ATLANTIC GRUPA

9M11 Financial results

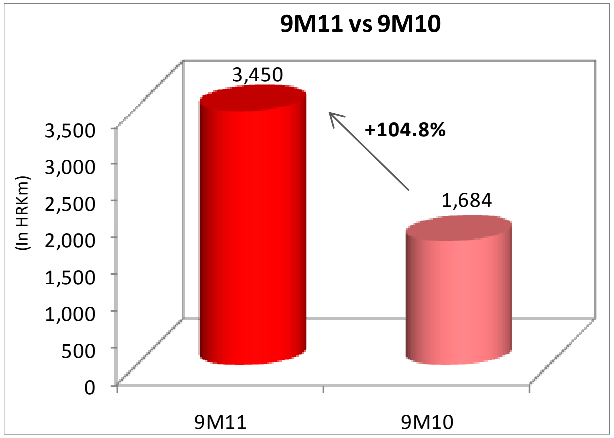
Results in line with guidance alongside focus on integration activities

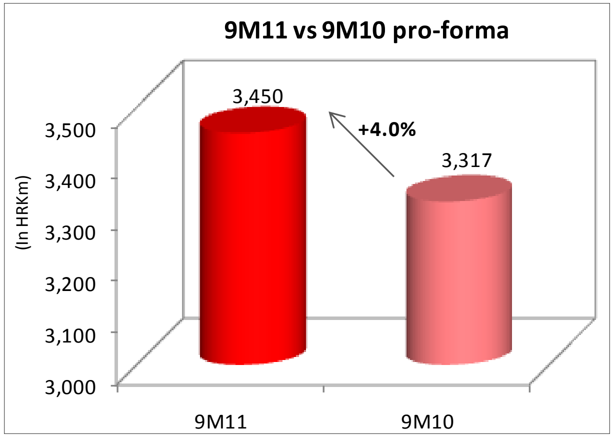
November 2011

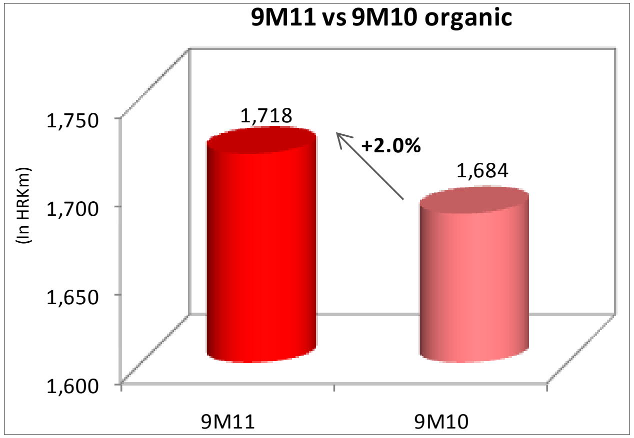
BUSINESS OVERVIEW

Integration of Atlantic Grupa and Droga Kolinska			Other	
Sales and distribution	**Logistics and investments**	**Procurement/ Production/ Marketing**	**Issue of corporate bond ATGR-O-169A**	**Non-core assets sale**
• Setting up joined distribution on all regional markets: establishing independent distribution companies on each regional market that are consolidated in the Distribution division • Implemented new commercial terms on all regional markets • Sales force optimized	• Setting up joined logistics operations and processes (the most complex one in Serbia with 11 distribution centres initially, reallocated to 4 new locations finally) • Logistics reorganisation in Croatia (in-house logistics as opposed to formerly outsourced logistics) • Consolidation of office space on all regional markets	• Implemented centralised procurement system • Developed purchasing category management concept with lead buyers for key raw materials • Feasibility studies for consolidation of particular production activities (e.g. transfer of currently outsourced production to in-house production) • Implemented centralised marketing	• On 20 September 2011, Atlantic Grupa issued Notes amidst restructuring of its maturity debt structure, i.e. refinancing of Notes issued 06 December 2006, maturing 06 December 2011 • Notes were issued in the nominal amount of HRK115m with issue price of 99.375% and annual fixed interest rate of 6.75% paid semi-annually	• Atlantic Grupa reached an agreement with the majority owner RTL Group that acquired its 13% share in RTL Hrvatska • Atlantic Grupa will retain its position in Supervisory Board of RTL Hrvatska and the symbolic ownership of 0.01% in the company • Atlantic Grupa recorded one-time gain from the sale of this stake in the amount of HRK12m in the 3Q11

