



BADEL 1862, D.D.

www.badel1862.hr

Sector:
Alcoholic beverages

Ticker:
BD62-R-A

| | |
|-----------------------------|--------|
| PRICE (EUR) (15.09.2006) | 120.43 |
|-----------------------------|--------|

| | |
|---------------|------------|
| BD62 RA | |
| NO OF SHARES | 752,106 |
| MIN (52 WEEK) | 53.45 |
| MAX (52 WEEK) | 120.43 |
| MARKET CAP | 90,578,395 |

| | |
|-------------------|-------|
| BVPS (31.12.2006) | 59.51 |
|-------------------|-------|

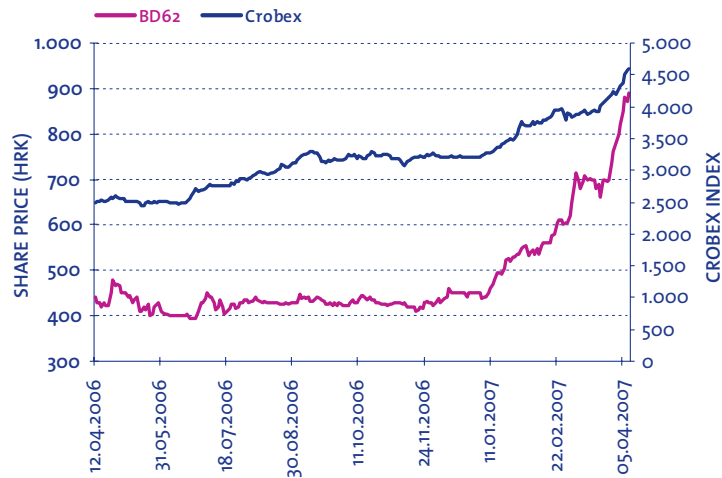
| | |
|-----------|--------|
| RATIOS* | |
| EPS | 1.12 |
| P/E | 107.04 |
| P/B | 2.02 |
| EV/EBITDA | 41.09 |

HRK/EUR = 7.39 (12.04.2007)
Data except ratios in EUR

* values based on 2006 results and current price share

COMPANY PROFILE:

Badel 1862 Plc main business activity is the production of wine and spirits. The company has assumed a leading position on the Croatian wine and spirits market, and exports its products to over 26 countries all over the world. It is also an exclusive distributor of well known foreign wines and spirits.



Badel 1862 has been offering quality wines and spirits to domestic and export markets for three centuries. The history of the company dates back to the 19th century, specifically to the year of 1862, when the first factory was built in Zagreb. Badel 1862 was established by the merging of three companies which were established in the late 19th century. In 1950 the Marijan Badel Liquor Factory and Refinery was founded. It was a successor to the earlier founded companies. The company was renamed and since then it has formally been known as Badel 1862.

Badel 1862 offers a broad range of products in each of its segments, wines and spirits, from the top quality of red/white wines down to the table wines, with a few wines for special occasions. The company vineyards are located in two regions of Croatia, the continental region with its popular white wines, and coastal region with its popular red wines. The company also has a wide selection of various spirits which maintain the top positions on the Croatian market and has also found a niche on the foreign markets.

In addition to the production of its own wines and spirits the company also distributes spirits of well known trademarks such as: Stock'84, Bacardi, Martini, Dewar's, Bombay Sapphire, etc.

Recently the company has expanded its main activities to include the bottling and distribution of natural spring water. This decision was based on the growing demand for natural spring water. The company sells its water under the brand name 'UNIQUE'. To bolster its position on the market the company has acquired Bionatura this year, the largest distributor of natural spring water by way of water coolers.

In December 2006 company acquired Eurobev Ltd, a non-alcoholic beverage distributor, which owns the license to distribute Pepsi-cola in Croatia. The acquisition was seen as a move to expand its activities to the non-alcoholic segment of the market.

The company recently announced its ambitious strategy for the 2007-2010 period. Badel plans to achieve a leading position in all southeastern Europe, in all segments of production; the company plans to achieve this through acquisitions (eg. Eurobev) and organic growth. The company plans to reach 5% domestic yearly sales growth and 15% growth international. It expects to export approximately 40% of its production by 2010.



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PERFORMANCE:

In 2006 Badel's sales amounted to EUR 45.3 million, which represents a growth of 15.1% in comparison to EUR 39.4 million in 2005. Approximately 80% of sales or EUR 36.5 million is domestic, while EUR 6.8 million or 20% are foreign sales. The expenses in 2006 amounted to EUR 42.9 million, an increase of 11.6%. The growth in expenses reflected an increase in cost of goods sold, salaries and decline in depreciation. The earnings before interest and taxes (EBIT) totaled EUR 2.0 million, a 25% increase in comparison to the previous year.

The financial income equaled EUR 1.6 million, while financial expenses (interest and fees) equaled 2.5 million. Extraordinary income totaled EUR 1.1 million, a decrease of 52.4%, while extraordinary expenses totaled EUR 1.0, a decrease of 45%.

Badel's profit before taxes in 2006 totaled EUR 1.2 million, which represented an increase of 11.4%. The growth in profits reflected a higher growth in revenues as compared to expenses.

The Company shares (BD62-R-A) have posted a very good performance in the past 6 months; shares have risen by over 104% in the past 6 months in comparison to the CROBEX index which has increased by 41.6%. Investors view the stock favorable and they expect Badel to continue to post good financial results in the future.

