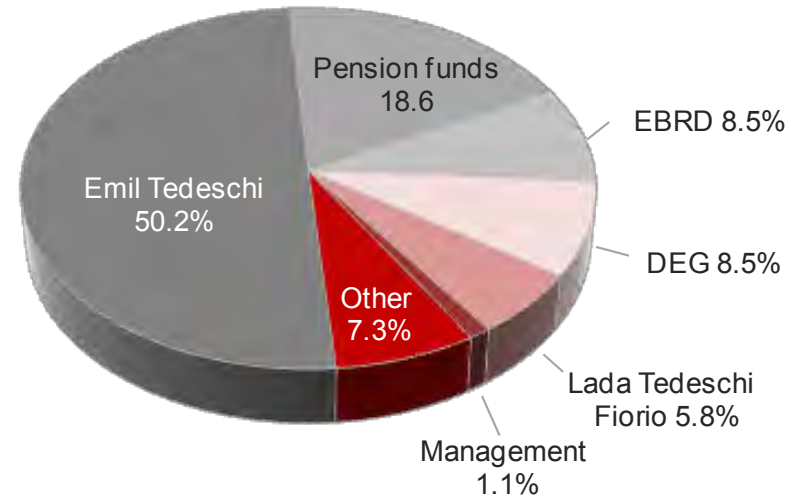
Member
of the
Supervisory
Bord



Željko
Perić

Member
of the
Supervisory
Bord

Ownership structure on 31/12/2012



GEOGRAPHIC PRESENCE

PRESENCE ON MORE THAN 40 MARKETS INCLUDING:

Regional countries: Croatia, Serbia, Slovenia, Bosnia and Herzegovina, Macedonia, Montenegro, Kosovo

Western European countries: Germany, United Kingdom, Italy, Austria, Switzerland, Spain, France

Northern European countries: Sweden, Norway

Eastern European countries: Russia, Ukraine, Poland, CIS countries



Strong production and distribution network in the region

- 17 production facilities in Croatia, Serbia, Slovenia, Bosnia and Herzegovina, Macedonia and Germany
- Own distribution network in Croatia, Slovenia, Serbia and Macedonia
- 16 distribution centers in the region
- 11 companies and representative offices in Croatia, Serbia, Slovenia, Bosnia and Herzegovina, Macedonia, Montenegro, Germany, United Kingdom, Italy, Spain and Russia

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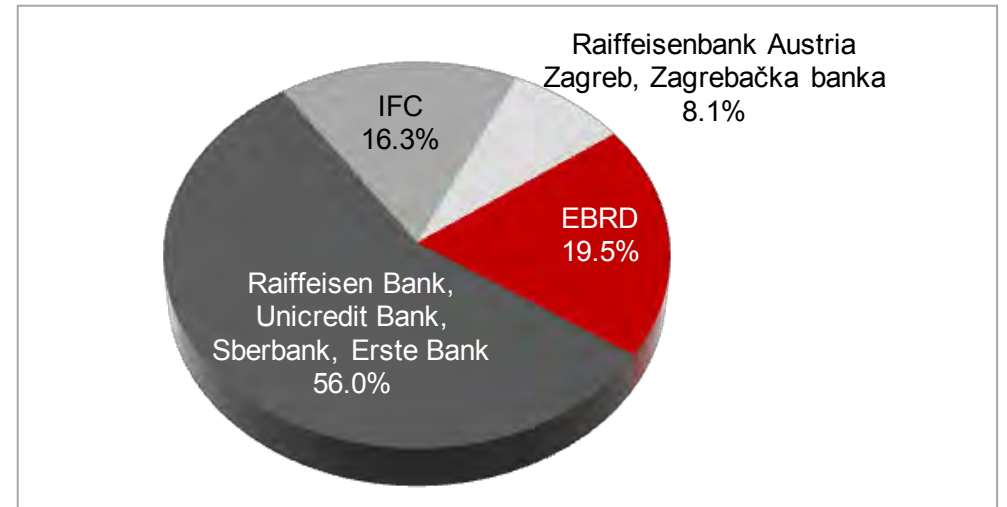
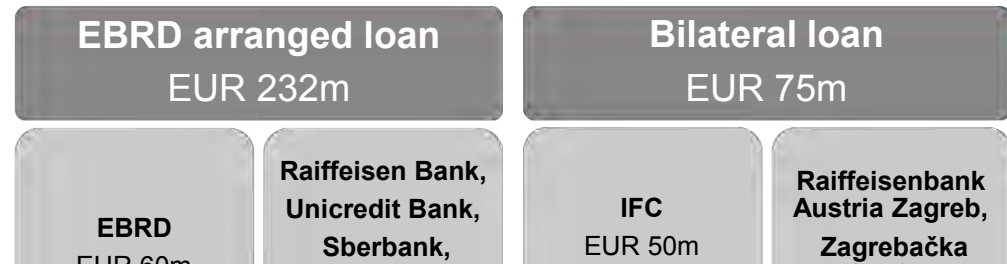
Transaction value and purpose