SALES DYNAMICS







* **Sales growth of 104.8% in 9M11 compared to 9M10**

➢ **Growth drivers:**

* Acquisition of Droga Kolinska

* Organic growth of Atlantic Grupa

* **Sales increase of 4.0% in 9M11 compared to pro-forma consolidated sales in 9M10**

➢ **Key growth drivers:**

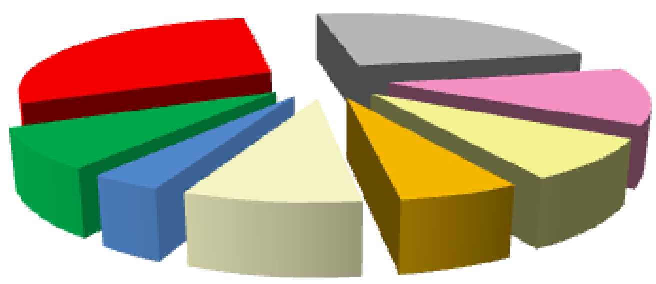
(i) growth on regional markets following acquisition of Droga Kolinska
(ii) sales increase in coffee segment, baby food assortment and confectionary portfolio
(iii) growth in Sports and Functional Food and Pharma divisions

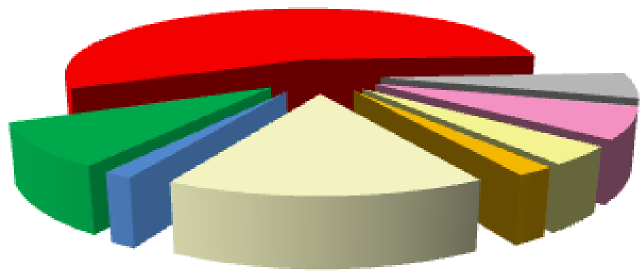
* **Excluding the effect of Droga Kolinska, Atlantic Grupa posted 2.0% yoy organic growth in 9M11**

➢ **Key growth generators:**

(i) growth of own brands within Sports and Functional Food division
(ii) private label sales uplift
(iii) newly opened pharmacies and specialised stores
(iv) finalised consolidation of pharmacies and specialised stores from the acquired Dvoržak pharmacy chain

GEOGRAPHIC SALES PROFILE





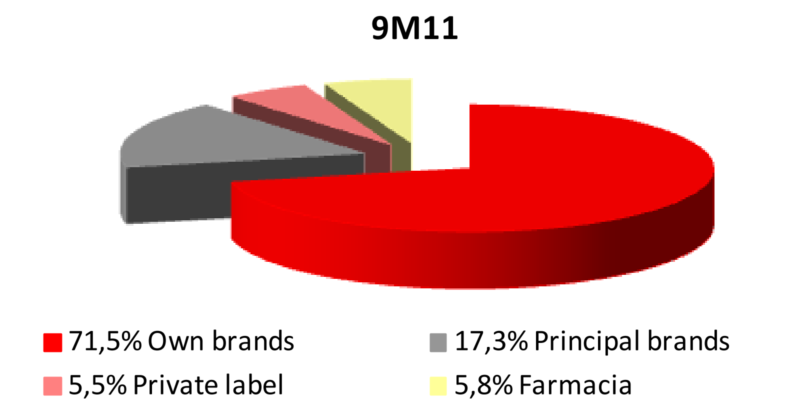
- After the acquisition of Droga Kolinska, Atlantic Grupa's exposure to **Croatia** was reduced to 29.0%, but nevertheless it remained the company's largest market in terms of sale
- 6.3% yoy higher sales
- 4.0% yoy lower sales on organic level and 3.8% yoy lower sales on the pro-forma consolidated level reflected still unfavourable macro environment

