

# Agrokor

## Final Enterprise Value Estimates



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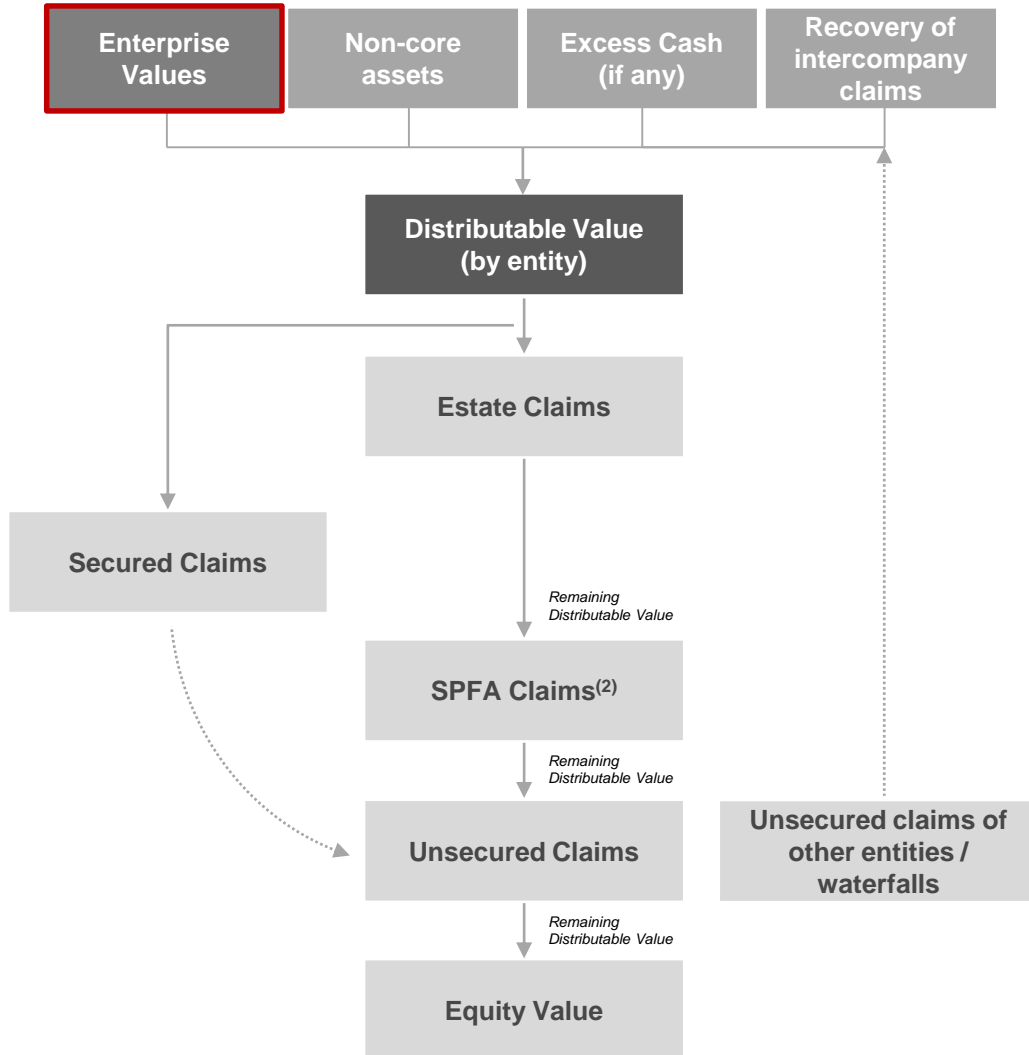
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# Waterfall Structure – Relevance of Enterprise Values Provided

## Overview



## Commentary

### Distributable Value

- Enterprise value of EA entities and equity value of non-EA entities
- Asset add-ons (non-core assets) <sup>(1)</sup>
- Excess cash (if any)
- Recovery of intercompany claims <sup>(1)</sup>

