



Albalact Group secures a profitable growth in the first half of 2015

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Albalact Group concluded the first half of this year with a profitable business growth, as the unaudited consolidated half-yearly financial statements show.

The half-yearly financial statements were drawn up, for the first time, in keeping with the international financial reporting standards (IFRS) adopted by the European Union. These financial statements cover the results of Albalact SA, as well as of other companies, that is Rarăul SA Câmpulung Moldovenesc, and Albalact Logistic SRL, which are held by Albalact SA. Company's listing on the Bucharest Stock Exchange in first part of this year determined a restatement of the financial statements drawn up by the three companies of Albalact Group, by having individual reporting pursuant to the Order of the Minister of Public Finance 3055/2009 (OMPF) repcompliantlaced with IFRS reporting.

Albalact Group reported, in the first semester of 2015, a turnover of RON 237,879,607, **pursuant to the financial statements compliant with OMPF**, that is 9.27% higher than the turnover of the group during the same period of 2014. With restatement of the financial statements, **in what IFRS reporting is concerned**, Albalact Group generated net consolidated revenues of RON 207,261,262 as at 30 June 2015, which is 5.84% more than the net consolidated revenues of the group during the same period of the previous year.

The net profit obtained by Albalact group of companies in the first semester is RON 4,954,007, 86% more than the profit of the same period of the previous year, show the same **consolidated IFRS financial reports**.

As of 3rd of June, Albalact shares are traded on the regulated market managed by the Bucharest Stock Exchange, further to the transfer from Rasdaq market.

“Early this year we were saying that the company’s strategy for this year is directed towards a health business growth to support, first and foremost, the profit. We are glad to see that we are on the right track, and good results have already appeared; this is particularly thanks to portfolio resettlement and development plans targeting the categories we see as showing growth potential. Zuzu bifidus, yogurts with living lactic acid cultures, is a project we implemented this summer in a consumer-critical category, that is “active health”, and definitely contributed to these results. We will continue this strategy and come back in the fall with projects concerning repositioning of certain brands and entering new segments we have not been present in before. We expect the milk market to stabilize after this year’s events. We believe the outlooks are good and will help us end this year with attained objectives”, says **Stephane BATOUX, General Manager of ALBALACT.**





An important project Albalact launched this year regards expansion of the yogurt portfolio in active health category - a category which aims to strengthen the position of the company on yogurt market, and help increasing the budgeted turnover. Thus, Albalact developed a new range of Zuzu Bifidus yogurts, with an unique combination of living lactic acid cultures (Bifidobacterium BB-12 and Lactobacillus acidophilus LA-5), which helps protection and balance of the digestive system.

The yogurt system has been an important target for Albalact since 2012, when the company made material changes to its portfolio. Ever since, year after year, Albalact has invested in both products, and packaging. Last year, the company had its yogurt assembly line modernized, and introduced new packages in its portfolio. The constant expansion within the category propelled Albalact among the top three yogurt producers in the country. Volume wise, the company accounted for 17.0% of the yogurt market in 2014 (according to A.C. Nielsen Retail Audit over the aggregated periods January 2014 - December 2014, Total Romania).

The biggest recent innovation of the company remains, however, the plastic can with handle which was launched in 2014 for Zuzu milk, a first of its kind for Romania. The modern and highly practical packaging came also with new SKUs which have not been available before on the milk market - 1.8 liters for families and volume consumers, and 0.5 liters for impulse consumption.

In 2014, Albalact completed its approx. EUR 8 million investments for modernization and expansion of the production capacity of Oiejdea factory, in county of Alba. The investments were designed to support the growth of the company in the years to come, and consolidate its position on several market segments.

Albalact has been leading the milk market with Zuzu brand (UHT milk and pasteurized milk) since 2008. Albalact is also leading the market also in the table butter segment and sour cream segment, with its namesake brand De Albalact. Expansion within the yogurt category with Zuzu portfolio brought the company in top three yogurt producer in Romania, and with Rarăul brand and its range of cottage cheese, the company climbed as high as the second place in this category.

Albalact has more than 150 products in its portfolio, sold under its five umbrella brands: Zuzu, Fulga, De Albalact, Rarăul, and Poiana Florilor. The company holds 99.01% of the shares of Rarăul in Câmpulung Moldovenesc.

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, with more than 900 employees, has a majority Romanian shareholding, and is listed on the main market of the Bucharest Stock Exchange. Albalact holds 99.01% of the stock of Rarăul Campulung Moldovenesc, and 100% of the logistic company Albalact Logistic SRL. Albalact markets fresh pasteurized and UHT products under its brands **Fulga, Zuzu, Rarăul, De Albalact, and Poiana Florilor.**