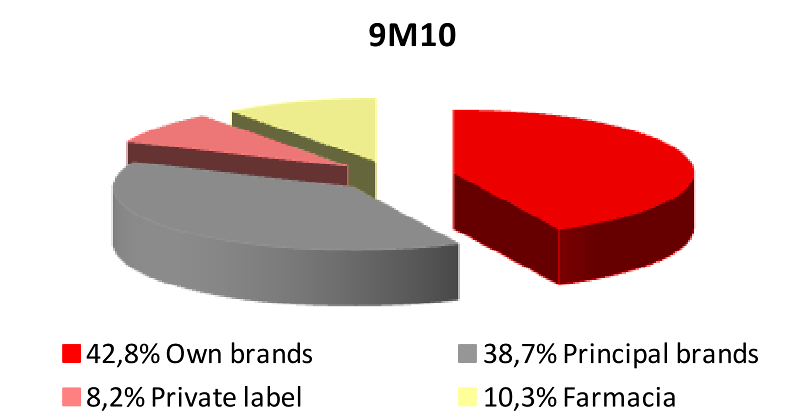
- **Regional markets** account for 50.6% of sales, whereby Serbia and Slovenia became second and third largest market in terms of sales with 24.6% and 12.0%, apiece
- Serbia's 11.0% yoy growth on the pro-forma consolidated basis was buoyed by coffee segment and confectionary segment
- Slovenia posted 3.8% yoy higher sales on the pro-forma consolidated basis on wings of coffee segment, savoury snacks portfolio and distribution of Ferrero assortment

- **Key West European markets**: UK spearheaded the growth with 12.7% yoy and 12.2% yoy growth on the pro-forma level in functional and local currency, apiece, while Germany posted 11.5% yoy and 9.4% yoy growth on the pro-forma level in functional and local currency, respectively
- **Russia and East Europe**: 3.7% yoy sales decrease on pro-forma consolidated level, while baby food assortment posted advance

*Other ex. Yu – Macedonia, Montenegro and Kosovo

SALES PROFILE BY BRANDS





Own brands

+4.8% yoy higher sales on the **pro-forma consolidated level** thanks to:
(i) double-digit growth rate of brands in sports and functional food segment – Champ and Multaben with 17.7% yoy and 13.5% yoy, apiece
(ii) growth in coffe segment with Grand Kafa and Barcaffe posting 12.0% yoy and 7.9% yoy sales uplift, apiece
(iii) higher sales in snacks segment with Najlepše želje and Smoki delivering 15.9% yoy and 1.7% yoy growth, respectively
(iv) baby food assortment with Bebi brand posting 4.1% yoy sales advance
+1.9% organic growth compared to 9M10

Principal brands

-8.6% yoy sales drop amidst lower sales in several principal categories, wile some distribution categories including Ferrero, One2play and Rauch assortments posted growth mostly driven by regional distribution expansion over the last two years

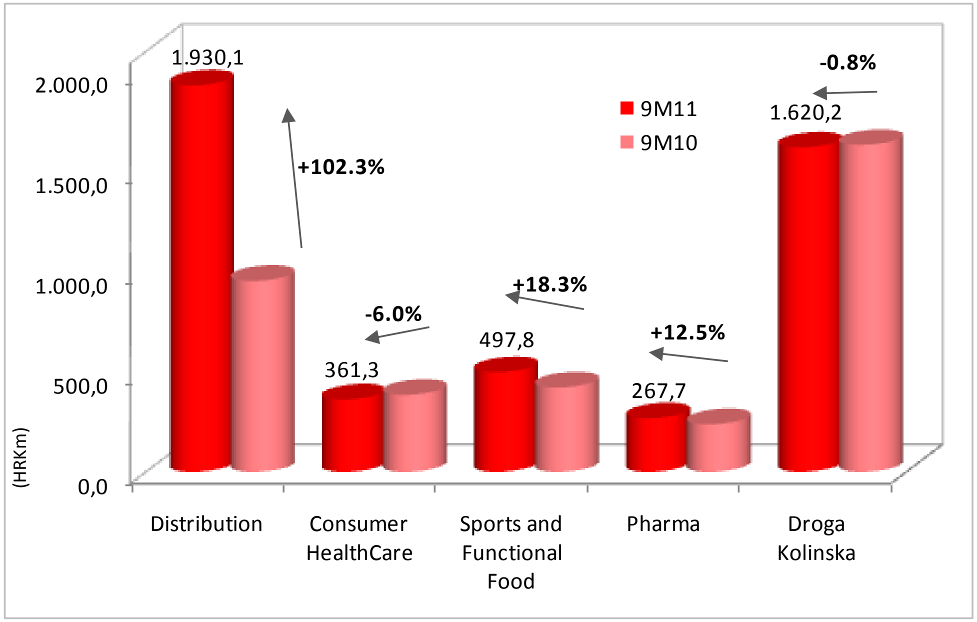
Private label

+36.4% yoy sales surge, whereby growth was largely spurred by sports and functional food portfolio