### Estate Claims

- Employee claims (if any)
- Any unpaid Court, process and committee costs

### Secured Claims

- Secured claims collateralized by physical assets and other less usual forms of collateral
- Deficiency claims (i.e. secured claims in excess of the value of its collateral) to be treated as unsecured claims of the owing entity

### SPFA Claims

- Based on amount outstanding under the SPFA, including any accrued PIK interest

### Unsecured Claims

- All unsecured claims, including deficiency claims, intercompany claims and unsecured guarantees of other entities' claims

### Equity Value

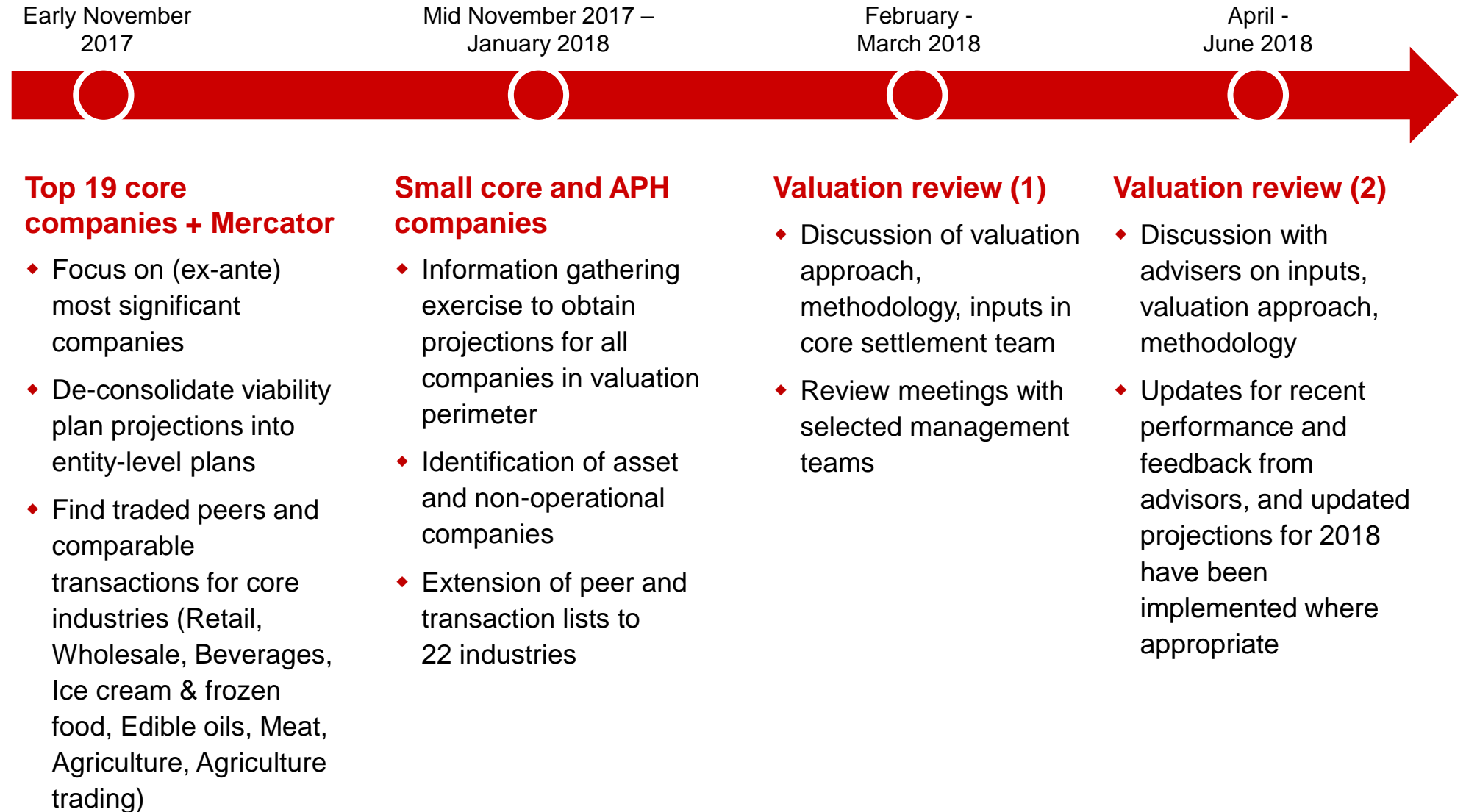
- Residual value from the waterfall constitutes equity value accruing to shareholders or share pledge beneficiaries

