

AGROKOR



Market

The Agrokor Group is among the largest Croatian and one of the leading regional companies with approximately 36,000 employees. In 2008 Agrokor generated a growth of consolidated income from sales of 34% in comparison to 2007, reaching a level of total revenues of 27.663 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 – Jarnica, 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. 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. For example, Ledo holds 80% of the Croatian ice-cream market, Zvijezda firmly holds 83% of the margarine market, while Jarnica in Croatia dominates the market of mineral water with an 82% share and spring water with 59%.

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, but also to direct and form market developments by using an innovative and proactive approach and initiative.

Achievements

Quality and health propriety through the entire production process, safety at work and a rounded-off environment protection cycle in all Agrokor companies are accomplished by implementing management and control 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. They aim at meeting

consumer needs while respecting major international standards. One of the operating features of the Agrokor Group is the SAP business IT system, introduced in 2006.

Since June 1st 2008 Agrokor is a member of the Campden and Chorleywood-Food Research Association Group (CCFRA), one of the biggest independent research and training organizations for food and drink industries in the world.

In 2008 a number of projects were created in the field of environmental protection within all companies. Waste management was promoted, emissions reduced, the quality of waste waters improved and a number of important investments were conducted within the companies.

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 Jarnica mineral water were awarded with the prestigious Euqscar 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 Brussels, 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 Mr Mica Todoric 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 Jarnica and Agroprireda in 1992.

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

In 1995 Agrokor was organized as a Group. In the years to follow, new acquisitions included PIK Vinkovci, Barpeh – today Ledo Čitluk, Jaska vino d.d. today Podrum Mladna, 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 ltd, Hungary.

In 2005 Agrokor became majority owner of the 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 became market leader in food retail also in Bosnia and Herzegovina.

Product

The product portfolio of the Group is truly rich and diverse and includes oil and margarine, ice-cream and frozen food, water and drinks, meat and meat





products, flour, salt and different agricultural products.

Zvijezda oil has been recognized by the Croatian consumers as the No. 1 brand for two consecutive years (Source: FMG research firm Valcon 2007 and 2008), while the Omega3 line figures as the most important Zvijezda functional products line.

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

Jamnica, besides the mineral water production with a tradition of more than 180 years, takes great pride in its Jana spring water brand as well. Worth noting are also juicy natural fruit juices, refreshing juicy fruits soft drinks and Smart functional beverages, completely in line with the newest global trends in functional drinks.

A wide range of wines from the Agrolaguna and Belje cellars, comprising Malvasia and Merlot, and a number of continental

wines like the multiple award-winning Goldberg – a Riesling Italico (Graševina) by Belje as well as numerous other sorts, are but a few from the Agrokori wine list.

Fresh and processed meats from the rich assortment of the PIK, Sljeme and Belje brands are first choice gourmet products, particularly delicatessen hams, original mortadella, traditional sausage 'tuleni', long-life sausages and other premium processed and fresh meat products.

One of the most popular dairy brands in the region is ABC fresh cream cheese, a synonym of quality and natural product.

Recent Developments

The most significant investments in 2008 were directed towards the completion of the investment cycle in PIK Vrbovec and Belje. Thus, with the already existing plants in PIK Vrbovec, at the end of 2006 on the area of more than 30,000 square metres the construction of a new meat industry had begun, with state-of-the-art technological equipment for cutting, sorting and fresh meat packaging, lines for the production of meat products and the world's leading technology in the field of portioning and meat products packaging.



Agrokori invests in almost all business activities of Belje d.d. At the beginning of the year new pig farms were put in operation, equipped with top quality technologies, and the first results have already justified the investment.

At PIK Vrbovec locations the reconstruction of existing and the construction of new farms has begun and the investment in agricultural fields continued.

One of the biggest investments in the agricultural sector is the reconstruction and the planting of 350 hectares of completely new vineyards in Istria and the planting of almost 100 hectares of new olive groves.

Ledo d.d. invested in the new production line for extruded ice-cream, one of four of its kind in the world as well as in the new fish packaging line in its factory in Danovar.



Zvijezda d.d. started the construction of a new oil and production material storage, refinery and hydration plant, and invested also in a new margarine packaging dosing system. Agrokori is proud that, regardless of those investments, Zvijezda kept investing in the processing of waste waters.

Jamnica d.d. invested in environment protection and reconstruction of waste waters management plants, but the biggest investments were made in the production of Jana spring water in St. Jana where the construction of a new storage hall began, that can easily be transformed into a production hall.

Agrokori continues to invest in retail and wholesale as well. Thus besides the newly opened Super Konzum in Senj, the construction of a new supermarket in Garešnica has begun. The investments in wholesale began with the construction of the new Velpro centre format one of which was opened in Varaždin and another on the island of Brač. At the same time, new Velpro centres are under construction in Rijeka and in Dugopolje.

Agrokori started new investments in Tisak as well. Among the first investments were the new storage hall and the sorting of returns as well as the new line for dispatching papers. Investments are as well directed towards the creation of a new type of kiosk and a new retail format named Tisakmedia.

Agrokori's biggest investment is the construction of two logistics and distribution centres, one in Dugopolje and one in Zagreb.

Methodical strategic investments and the use of its potential confirm Agrokori's capability to make the most of the synergy effects and have proven its vision to be long-term and carefully thought out.

Promotion

Besides investing in product quality improvement, Agrokori allocates a substantial amount of assets to promoting and improving science, culture and sport. Agrokori thus has an overall impact on society welfare and intends to contribute to the creation of a society based on knowledge and the promotion of education, as well as preventing brain drain from the country.

Agrokori pays great attention to the protection of Croatian cultural heritage as one of the basic values of

the Croatian identity, while its investments in sport promotes physical activity, health care and the development of competitive spirit.

The impressive list of activities of the Agrokori Group and its subsidiary companies includes different projects launched or implemented, drives 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 Agrokori'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.

K+, Konzum's private label comprising a wide assortment of products well established and highly appreciated on the market for their good quality and favorable pricing position has also contributed to Agrokori's product portfolio.

Agrokori's brands 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, Frikon, Konzum... are but a few of the leading brands, many of which have become a generic term for their respective category.

www.agrokori.hr



THINGS YOU DIDN'T KNOW ABOUT...

Agrokori

➤ Agrokori, which started its business in 1976 as a small family company in the production of flowers and flower seeds, today has approximately 36,000 employees.