- EUR 307m, out of which:
 - ✓ Balance sheet restructuring → EUR 272m
 - ✓ Energy efficiency improvement → EUR 10m
 - ✓ Working capital financing → EUR 25m

Reasoning for refinancing

- Agreement of more favourable terms with average interest rate of 4% and longer maturity of refinancing and prolonged grace period
- Cost savings
- Balance sheet restructuring – permanent financing structure
- Diversifying lenders' base
- Creating platform for growth
- Increasing operational efficiency level

Refinancing structure



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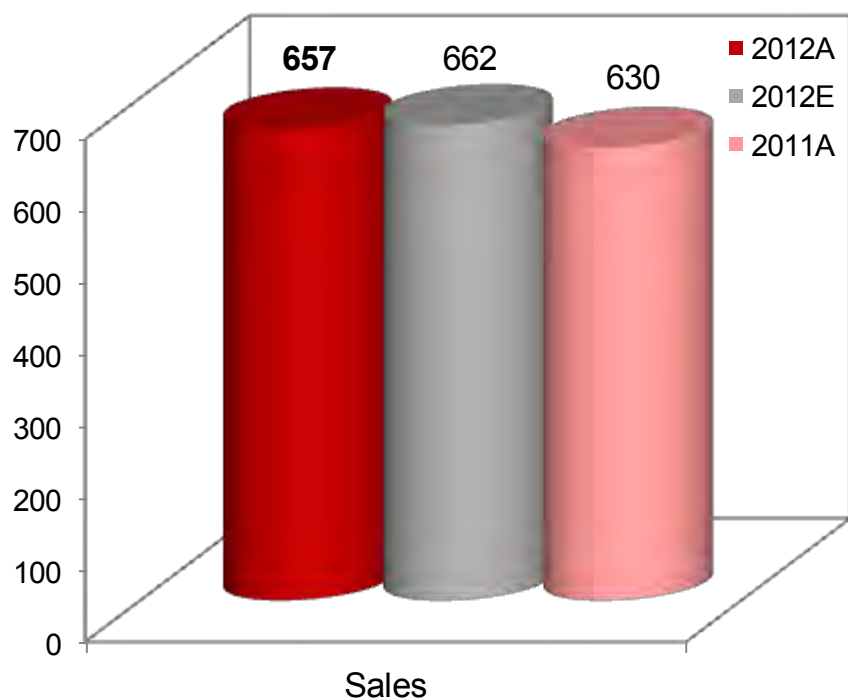
2012 FINANCIALS AND 2013 OUTLOOK

RESULTS IN LINE WITH THE GUIDANCE

(in EUR millions)