SHAREHOLDERS:

On 12th April 2007, the largest shareholders owned 40.79% stake of the company:

| SHAREHOLDER | NO OF SHARES | % STAKE | CUMULATIVE % STAKE |
|--|--------------|---------|--------------------|
| HPB Plc/KAPITALNI FOND Plc | 76,616 | 10.19 | 10.19 |
| PERKOVIĆ ANTE | 65,453 | 8.7 | 18.89 |
| HRVATSKI FOND ZA PRIVATIZACIJU | 57,800 | 7.69 | 26.58 |
| HPB Plc/KD INVESTMENTS - VICTORIA FOND | 27,010 | 3.59 | 30.17 |
| HYPO ALPE-ADRIA-BANK Plc/HYPO ALPE-ADRIA-BANK AG | 22,075 | 2.94 | 33.11 |
| PBZ Plc/THE BANK OF NEW YORK AS CUSTODIAN | 18,742 | 2.49 | 35.6 |
| BADEL 1862 Plc | 15,302 | 2.03 | 37.63 |
| SOCIETE GENERALE-SPLITSKA BANKA Plc | 12,703 | 1.69 | 39.32 |
| KRPINA LJERKA | 11,029 | 1.47 | 40.79 |

BALANCE
SHEET

| EUR (ooo) | 2005 | 2006 | 06/05 |
|------------------------------------|---------------|----------------|---------------|
| ASSETS | | | |
| RECEIVABLES FOR SUBSCRIBED CAPITAL | 0 | 0 | |
| LONG-TERM ASSETS | 37,510 | 62,462 | 66.52% |
| Non-material assets | 6 | 4 | -25.58% |
| Material assets | 21,362 | 22,318 | 4.47% |
| Financial assets | 15,116 | 39,250 | 159.66% |
| Receivables | 1,026 | 890 | -13.24% |
| | | | |
| SHORT-TERM ASSETS | 38,465 | 41,502 | 7.90% |
| Inventory | 16,636 | 18,733 | 12.61% |
| Receivables from customers | 14,728 | 16,740 | 13.66% |
| Other receivables | 6,513 | 3,724 | -42.82% |
| Financial assets | 368 | 1,122 | 205.15% |
| Cash | 221 | 1,182 | 435.50% |
| | | | |
| DEFERRED ITEMS | 0 | 0 | |
| LOSS OVER CAPITAL | 0 | 0 | |
| TOTAL | 75,975 | 103,964 | 36.84% |

| LIABILITIES | | | |
|--|---------------|----------------|----------------|
| Equity and reserves | 39,973 | 41,893 | 4.80% |
| Subscribed capital | 30,532 | 30,532 | 0.00% |
| Reserves | 8,645 | 10,568 | 22.25% |
| Profit / loss current year | 796 | 792 | -0.53% |
| Minority interest | 0 | 0 | |
| Long-term reservations for risk and expenses | 867 | 797 | -8.07% |
| | | | |
| LONG-TERM LIABILITIES | 7,620 | 22,149 | 190.66% |
| | | | |
| Short-term liabilities | 27,447 | 39,078 | 42.38% |
| Customer payables | 11,327 | 13,718 | 21.11% |
| Short-term financial liabilities | 8,315 | 17,227 | 107.19% |
| Other short-term liabilities | 7,805 | 8,133 | 4.20% |
| DEFERRED ITEMS | 67 | 47 | -30.52% |
| TOTAL | 75,975 | 103,964 | 36.84% |
| OFF-BALANCE SHEET ITEMS | 0 | 0 | |

**INCOME
STATEMENT:**

| EUR (ooo) | 2005 | 2006 | 06/05 |
|--------------------------------------|---------------|---------------|-----------------|
| REVENUES | 39,401 | 45,350 | 15.10% |
| Revenues from sales (domestic) | 30,645 | 36,544 | 19.25% |
| Revenues from sales (international) | 7,092 | 6,838 | -3.59% |
| Other revenues | 1,664 | 1,969 | 18.31% |
| EXPENSES | 38,494 | 42,977 | 11.65% |
| Material expenses & COGS | 22,669 | 25,258 | 11.42% |
| Salaries | 6,395 | 7,061 | 10.43% |
| Depreciation | 1,823 | 1,551 | -14.89% |
| Decrease in the value of inventory | 0 | 0 | |
| Other expenses | 7,608 | 9,106 | 19.70% |
| CHANGE IN INVENTORY | -753 | 286 | -137.95% |
| EBIT | 1,660 | 2,087 | 25.70% |
| FINANCIAL REVENUES | 1,559 | 1,629 | 4.49% |
| Positive exchange rate differential | 598 | 385 | -35.67% |
| Interest and other financial revenue | 961 | 1,244 | 29.49% |

| | | | |
|---------------------------------------|--------------|--------------|----------------|
| FINANCIAL EXPENSES | 2,564 | 2,561 | -0.12% |
| Negative exchange rate differential | 660 | 434 | -34.24% |
| Interest and other financial expenses | 1,905 | 2,127 | 11.69% |
| EXTRAORDINARY REVENUES | 2,396 | 1,141 | -52.40% |
| EXTRAORDINARY EXPENSES | 1,944 | 1,061 | -45.39% |
| PROFIT OR LOSS BEFORE TAXES | 1,108 | 1,234 | 11.40% |
| Taxes on profit | 387 | 442 | 14.12% |
| PROFIT OR LOSS AFTER TAXES | 720 | 792 | 9.94% |
| Minority interest | 0 | 0 | |
| NET PROFIT / LOSS | 720 | 792 | 9.94% |



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