

AGROKOR



Market

The Agrokor Group is among the largest Croatian and one of the leading regional companies with more than 33,000 employees. In 2007 Agrokor generated a growth of consolidated income from sales of 37% in comparison to the previous period, reaching a level of total revenues of almost 21 billion kunas.

The Agrokor Group, whose core businesses are the production and distribution of food and drinks and retail sales, features amongst others the largest Croatian producer of water and juices – Jamnica, ice-cream and frozen foods – Ledo, oil, margarine, and mayonnaise – Zvijezda, the largest Croatian meat industry – PIK Vrbovec, the largest agricultural industry Belje, the leading national retail chain Konzum, as well as the largest kiosk retail chain and the leading Croatian distributor of press, tobacco products and other merchandise, Tisak.

Along with Croatian companies, the Agrokor Group portfolio also comprises companies from the region affiliated over the past ten years: from Bosnia and Herzegovina there are Ledo Čitluk, Sarajevski kiseljak and Konzum, from Serbia Dijamant, Frikom and Idea, accompanied by Ledo Montenegro as well as Ledo Kft and Fonyodi from Hungary.

Agrokor companies have been market leaders for years in their respective activities, successfully keeping their leading positions in spite of the intensified opening of the Croatian market. The leadership positions of Agrokor's companies are clearly demonstrated by their high market shares; Zvijezda firmly holds 83% of the margarine market, while Jamnica in Croatia dominates the market of mineral water with an 80% share and spring water with 58%.

Agrokor holds the regional leader epithet in the food industry and retail business owing to a clearly defined and consistently implemented business strategy, its key factors being dynamism and flexibility. Accompanied by the readiness of its employees to learn and to face new challenges, these features have a crucial influence on Agrokor's ability not only to adapt to speedy changes on the market, but also, by using an innovative and pro-active approach as well as leader-inherent initiative, to direct and form market developments to a great extent.

Achievements

Quality and health propriety through the entire production process, from raw materials and semi-finished products to the final product, as well as safety at

work and a rounded-off environment protection cycle in all Agrokor companies, are accomplished by implementing management and control systems with a view to meeting consumer needs while respecting major international standards.

Agrokor's operations are focused on introducing and maintaining integrated management systems in line with the provisions of the international systems and norms: ISO 14001:2004; ISO 9001:2000; OHSAS 18001:2007; ISO 22000:2005; HACCP and GLOBALGAP. One of the operating features of the Agrokor Group is the SAP business IT system, introduced in 2006.

Significant investments in technology and development as well as a systematic product quality monitoring have resulted in numerous domestic and international awards and recognitions. For example, the Jana spring water and Jamnica mineral water were awarded with the prestigious Eauscar at the Paris Aqua Expo 2003 and 2004, respectively, the Sarajevski kiseljak

mineral water and ABC fresh crème cheese hold the prestigious "2008 Superior Taste Award" from the International Taste and Quality Institute in Bruxelles, while wines from the cellars of Belje and Agrolaguna have won numerous awards and recognitions at domestic and international competitions.

History

The history of Agrokor began in 1976, when today's President of the Management Board Mr Ivica Todorčić established a private company for the production of flowers and flower seeds, which in the following decade became market leader in the flower business and diversified into new programs: import and export of cereal crops, oil crops, fruits and vegetables.

In 1989 Agrokor was established as a joint stock company and acquired a soya crushing plant in Zadar. Agrokor acquired the majority ownership stake in Jamnica and Agropreerada in 1992.

The company continues to expand its business by acquiring majority ownership stakes in Zvijezda, Ledo, Konzum, Silos-mlinovi and Solana Pag in 1993 and 1994.

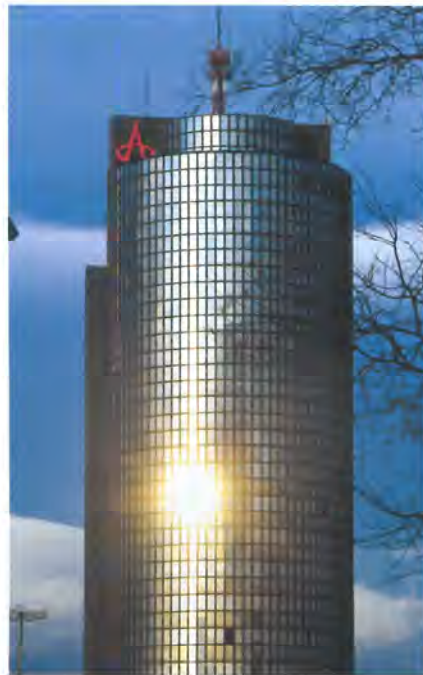
In 1995 Agrokor was organized as a Group under whose auspices the companies Silos-mlinovi and SRC Andrijaševci were amalgamated into one company, PIK Vinkovci. In 2000 Agrokor acquired Barpeh in Čitluk (Bosnia and Herzegovina), today Ledo Čitluk, while in the years to follow new acquisitions included Jaska vino d.d. today Podrum Mladina, followed by Sarajevski kiseljak, Alastor d.o.o., Frikom, TP DC Sarajevo, Medijator, Sloboda Osijek, Agrolaguna.

In 2004 Agrokor acquired two Hungarian companies: the water filling plant Fonyodi and the ice-cream factory Baldauf, today Ledo kft. Hungary.

In 2005 Agrokor became majority owner of the Croatian companies PIK Vrbovec and Belje, the wholesales company Idea from Belgrade and Dijamant from Zrenjanin. In the same year the first Kozmo drug store, a newly introduced Konzum format, was opened as well as Idea's first retail facility in Belgrade.