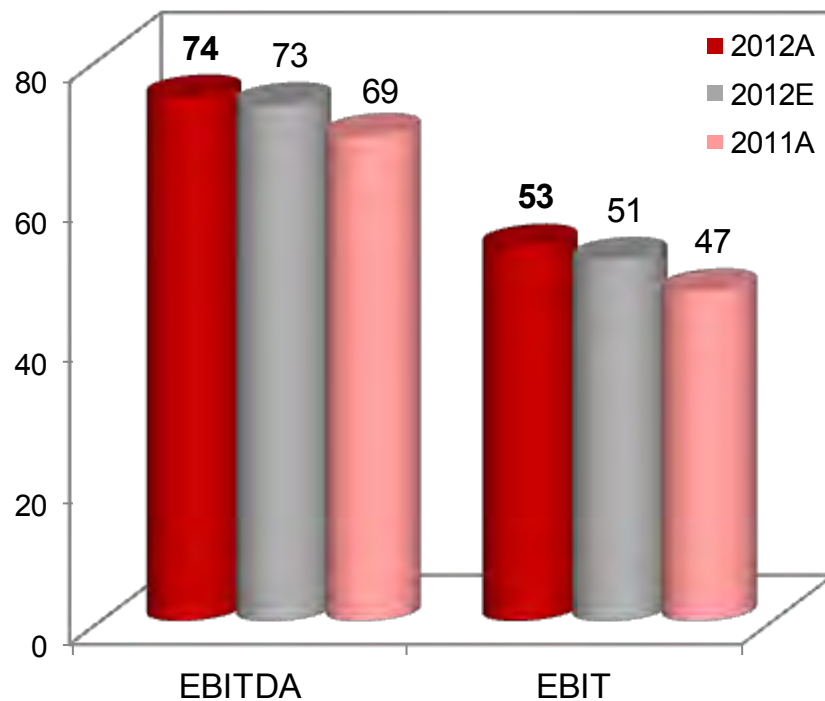
2012A/2011E: 99.3%

2012A/2011A: 104.3%



2012A/2011E: 101.6%

2012A/2011A: 108.0%



2012A/2011E: 103.7%

2012A/2011A: 113.6%

➤ 2012 and 2011 results normalized

Figures translated at EUR/HRK FX rate of 7.5 to avoid FX differences

SALES PROFILE BY STRATEGIC BUSINESS UNITS AND STRATEGIC DISTRIBUTION UNITS

(in EUR thousands)	2012	2011	2012/2011
SBU Beverages	89,591	89,380	0.2%
SBU Coffee	145,423	133,555	8.9%
SBU (Sweet and Salted) Snacks	80,063	77,170	3.7%
SBU Savoury Spreads	61,822	57,460	7.6%
SBU Sports and Functional Food	90,663	86,419	4.9%
SBU Pharma and Personal Care	64,177	59,507	7.8%
SDU Croatia	116,910	118,411	(1.3%)
SDU Slovenia, Serbia, Macedonia	257,385	250,060	2.9%
Other segments*	49,754	43,685	13.9%
Reconciliation**	(298,396)	(285,277)	n/a
Sales	657,392	630,369	4.3%

Key highlights:

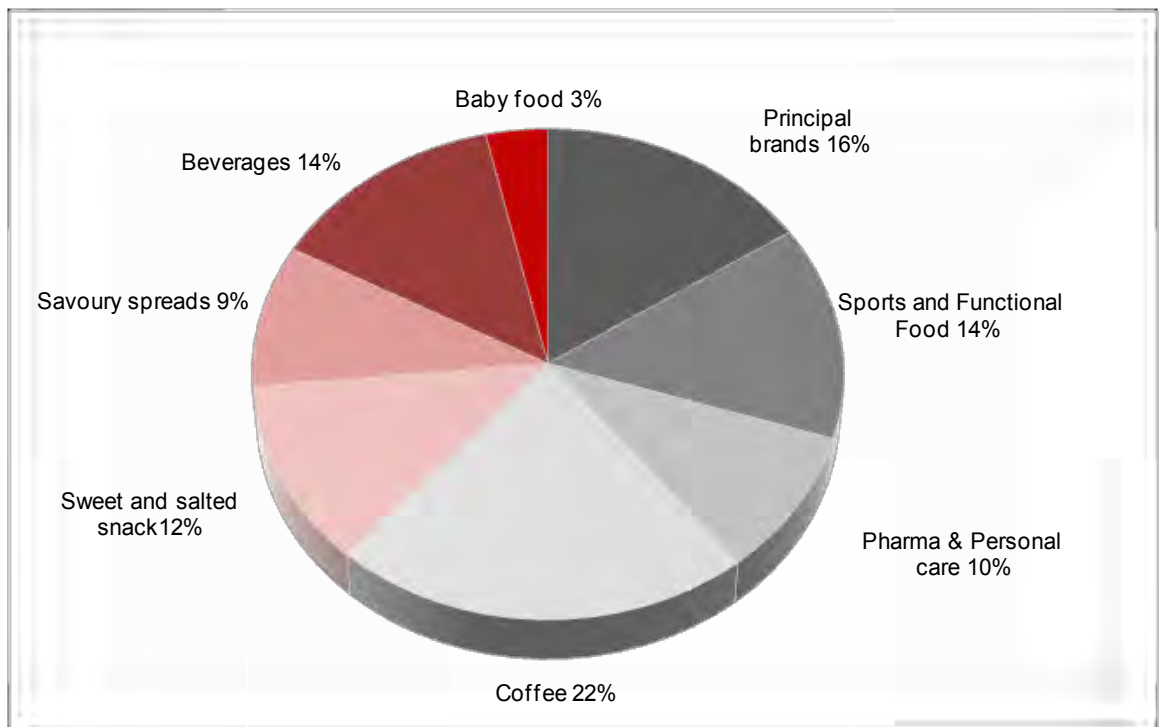
- Strategic Business Unit Coffee recorded highest increase in sales with this year being the second best year after 2008
- SBU Pharma and Personal Care and SBU Savoury Spread recorded significant increase in sales – 7.8% and 7.6%, respectively
- SDU Croatia recorded decrease in sales as a consequence of a drop in the principals' brands segment distribution, primarily caused by the termination of a portion of Karolina product range distribution

