



Profitable business growth for Albalact in 2013

Bucharest, 28 April 2014 - Albalact ended 2013 with a profitable business growth, while consolidating its portfolio and making new investments, shows the financial report approved today by the General Meeting of Shareholders.

Albalact obtained last year an increase by 23% of the turnover, which reached RON 423,185,587, and a profit of RON 8,400,362, that is 14% higher than the profit in the previous year. In 2012, the company's turnover reached RON 343,844,878, and the profit amounted to RON 7,320,697.

Company's shareholders decided on and voted, this year, for the net profit relative to 2013 financial year to remain unallotted.

"Our financial performance was in line with the budgeted objectives of profitable growth. We managed to consolidate our portfolio through new investment and product launches, and achieve a considerable business expansion in the sales and logistics areas. In 2013, we kept a strategy oriented towards the dynamic market segments, and this year we will pursue the same objectives. We contemplate to go out on the market with new products, despite the moderate consumption, but we look to constantly adapt to the consumption needs and the purchasing power", says **Raul Ciurtin, President and General Manager of Albalact.**

In the same General Meeting of today, shareholders also approved the principle merger of S.C. Albalact S.A. with S.C. Rarăul S.A, with Rarăul being absorbed by Albalact. Albalact currently holds 99.01% of the share capital of Rarăul, the latter being acquired by the first in 2008 and invested in year after year. The merger between Albalact and Rarăul, a must for development of an efficient integrated management, was delayed in 2010 in order not to affect the eligibility of the SAPARD funded projects contracted by both companies and under performance then.

Albalact shareholders further approved commencement of the negotiations with potential investors for partial or total transfer of SC Albalact Logistics SRL, a company established last year to take over the logistic activity of the company.

Albalact, one of the largest players on the Romanian dairy market, remains, with Zuzu, the leader in the pasteurized milk segment, with a market share of 29.5% in terms of value, and also the leader in the total milk segment (UHT milk and pasteurized milk), with a market value share of 21.1%. Albalact is leading the market also in the table butter segment, with its namesake brand De Albalact, and the sour cream segment, again with De Albalact. With Rarăul line of business, the company climbed as high as the second place in the classification of cottage cheese producers (as per the data supplied by A.C. Nielsen, September 2013).*





Zuzu Bifidus Snack is the most important recent project of the company, and comes to complete the yogurt portfolio of Zuzu brand. Zuzu Bifidus Snack is a balanced combination of probiotic yogurt with a mix of cereals, fruits and seeds, and meets halfway the consumers which are in pursuit of a healthy diet. Zuzu Bifidus Snack is an innovation for this market category supported by the unique combination of cereals and fruits, such as the mix of goji with raisins and cowberry, or the mix of oat flakes and seed (flax, pumpkin and sun-flower). Expansion and innovation of the yogurt portfolio propelled Albalact to top 3 Romanian yogurt producers (according to the data provided by A.C. Nielsen, September 2013).*

In the same yogurt category, Albalact further developed Poiana Florilor brand (a younger brand of the portfolio), with a range of fruit-flavored yogurts in smaller SKUs, that is 100 grams.

Albalact saw other important changes taking place this year. Zuzu went through a new rebranding phase, with minor design and packaging changes, to consolidate the brand identity and render it more visible at the shelf. All packages were redrawn in the lively, fresh, simple and natural Zuzu style. New developments were seen also in recipes, with enhanced formulas in particular for the fruity yogurt.

Albalact - Alba Iulia is the largest company with majority domestic capital in the industry. 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 6,000 stock holders, and is listed in Rasdaq category of the Bucharest Stock Exchange. Albalact holds 99.01% of the stock of Rarăul Campulung Moldovenesc. Albalact markets fresh pasteurized and UHT products under its brands **Fulga, Zuzu, Fruzu, Rarăul, De Albalact** and **Poiana Florilor**.

** calculations based on AC Nielsen data from Retail Index Service, per Total Romania, discounters included. (Copyright © 2012, The Nielsen Company)*

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