In 2006 the Agrokor Group and the European Bank for Reconstruction and Development signed an equity investment agreement in the amount of EUR 110m.

In 2007 the company Tisak d.d. joined the Agrokor Group and in the same year a takeover agreement for the retail and wholesale business of VF komerc was signed as well, whereby Agrokor, after Croatia, became market leader in food retail also in Bosnia and Herzegovina.





Recent Developments

Development projects at Agrokor are aimed at further strengthening its position not only on the Croatian market, but in the whole region and in both business groups, Food and Retail.

In the food segment the year 2007 saw significant investments, mostly in PIK Vrbovec and Belje. Investments at PIK were allocated to building a cold storage plant for frozen meat and a hanging and packaged meat storage. Furthermore, the construction of a fresh meat production storage has started, including a number of supporting infrastructural facilities and equipment. At Belje the largest investments were made in pig farming, with several new farms opened and a number of additional investments under way.

In 2007 Jamnica invested remarkable funds in various projects and particularly worth noting is its investment in new returnable packaging – the Jamnica bottle and carrier – as part of the new marketing campaign aimed at rebranding the Jamnica mineral water.



Zvijezda d.d. continued with the development and improvement of existing products, the main investments being directed in the modernization of its refinery with a view to increasing capacity and improving efficiency of the production process, as well as in a new warehouse, equipment and IT.

Ledo d.d. successfully kept its leading position on the market in 2007 using the comparative advantages of a well-developed distribution network, with additional investments in stores and HoReCa equipment, as well as IT and electronic equipment.

As a continuation of the strong investment cycle in 2008 Agrokor has planned to invest additional 2 billion kunas in almost all of its core businesses.

Product

The product portfolio of the Group is truly rich and diverse and includes oil and margarine, ice-creams and frozen food, water and drinks, meats and meat products, flour, salt and different agricultural products. From the wide range of well-known products it is difficult to separate any as being the most notable, but it is important to note that Agrokor has continually been



investing both in its existing brands as well as in the development of new products and brands – a fact that the consumers certainly appreciate.

Thus Zvijezda oil has for two consecutive years been recognized by the Croatian consumers as the No. 1 brand (Source: PMG research firm Valicon 2007 and 2008) and other Zvijezda products are also well positioned.

Ledo, a synonym for exceptional ice-cream quality, offers a number of impulse ice-creams such as King, Korneti (cones), Macho, Snjeguljica (Snow-White) as well as family ice-creams such as Grandissimo, Quattro and other. Apart from ice-cream, which is the backbone of production, the segment of frozen vegetables, fish and other products has experienced a strong development as well.

Jamnica, a mineral water production company with a tradition of more than 180 years, takes great pride in its Jana brand as well, a spring water generating significant

international results having established a notable presence on a number of markets in only 6 years, including the US market. Worth noting are also the Juicy natural fruit juices, the refreshing Juicy Fruits soft drinks and since spring 2008 the new functional beverages under the Smart brand, completely in line with the newest global trends in functional drinks.

A wide range of wines from the Agrolaguna and Belje cellars, comprising various specifically Istrian wines like Malvasia and Merlot, and a number of continental wines like the multiple award-winning Goldberg – a Riesling Italic (Graševina) by Belje as well as numerous other sorts, are but a few from the Agrokor wine list.

Fresh and processed meats from the rich assortment of the PIK, Sijeme and Belje brands are first choice gourmet products, particularly the newly launched delicatessen hams, original mortadella, traditional "kulen", long-life sausages and other premium processed and fresh meat products. The most important thing to note is that PIK has a fully fledged "from-field-to-table" traceability system in place, a proof for any customer and consumer that its fully controlled processes guarantee health propriety and product quality.

One of the most popular dairy brands in the region is ABC fresh cream cheese, a synonym of quality and natural product. Last but not least in the wide Agrokor product portfolio there is also K+, the Konzum private label comprising a wide assortment of products, established on the market as a highly appreciated, good quality brand with a favorable pricing position.

Promotion

From year to year the Agrokor Group keeps investing ever more funds in various forms of market and consumer communication, while continuing its tradition of socially responsible business conduct and taking part in various

humanitarian and sponsorship projects.

Public drives, social initiatives, sporting events, culture, science, economic and social issues are just some of the areas that the company has been focusing on. A great deal of attention is also given to responsible behavior towards the company's own employees who are Agrokor's biggest strength and asset.

The impressive list of activities included different projects which were launched or implemented, drives which were supported, valuable donations and sponsorships, thus confirming the company's commitment to transparent business practices, care for the local community and acting in line with the principles of humanity and a strong social responsibility.

Brand Values

An important determinant of Agrokor's business policies is the development of strong brands and their continuous improvement, which is why their market position as well as consumer awareness, both in Croatia and the region, has constantly been monitored with investments made in their further development and strengthening.

Having in mind that customer satisfaction with products and services is of utmost value, particular care and attention is paid to market demands and consumer observations through various models and forms of mutual communication.

Most brands of the Agrokor Group are leaders on the Croatian market, and some of them are leaders on the regional market as well.

Agrokor's products are of premium quality and the company's strong competitive advantage, their leading positions being a result of continuous investments in state-of-the-art technologies, overall know-how, distribution, marketing and ongoing customer communication. Ledo, King, Jamnica, Jana, Zvijezda, Margo, Frikom, Konzum... are but a few of the leading brands, many of which have become a generic term for their respective category.

www.agrokor.hr



THINGS YOU DIDN'T KNOW ABOUT...

Agrokor

➤ Agrokor, which started its business in 1976 as a small family company in the production of flowers and flower seeds, today has more than 33,000 employees.