* Other segments include SDU HoReCa, Russian market and non-allocable business activities (headquarters and support functions in Serbia, Slovenia and Macedonia) which are excluded from the reportable operating segments. For the time being, SDU International Markets will not be separated, but its sales and profitability will be presented within SBU to which they relate. For the time being, the Russian market will include only the baby food product range sales under the Bebi brand.

** Line item "Reconciliation" relates to the sale of own brands which is included in the appropriate SBU and in SDUs through which the products were distributed.

Figures translated at EUR/HRK FX rate of 7.5 to avoid FX differences

SALES BY CATEGORIES

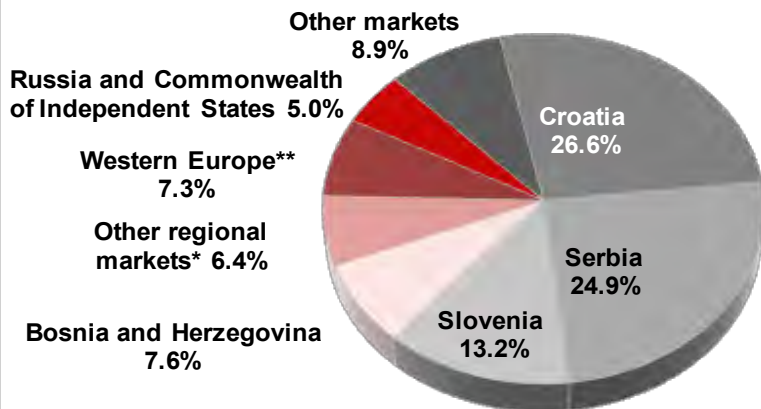


Key highlights:

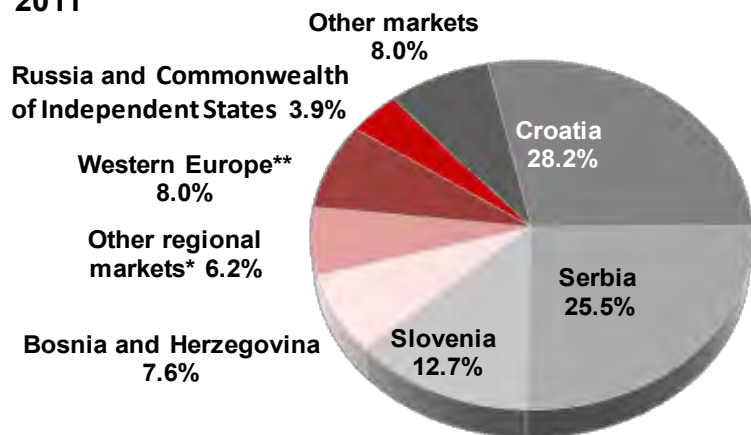
- The product category coffee with Grand kafa and Barcaffé brands is the largest individual product category, with a share of 22%
- The product category Sports and functional food with key brands Multipower and Champ, and the product category Beverages with key brands Cedevita, Cockta and Donat Mg are the second and third largest product categories, with 14% shares, respectively
- Principal brands make 16% of the total sales