Farmacia

+15.0% yoy amidst:
(i) newly opened pharmacies/specialised stores
(ii) consolidation of the acquired pharmacy chain Dvoržak
+10.6% organic growth compared to 9M10

SALES PROFILE BY DIVISION



Division overview:

Distribution

-6.3% yoy excluding Droga Kolinska's assortment reflecting still anaemic personal consumption on all regional markets

Consumer HealthCare

-6.0% yoy amidst:

(i) still dismal macroeconomic environment, particularly on the division's key market - Croatia

(ii) consolidation of distribution activities that impacted Atlantic Grupa's existing assortment and especially the Consumer HealthCare assortment

Sports and Functional Food

+18.3% yoy on wings of:

(i) 17.7% yoy higher sales in Champ brand and 13.5% yoy sales growth in Multaben brand, as well as private label sales uplift

(ii) growth of the largest markets in terms of sales – Germany and UK – but also growth of other smaller markets in terms of sales size

(iii) expansion of mass market (retail market outside specialised sports channel) and sale on Internet in Germany

Pharma

+12.5% yoy thanks to:

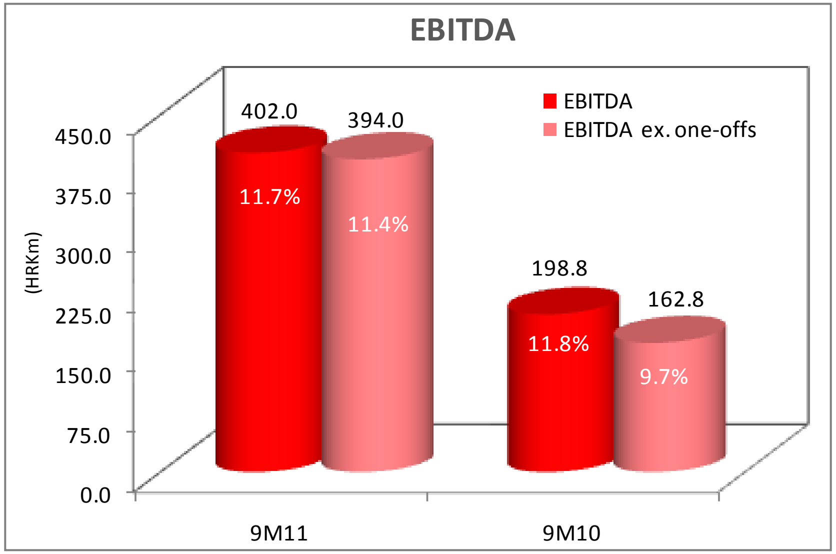
(i) 4.7% yoy sales advance in Fidifarm

(ii) 15.4% yoy sales growth in the pharmacy chain Farmacia

Droga Kolinska

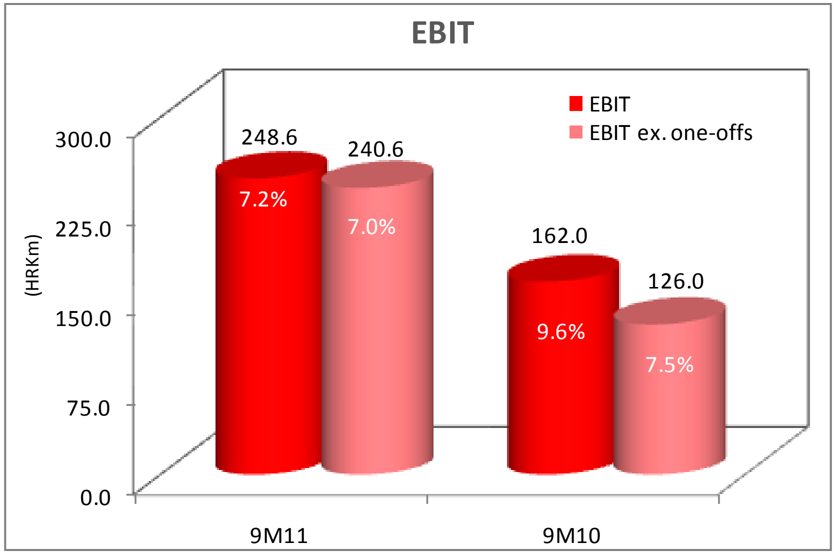
-0.8% yoy, while division's sales to third parties (customers) recorded **4.1% yoy** growth in EUR terms on wings of top-line advance in coffee segment, baby food assortment and confectionary portfolio

