1Q09 Financial results

Zagreb - May 7th, 2009

1Q09: Double-digit top-line and operating profitability growth

- **Sales surged to 491.5 million kuna**
  + 12.5% yoy based on reported figures

- **EBIT climbed to 44.7 million kuna**
  + 51.1% yoy based on reported figures

- **EBIT excluding the one-off of 34.8 million kuna**
  +17.8% yoy based on reported figures
  The one-off refers to the non-recurring gain on purchase of minority interest in Cedevita from the German development bank DEG

- **Net profit after minorities advanced to 22.3 million kuna**

Chairman's comment

Commenting on the 1Q09 figures, Emil Tedeschi, Chairman and CEO of Atlantic Grupa highlighted:

"In 1Q09, Atlantic Grupa posted double-digit growth rate on both the top-line and the EBIT level and therewith confirmed the management's focus on further business growth by launching new projects like Cedevita GO! and signing new distribution agreements. Despite arguably unfavourable financial environment, the company utilizes available **hedging instruments**, operates with very stable balance sheet and **strong operating cash flow** while focusing on the **liquidity maintenance**. Simultaneously, the **cost management** emerges as one of the tools in the continuous operating profitability improvement.
In the meantime, the company plans to remain one of the most dynamic companies in the M&A world and therefore we continuously screen the potential value-creative IRR acquisition targets."

1Q09 financial highlights

Key figures	**1Q09**	1Q08	Change 1Q09/1Q08
Sales (HRKm)	**492**	437	12,5%
Revenues (HRKm)	**498**	443	12,6%
EBIT margin*	**7,1%**	6,8%	+33 bps
Net income after minorities (HRKm)	**22**	15	51,6%
Gearing ratio	**30,4%**	30,9%	

*Ex. non-recurring gain

KEY DEVELOPMENTS in 1Q09

1. Launching Cedevita GO!

Atlantic Grupa launched Cedevita vitamin instant drink in the new distribution channel – consumption on the go – on the Croatian market at the beginning of February. The company commenced with the distribution of Cedevita GO! on the BiH market in mid February and on the Serbian and Macedonian markets at the end of February. On the Slovenian market distribution started at the beginning of March, whereby Cedevita GO! arrived on the Montenegrin market at the start of May. Accordingly, the company sells Cedevita GO! on altogether 18,500 points-of-sale year-to-date. In financial terms, these activities yielded sales of HRK6m since the distribution start-up to end-March. Considering (i) strong brand recognition of Cedevita on the Croatian market where Cedevita stands as the second most popular soft drink brand among global brands and as the dominant brand in the vitamins instant drinks segment, (ii) fast growing brand recognition region-wise and (iii) substantial consumption growth potential in countries including Serbia and Slovenia, management keeps the previously announced guidance of FY09 Cedevita GO! sales of HRK90m. Contemporaneously, the management highlights importance of Cedevita GO! for the Group profitability enhancement given the anticipated margin-accretive nature of the project.

2. Focused distribution product portfolio diversification

Having signed new distribution deals at the beginning of 2009, Atlantic Grupa has continued to foster creation of the optimal structure of its distribution product portfolio on the Croatian market and region-wise. The management deems further **distribution product portfolio balancing** of paramount importance, particularly in the current macroeconomic setup.

- The company signed **new agreement in Slovenia** with one of the world largest confectionary producers Ferrero to distribute Ferrero's wide-known brands ranging from Nutella, Kinder, Ferrero Rocher to Mon Cheri. This agreement reflects the strength of Atlantic Grupa's distribution infrastructure region-wise, while signals foreign producers' confidence in Atlantic Grupa's sales force. The company plans to start with the distribution in the forthcoming August, whereby the annual turnover of Ferrero's product range is estimated at EUR16m.

- The company continuously expands the **distribution product portfolio in the HoReCa channel** by signing the new distribution deal for Nestlé's NESCAFE brand with an estimated annual turnover of HRK15m.

- At the end of February, the company commenced with the **distribution of biscuits and salted snacks under Karolina brand** (including well-known brands Jadro, Bobi and Moto) with an estimated annual turnover of HRK125m. This deal proves to be important for the company's efforts to further diversify the distribution product portfolio by combining the premium brands and brands from the lower priced segments and therewith to reduce the sales volatility risk.

