



In 2012, Albalact kept its business, with an increasing profit

Bucharest, 29 April 2013 - Albalact ended 2012 with a profitable flat business against the budgeted objectives, shows the financial report on the previous year, as approved by the General Meeting of Shareholders.

Albalact ended the previous year with a turnover of RON 343,844,878, almost flat compared with the turnover of 2011 - RON 338,250,651. The net profit of the company, however, grew by 27% in 2012. Albalact ended the previous year with a profit of RON 7,320,697 vs. RON 5,767,484 as reported in 2011.

In the same general meeting, shareholders further approved, with majority of votes, allotment of the profit relative to the financial year 2012, by affording gross dividends of RON 0.0105/share. The gross dividends are due to be paid within 5 months since the date this decision was adapted.

*“In 2012 too, as in every year since the outset of the crisis, dairy industry was affected by factors which put tremendous pressure on profitability: decreasing purchasing power, shifts in consumption, high VAT rate, increasing raw material price and other costs, currency fluctuations, drought. In 2012, we planned our budget and designed our strategy with the aim of remaining profitable, and keeping the business stable. We are happy to see we succeeded. Striking and keeping a balance between volume increase and profitability, while optimizing costs, are two key objectives of the company for this year too. Therefore, we aim to consolidate our position in the categories we lead (milk, sour cream, butter), and grow in other categories (yogurt, cheese), while securing profitability. Another priority for Albalact in 2013 is portfolio diversification, with range extensions and launches of new products. This year is not going to be an easy one, but we can still capture business development opportunities. There are dairy categories that are growing and will continued to grow, and we stake on them”, says **Raul Ciurtin, President and General Manager of Albalact.***

Last year, Albalact continued to invest in technology, distribution, and portfolio, and expanded its brands in categories with potential where it was or was not present before, to consolidate their position. A great challenge was the launch in 2012 of a new cottage cheese portfolio under Rarăul Brand, which required Albalact to double the production capacity of Rarăul factory in Campulung Moldovenesc. The range extension lifted Albalact, in only one year, to the second position of cottage cheese manufacturers with Rarăul brands, and secured it a 9% market value share (in February 2013)*.

In late 2012, Albalact also launched a new brand for a special product. Fruzu is the youngest brand of the company, and create a new category on the Romanian fruity yogurt market: yogurt with fruit topping in an one-of-the-kind packaging on the market.





Albalact is currently ranked third most important dairy producer in Romania, being traditionally present on the Romanian market for more than 40 years. Albalact produces over 80 dairy varieties under the brand names **Fulga, Zuzu, Fruzu, De Albalact and Rarăul**. Albalact entered the cheese market segment back in 2008 with acquisition of the control stock (99.01%) of **Rarăul Campulung Moldovenesc**, which was specialized in cheese production, under **Rarăul** namesake brand.

Currently, Zuzu is the leader in the pasteurized milk segment, with a market share of 23.1% in terms of value, and also the leader in the total milk segment (UHT milk and pasteurized milk), with a market value share of 16.8% in February 2013. Albalact is the market leader also in the table butter segment, with De Albalact namesake brand, with 23.5% market value share between December 2012-January 2013. In sour cream segment, Albalact remains the leader with De Albalact brand, with a 14.6% market value share, in February 2013. In the cottage cheese category, Albalact climbed to the second position with Rarăul brand, with a 9% market value share in February 2013.*

Albalact - Alba Iulia is one of the three largest Romanian milk and dairy producers. Established back in 1971, Albalact was converted into a joint-stock company in 1990, and later on privatized in 1999. Albalact has more than 800 employees and 5,000 stock holders, and is listed in the third category of the Bucharest Stock Exchange. Currently, Albalact holds 99.01% of the stock of Rarăul Campulung Moldovenesc. Albalact markets fresh pasteurized and UHT products under its brands **Fulga, Zuzu, Fruzu, De Albalact** and **Rarăul**.

** calculations based on AC Nielsen data from Retail Index Service for the audit period February 2013, and, respectively December 2012 - January 2013, per Total Romania, discounters included. (Copyright © 2012, The Nielsen Company)*

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