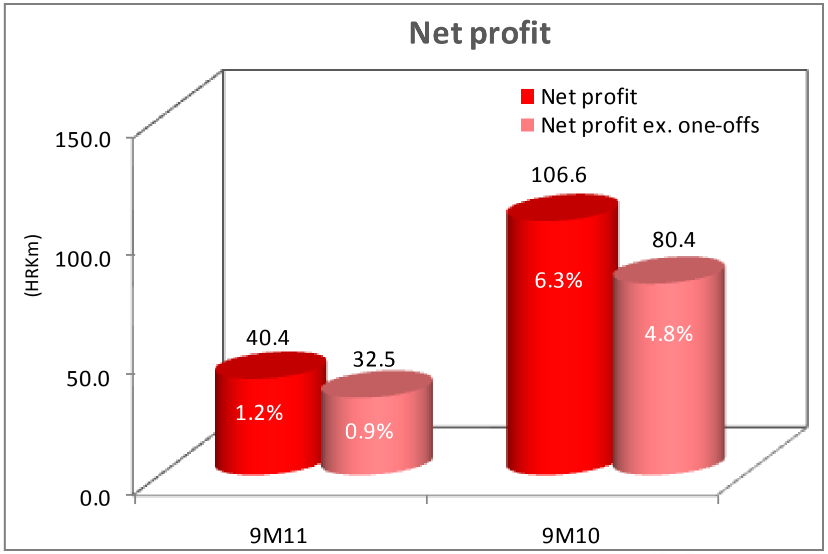
PROFITABILITY DYNAMICS



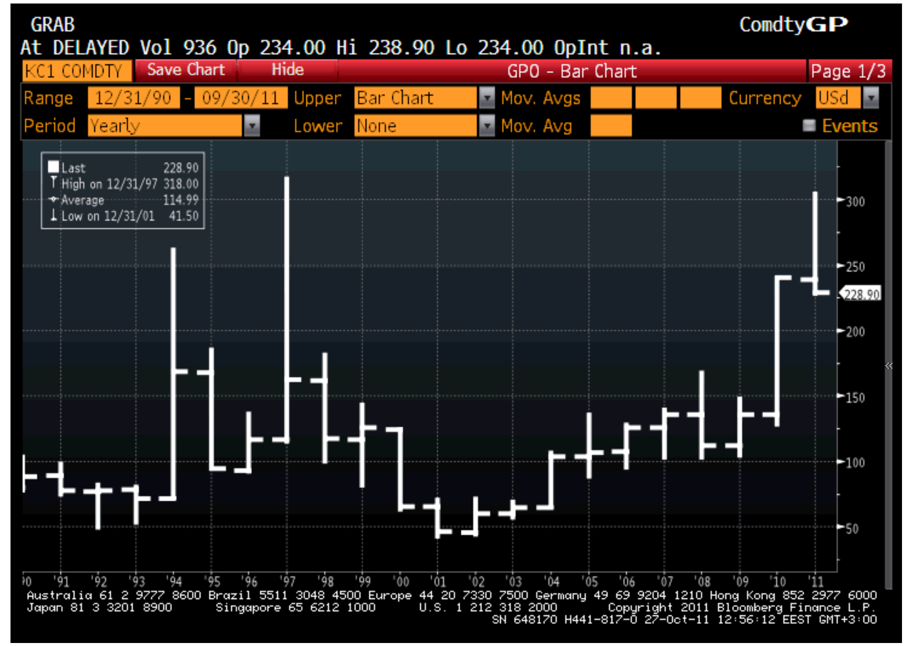
- Negative effect of increase in production materials expenses by 22% yoy, largely on the back of 25% yoy upside (in EUR terms) in coffee costs in 9M11
- Higher depreciation and amortisation costs of acquired Droga Kolinska weighted on normalised EBIT margin in 9M11
- 9M11 EBIT does not reflect potentially material impact on amortisation coming from currently active PPA process related to the acquisition of Droga Kolinska