3. Launching new products in the Sports and Functional Food division

The two-years long preparation in the Sports and Functional Food division resulted in the Multipower product portfolio expansion by launching new product line Active (11 products) in the endurance segment. The company finds this product line rather important as it enables Multipower to exit gyms and fitness centres while targeting wider scope of sportsmen including cyclists and joggers. Alongside penetration to the new market segment, the line enables wider geographical reach together with other Multipower products in Benelux countries, Scandinavia and Central Europe.

4. Entering the drug wholesale business within the Pharma division

Throughout the 1Q09, the company commenced with the drug wholesale business aiming to provide high-quality service to all pharmacies on the market, while expecting to sign cooperation agreements with all pharmacy units and independent pharmacies in Croatia by the end of May. Currently, Fidifarm's wholesale business distributes drugs to 556 pharmacies out of 1,005 pharmacies in Croatia. Alongside Dietpharm's food supplements, Fidifarm's non-prescription drugs and wide scope of Atlantic Grupa's distribution portfolio, the company plans to further expand the wholesale portfolio with high-quality OTC (over-the-counter) brands and other products normally distributed in the pharmacy channel. The wholesale business will yield substantial distribution synergies as well as significant cost savings since it will be employed for distribution of Atlantic Grupa's wider scope of products. Thereby, one should keep in mind that penetration to the drug wholesale business aims to foster synergies as well as economies of scale and therewith round up the vertically-integrated business model given that the Group encompasses manufacturing – distribution – retail (pharmacy units).

ATLANTIC GRUPA d.d, Miramarska 23, 10000 Zagreb, Hrvatska, TEL. 01/24 13 900, FAX 01/24 13 901, www.atlantic.hr
Tvrtka je upisana: Trgovački sud u Zagrebu, MBS: 080245039, Broj računa: 2484008-1101427897 Raiffeisenbank Austria d.d, Zagreb, Petrinjska 59
Broj dionica i njihov nominalni iznos: 22.340 dionica, svaka nominalnog iznosa 100,00 kn, Temeljni kapital: 2.234.000,00 kn uplaćen u cijelosti
Uprava: E.Tedeschi, M.Veber, N.Vranković, Z.Stanković, S.Nakić, M.Smetiško, Predsjednik Nadzornog odbora: Z.Adrović

DIVISIONAL BREAKDOWN

Sales profile by division

1Q09	Distribution	Consumer Health Care	Sports and Functional Food	Pharma	Group
Gross sales	276.415	112.655	121.031	74.733	**584.834**
Intersegment sales					93.287
Consolidated sales					**491.547**
1Q08					
Gross sales	239.056	103.889	111.440	67.213	521.598
Intersegment sales					84.554
Consolidated sales					437.044
Change 1Q09/1Q08					
Gross sales	**15,6%**	**8,4%**	**8,6%**	**11,2%**	12,1%
Intersegment sales					10,3%
Consolidated sales					**12,5%**

Atlantic Grupa delivered **12.5% yoy higher 1Q09 sales of HRK491.5m** on wings of top-line growth in all divisions.

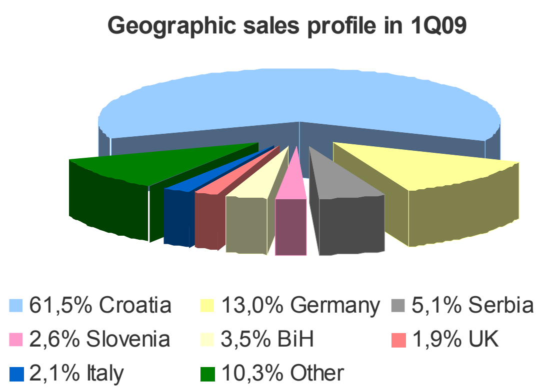
- **Distribution division** posted the strongest sales growth of 15.6% yoy on the back of new distribution agreements as well as new products.