SALES PROFILE BY MARKETS

2012



2011



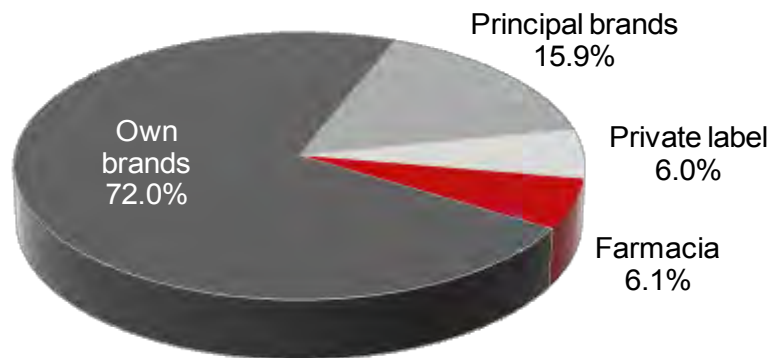
Key highlights:

- Reduced share of the Croatian market in total sales, but the Croatian market still remains the largest retail market of the Group
- Serbian market has generated nearly a quarter of the Group's sales in 2012.
- Growth of the share of Slovenia in the Atlantic Grupa's total sales as a result of sales increase in the above market
- The share of Bosnia and Herzegovina in the Atlantic Grupa's total sales remained unchanged compared to 2011
- A slight increase of the share of other markets in the region
- Increased market share of Russia and the CIS
- Increase in the share of other markets

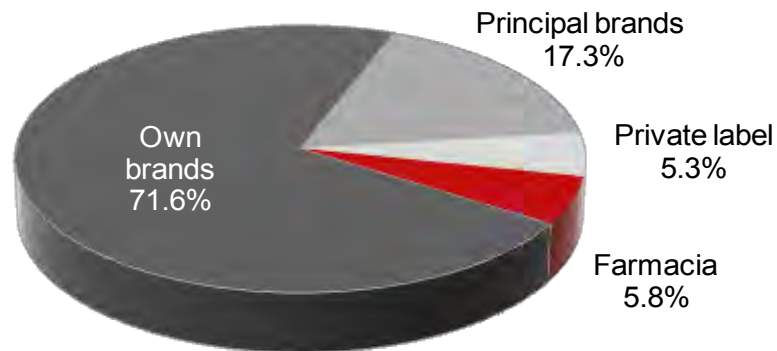
*Other regional markets: Macedonia, Montenegro, Kosovo; **Western Europe: Germany, United Kingdom, Italy

SALES PROFILE BY PRODUCT CATEGORY

2012



2011



Own brands:

- Sales of EUR 473.6 million with a growth in sales of 5.1% compared to 2011
- The most prominent growth in sales was recorded by brands in the following segments: (i) coffee – Barcaffè, Grand kafa and Bonito, (ii) beverages – Donat Mg and Cocta, (iii) savoury spreads - Argeta, (iv) snacks - Smoki, and (v) baby food - Bebi

Principal brands:

- Sales of EUR 104.3 million with the 5.1% decrease in sales compared to 2011
- Impact of the termination of a portion of the Karolina product range distribution and the termination of the Tbornica Duhana Rovinj product portfolio distribution

Private labels:

- Sales of EUR 39.5 million with the growth of 18.7% compared to 2011.
- The growth primarily relates to the product range sports and functional food

Farmacia:

- 9.4% growth in sales compared to 2011
- The growth in the pharmacy chain was achieved at the organic level, as well as through the merger of 5 pharmacies acquired in May 2011
- As at 31 December 2012, the pharmacy chain Farmacia consisted of 45 pharmacies and 13 specialised stores