	9M11 vs. 9M10	9M11 vs. 9M10 pro-forma
Normalized EBITDA	**+142.0%**	**-1.5%**
Normalized EBIT	**+91.0%**	**+1.0%**
Normalized Net profit	**-59.6%**	





PROFITABILITY DINAMICS – impact of surge in raw material prices on global commodity markets



- On the pro-forma consolidated basis, production material expenses increased 22% yoy in 9M11
- Increase in production materials expenses largely came on the back of 25% upside (in EUR terms) in coffee costs compared to the same period last year, whereby coffee as the key raw material in Atlantic Grupa's raw materials mix accounted for 34% of total production materials expenses

- Surge in coffee costs largely followed rocketing of coffee prices on global commodity markets by 75% on average in 9M11 as opposed to 9M10
- Moreover, sugar and milk powder costs as well recorded double-digit growth on a yoy basis, whereby cocoa costs posted higher single-digit growth rate

FINANCIAL INDICATORS

in HRKm	9M11	YE10
Net debt	2,485.2	2,494.5
Total assets	5,314.1	5,101.1
Equity	1,517.9	1,455.5
Current ratio	1.87	1.31
Gearing ratio	62.1%	63.2%
	9M11	9M10
Interest coverage ratio*	2.4	8.6
Capex	71.7	29.1
Cash flow from operating activities	158.5	44.9

*Ex. One-offs

Key highlights

➢ Net debt at HRK2,485.2m reflects financial debt of HRK2,818.0m, net derivative liabilities of HRK60.1m and cash and cash equivalents as well as short-term deposits of altogether HRK392.9m

➢ Atlantic Grupa's financing structure at 30 September 2011 is as follows:

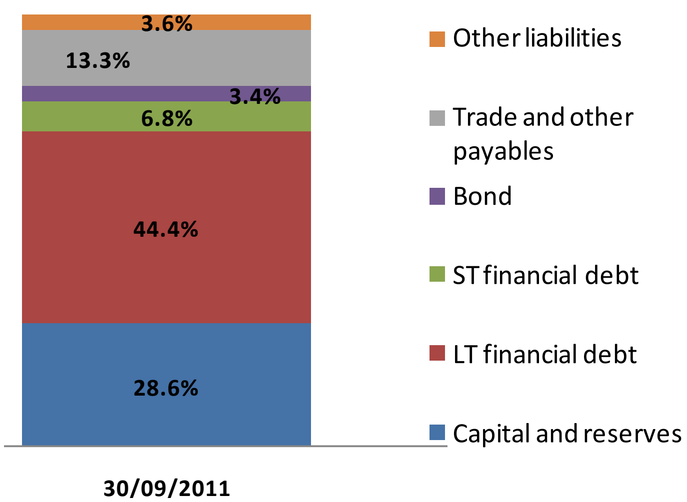
Debt indicators

➢ The largest item in the financing structure is long-term financial debt (including derivative liabilities and bond) with 46.5% share

➢ The second largest item is capital and reserves with 28.6% share

➢ Long-term and short-term financial liabilities (with derivative liabilities) account for 54.6% of Atlantic Grupa's financing structure

➢ In accordance with the policy of active debt management, Atlantic Grupa used interest rate swaps to fix significant portion of its long-term financial liabilities during 1Q11



OUTLOOK for FY11

STRATEGIC GUIDANCE 2011

- ✓ Delivery of planned synergy potentials both on sales and costs side following integration of Droga Kolinska into Atlantic Grupa's business model
- ✓ Focus on organic growth through innovations in product categories and strengthening the regional character of distribution business
- ✓ Meeting financial commitments on regularly basis coupled with prudent debt and financial cost management
- ✓ Cost management and optimisation of operating processes on both centralised and lower levels, aiming to improve operating efficiency
- ✓ Prudent liquidity management

In HRKm	2011 Guidance	Pro-forma consolidated 2010	AG 2010 (normalised)	2011/Pro-forma 2010	2011/2010
Sales	**4.650**	4.513	2.269	3,0%	105,0%
EBITDA	**527**	523	202	0,8%	161,3%
EBIT	**319**	316	147	1,0%	117,6%

* Guided EBIT does not reflect potentially material impact on amortisation coming from currently active PPA process related to the acquisition of Droga Kolinska that under IFRS acquirer is obliged to execute in a year after the acquisition.

Q & A

Thank you for the attention