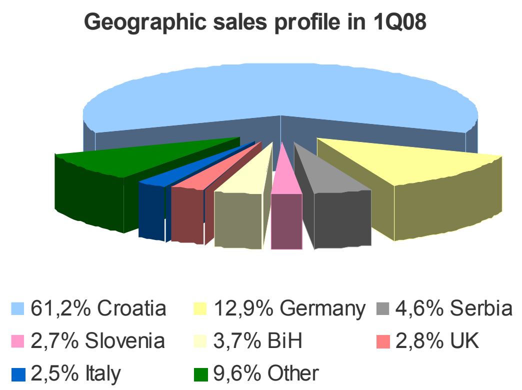
- Sales growth in the **Consumer Health Care division** of 8.4% yoy reflected strong brand recognition of Atlantic Grupa's best-selling brand Cedevita vitamin instant drink and penetration to the new distribution channel – consumption on the go – by launching Cedevita GO!.

- **Sports and Functional Food division** delivered 8.6% yoy higher sales with the strongest growth in Germany, Austria, Russia and Switzerland largely thanks to re-design of Multipower brand and regulatory approvals for Multipower in Russia.

- **Pharma division** posted sales growth of 11.2% yoy largely on the back of acquired pharmacy units and newly opened specialized stores. The medium-term strategy of launching specialized stores reflects focus on raising the share of non-prescription drugs in total sales given their margin-accretive nature. Launching the drug wholesale business emerges as the key development in the Pharma division in 1Q09 with an aim to provide high-quality service to all pharmacies on the market.

Geographical sales profile





- The largest three markets in Atlantic Grupa's geographical sales profile stand out as the fastest growing markets. Thereby, the dominant market – **Croatia** delivered 13.1% yoy higher sales of HRK302.5m thanks to sales growth of the company's own brands as well as principal brands. Launching of Cedevita GO! as well contributed to the sales growth on the Croatian market.

- With 24.4% higher sales of HRK25.2, **Serbia** posted the strongest top-line growth pace.

- The second largest market in Atlantic Grupa's geographical sales profile – **Germany** performed strongly by accomplishing 13.1% higher sales of HRK63.9m.

ATLANTIC
G R U P A

PROFITABILITY DYNAMICS in 1Q09

in HRKm	**1Q09**	1Q08	Change 1Q09/1Q08
Sales	**492**	437	12,5%
EBITDA	**55**	40	37,2%
EBIT	**45**	30	51,1%
EBIT ex. non-recurring gain	**35**	30	17,8%
Net profit	**24**	18	35,4%
Profitability margins			
EBITDA margin	**11,1%**	9,1%	+200 bps
EBIT margin	**9,1%**	6,8%	+232 bps
EBIT margin ex. non-recurring gain	**7,1%**	6,8%	+33 bps
Net profit margin	**4,9%**	4,1%	+83 bps

Key highlights:

- In 1Q09, Atlantic Grupa **performed strongly on the EBIT level** by delivering 51.1% yoy higher operating profitability. Strong EBIT growth was partially attributed to non-recurring gain on purchase of minority interest in Cedevita from the German development bank DEG in the amount of HRK9.9m. **Stripping off the one-off impact**, Atlantic Grupa delivered **17.8% yoy higher EBIT**.

- All divisions delivered operating profitability enhancement amid **business process improvements** and **cost optimisation**, except Pharma division. Realised improvements in the 1Q09 refer to:

  - ✓ Transfer of Multivita's granules production from former contract producer Hemofarm into Cedevita’s facility and outsourcing of teas production.
  - ✓ Launch of drug wholesale business and taking over distribution of Dietpharm's products in Serbia from the external distributor.
  - ✓ Commencing with the construction of new Neva facility on the Fidifarm location in Rakitje. This activity will spur more efficient production of Neva's product portfolio, while resulting in sale of the former production location with net effect of approximately HRK45m.

- The Pharma division delivered lower 1Q09 operating profitability on the yoy basis that came in as expected given vast sales restructuring process. Aforementioned restructuring refers to the launch of drug wholesale business in the Pharma division and therewith related sales process reorganisation (circumventing the former external drug wholesale distributor). These activities coupled with lower inventories at external drug wholesalers led to lower sales of Dietpharm's products. Simultaneously, one should keep in mind that the IMS Health Organisation data indicate growth in Dietpharm's market share. The above-explained negative impact on the Pharma division's business results will be recouped in the following months.