OPERATING PROFITABILITY OF SBU'S AND SDU'S

(in EUR millions)	2012
SBU Beverages	14.1
SBU Coffee	18.8
SBU (Sweet and Salted) Snacks	12.8
SBU Savoury Spreads	14.7
SBU Sports and Functional Food	0.6
SBU Pharma and Personal Care	6.7
SDU Croatia	(0.6)
SDU Slovenia, Serbia, Macedonia	10.0
Other segments	(24.5)
Group EBIT	52.7

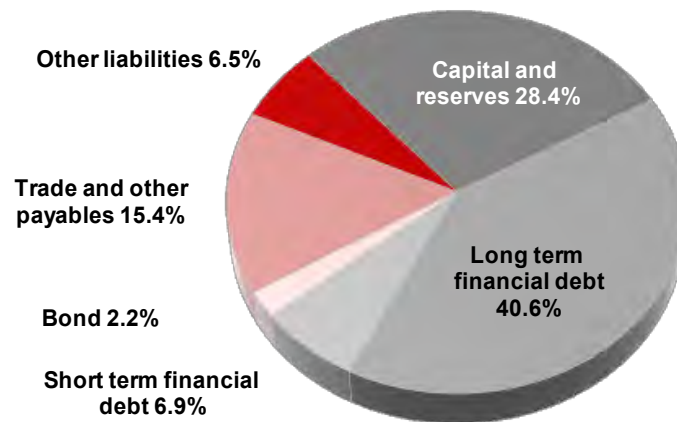
Key highlights:

- The most significant contribution to the Group EBIT by the SBU Coffee with EBIT of EUR 18.8 million, SBU Savoury Spreads with EBIT of EUR 14.7 million and SBU Beverages with EBIT of EUR 14.1 million.
- Management of Atlantic Grupa is focused on the growth in operating result of the SBU Sports and Functional Food and especially SDU Croatia, which recorded a negative EBIT of EUR 0.6 million.
- Since in 2012 the organisational structure, business model and manner of reporting significantly changed, it was not practical to restate the comparative results for 2011 by Strategic Business Units and Strategic Distribution Units.

FINANCIAL INDICATORS

(in EUR millions)	2012	2011
Net debt	313.8	332.5
Total assets	685.6	714.0
Equity	194.8	201.6
Current ratio	1.8	1.8
Gearing ratio	61.7%	62.3%
Net debt/EBITDA*	4.2	4.8
Interest coverage ratio*	2.6	2.3
Capex	10.5	12.9
Cash flow from operating activities	39.5	21.2

Equity and liabilities structure as at 31 December 2012



Key highlights:

- Net debt was reduced by EUR 18.8 million compared to previous year
- Non-current and current financial liabilities with the bond make 49.7% of the Atlantic Grupa's total equity and liabilities.

Key capital expenditures in 2012:

- The construction of the Cockta bottling plant in Apatovac
- Investment in IT – SAP licence for Slovenia, purchase of HRIS system (human resources information system)
- Investments related to transferring the production of Multipower beverages to Rogaška Slatina
- Investment in modernisation of equipment – the wafers packaging machine in Soko Štark, equipping the bottling plant of Palanački Kiseljak, purchase of equipment for the production of coffee, automation of the Bosch line for coffee in Izola
- purchase of espresso machines for the HoReCa channel

*Normalized; Figures translated at EUR/HRK FX rate of 7.5 to avoid FX differences

ATLANTIC GRUPA'S STRATEGIC MANAGEMENT GUIDANCE FOR 2013

Strategic management guidance

- Focus on organic business growth through active brand management with a special emphasis on strengthening the position of brands in international markets; strengthening the regional character of distribution business and further development of the HoReCa segment;
- Focus on further business rationalisation and cost management through the CORE program and optimisation of operating processes on all operating levels, aimed to improve operating efficiency;
- Regular settlement of existing financial liabilities with an active management of debt and finance costs; and
- Prudent liquidity management.

(in EUR millions)	2013 Guidance (normalized)	2012 Normalized	2013/2012
Sales	684	657	4.0%
EBITDA	78	74	4.7%
EBIT	56	53	5.3%
Interest expense	25	29	(14.1%)

Figures translated at EUR/HRK FX rate of 7.5 to avoid FX differences

CONTACT

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