- Atlantic Grupa hired 140 new employees throughout 1Q09, o/w the majority refers to hiring in Distribution and Pharma divisions. These employments will show its full-blown impact in Atlantic Grupa's sales results in the following months.

- Bottom-line figure has been lessened by depreciation of Serbian Dinar (5%) vs. Euro as well as abating of Croatian Kuna vs. Euro since the YE08. This has eventually led to HRK1.7m lower bottom line figure amid lower Serbian Dinar and HRK1.4m lower results due to depreciating Kuna. Within the net financial costs figure (grew to HRK14.3m from HRK6.6m), HRK6.1m refers to FX losses on the long-term and the short-term liabilities.

- One should keep in mind that despite unfavourable movements on the financial markets **Atlantic Grupa successfully employed financial instruments with the interest rate hedging purpose**. Namely, the company entered the interest rate swap agreement and therewith fixed its financing cost on the long-term financial liabilities in the amount of EUR30m below the level of 5.0%.

ATLANTIC GRUPA

OUTLOOK for 2009

Atlantic Grupa's management carefully monitors the macroeconomic developments, particularly trends in the personal consumption and disposable income as well as flows on the financial markets in Croatia, region-wise and Western Europe. Contemporaneously, the management highlights that Atlantic Grupa delivered the record-breaking results in 2008 when the markets where the company operates in had already indicated the slowdown. Nevertheless, with full awareness of the severity of the macroeconomic downturn as well as aggravated liquidity, the management makes substantial efforts in creation of new opportunities for the organic growth as well as for the growth via acquisitions. Consequently, Atlantic Grupa maintains the previously communicated mid-to-high single-digit sales growth rate in FY09 on the back of:

- Launch of Cedevite GO!
- Further expansion and balancing of distribution product portfolio
- Opening new pharmacy units in the Pharma division
- Launching new product line Active in the Sports and Functional food division

Contemporaneously, the management expects top-line growth to be followed by the profitability enhancement driven by efforts in the business rationalisation as well as responsible cost management. Keeping this in mind, the management expect mid-teens EBIT growth in FY09 stripping off the one-off impact in 1Q09 as well as anticipated net impact from the sale of Neva production location and the consequent transfer to Rakitje location.

Given rather deteriorated conditions on the financial markets, the management points out the following:

- **Favourable debt structure** with the major portion maturing in 2011
- **Favourable gearing ratio** of **30.4%**
- Nearly **HRK200m available cash** for **new acquisitions and capex financing**
- **Almost entirely fixed financing cost of long-term financial liabilities** in the approximate amount of EUR30m **below the level of 5%**
- **Favourable current ratio** of **1.7x**
- **Interest coverage ratio** of **5.1x**

ATLANTIC
GRUPA

1Q09 FINANCIAL STATEMENTS

Atlantic Grupa - Consolidated Income Statement for the period ended 31 March - unaudited

		2009 (thousands of HRK)	2008 (thousands of HRK)	Index
1.	**Turnover**	**498.452**	**442.735**	**113**
1.1.	Sales revenues	491.547	437.044	112
1.2.	Other revenues	6.905	5.691	121
2.	**Operating expenses**	**443.768**	**402.872**	**110**
2.1.	Cost of merchandise sold	229.674	195.401	118
2.2.	Change in inventories	-10.148	-3.882	261
2.3.	Production materials and energy	74.337	61.976	120
2.4.	Services	34.732	27.694	125
2.5.	Staff costs	75.635	68.989	110
2.6.	Marketing and promotion expenses	32.865	31.763	103
2.7.	Other operating expenses	19.582	19.412	101
2.8.	Other (gains)/losses, net	-12.909	1.519	n/a
3.	**EBITDA**	**54.684**	**39.863**	**137**
4.1.	Depreciation	7.225	7.792	93
4.2.	Amortization	2.768	2.489	111
5.	**EBIT**	**44.691**	**29.582**	**151**
6.	Financial costs, net	14.266	6.560	217
7.	**EBT**	**30.425**	**23.022**	**132**
8.	Income tax expense	6.180	5.115	121
9.	**Profit for the year**	**24.245**	**17.907**	**135**
	Attributable to:			
	Minority interest	1.930	3.187	
	Equity holders of the Company	22.315	14.720	

ATLANTIC
GRUPA

Atlantic Grupa - Consolidated Balance sheet as at 31 March 2009 - unaudited

		31.03.2009. (thousands of HRK)	31.12.2008. (thousands of HRK)
1.1.	Property, plant and equipment	268.608	242.109
1.2.	Intangible assets	410.489	412.795
1.3.	Available for sale financial assets	35.041	35.041
1.4.	Joint venture investment	185	185
1.5.	Trade and other receivables	12.922	5.097
1.6.	Deferred tax assets	7.895	9.293
1.	**Non - current assets**	735.140	704.520
2.1.	Inventories	267.611	232.616
2.2.	Trade and other receivables	493.775	508.791
2.3.	Assets held for sale	-	8.047
2.4.	Prepaid income tax	2.549	1.599
2.5.	Cash and cash equivalents	193.481	200.193
2.	**Current assets**	957.416	951.246
3.	**Total assets**	1.692.556	1.655.766
4.	**Capital and reserves attributable to equity holders of the Company**	683.687	661.776
5.	**Minority interest**	28.195	49.200
6.1.	Long term debt	405.931	390.456
6.2.	Deferred tax liability	9.685	9.870
6.3.	Provisions	5.876	5.333
6.	**Non current liabilities**	421.492	405.659
7.1.	Trade and other payables	428.694	408.612
7.2.	Short-term borrowings	97.994	100.929
7.3.	Current income tax liabilities	10.091	8.958
7.4.	Provisions	22.403	20.632
7.	**Current liabilities**	559.182	539.131
8.	**Total liabilities**	980.674	944.790
9.	**Total equity and liabilities**	1.692.556	1.655.766

ATLANTIC GRUPA d.d, Miramarska 23, 10000 Zagreb, Hrvatska, TEL. 01/24 13 900, FAX 01/24 13 901, www.atlantic.hr
Tvrtka je upisana: Trgovački sud u Zagrebu, MBS: 080245039, Broj računa: 2484008-1101427897 Raiffeisenbank Austria d.d, Zagreb, Petrinjska 59
Broj dionica i njihov nominalni iznos: 22.340 dionica, svaka nominalnog iznosa 100,00 kn, Temeljni kapital: 2.234.000,00 kn uplaćen u cjelosti
Uprava: E.Tedeschi, M.Veber, N.Vranković, Z.Stanković, S.Nakić, M.Smetiško, Predsjednik Nadzornog odbora: Z.Adrović

ATLANTIC
GRUPA

Atlantic Grupa - Consolidated cash flow statement for period ended 31 March - unaudited

	2009 (thousands of HRK)	2008 (thousands of HRK)
Cash flows from operating activities		
Net profit	**24.245**	**17.907**
Income tax	6.180	5.115
Depreciation and amortization	9.992	10.281
Gain on acquisition of minority interest	-9.856	-
Value adjustment of current assets	2.623	-
Increase / (decrease) in provisions for risk and charges	2.314	-1.474
Interest income	-2.770	-2.662
Interest expense	8.183	6.845
Other non-cash changes	4.349	-586
Changes in working capital:		
Increase in inventories	-37.321	-14.975
Decrease / (increase) in current receivables	1.918	-46.098
Increase in current payables	20.081	58.256
Interest paid	-4.474	-4.374
Income tax paid	-4.833	-4.263
Net cash flow from operating activities	**20.631**	**23.972**
Cash flow from investing activities		
Purchase of tangible and intangible assets	-34.176	-19.005
Acquistion of subsidiary net of cash acquired	-	-188.103
Loans and deposits given	-570	-3.147
Interest received	2.770	2.662
Net cash flow used in investing activities	**-31.976**	**-207.593**
Cash flow from financing activities		
Purchase of treasury shares	-642	-523
Proceeds from borrowings	12.798	-
Repayment of borrowings	-7.523	-119.517
Net cash flow from / (used in) financing activities	**4.633**	**-120.040**
Net decrease in cash and cash equivalents	**-6.712**	**-303.661**
Cash and cash equivalents at beginning of year	200.193	399.837
Cash and cash equivalents at end of year	193.481	96.176

Contact:

Atlantic Grupa
Investor relations

+385 1 2413 908
ir@atlantic.hr