#### Notes:

(1) To be provided and not included in these materials

(2) In circumstances where the SPFA would not be fully covered by the value of its collateral or the senior ranking granted by the Law on EA, the SPFA may rank second only to Estate Claims

# Valuation Process



# Valuation Objective / Inputs / Methodology

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## Objective

- ◆ Determination of the enterprise value (single point) for 140 single entities + Mercator Group (incl. 15 subsidiaries) as one of the required inputs to the EPC (of which 77 companies are subject to EA Act)

## Inputs

- ◆ Generally, the best available (operating) information was used for valuation purposes. The nature and quality of information varied significantly across the group of companies to be valued, and methodology and process were adjusted to reflect this
- ◆ Viability plan(s) were only available for the biggest businesses, and for these only by business line, therefore entity level projections needed to be derived; updates for recent performance and feedback from advisors, and updated projections for 2018 (including Konzum Viability Plan refresh) have been implemented where appropriate
- ◆ Alternative bases for valuation needed to be established where no (detailed) viability plan was available

## Methodology

- ◆ Enterprise Values (EVs) in Euro, going concern, as of end of March 2018
- ◆ Variety of approaches with flexible weightings used to establish reasonable range of valuations, as a platform for (i) discussion and agreement (with and among creditors and advisors) and (ii) ultimately as starting point for single point estimate needed as input parameter for the EPC and allocation:
  - ◆ Comparable companies (EBITDA and EBIT trading multiples, EBITDAR and EBITDA multiples for Retail and Wholesale)
  - ◆ Comparable transaction (EBITDA and EBIT transaction multiples, only EBITDA multiples for Retail and Wholesale)
  - ◆ 2-stage DCF valuation based on single entity projections
- ◆ For Konzum (but no other entity), EV was estimated after taking into account all lease payments (including under finance leases)

# Valuation Methodology (Cont.)

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## Single Point Estimate:

- ◆ Applying the different valuation methods, valuation ranges for each of the entities were derived
- ◆ The EPC requires a single value input in order to calculate recovery values for each claim. Therefore, a single point estimate has been calculated based on certain weightings (detailed below).
- ◆ In the interest of fair and equal treatment across the group, these weightings have been consistently applied to companies and methodologies (where available).

## Weightings

- ◆ Uniform weighting factors of the different approaches were used for entities to arrive at the single point estimate:
  - ◆ Income-based approach:
    - ◆ Valuation based on a 2-stage DCF-model – 50%
  - ◆ Market-based approach:
    - ◆ Valuation based on trading statistics of comparable companies – 30%
    - ◆ Valuation based on transaction multiples derived from comparable transactions – 20%

# Valuation Estimates Overview – Implied EBITDA Multiples

Company Name in mEUR	EBITDA <sup>2</sup>		Valuation range			only EA	Implied 2019E EBITDA multiple			Implied 2020E EBITDA multiple		
	2019E	2020E	low	high	single point	single point	low	high	single point	low	high	single point
Agrokor d.d. <sup>1</sup>	0.0	0.0	0	0	0.0	0.0	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x
Jamnica d.d.	40.7	41.7	404	622	494.9	494.9	9.9x	15.3x	12.1x	9.7x	14.9x	11.9x
Ledo d.d.	26.7	27.8	211	373	280.9	280.9	7.9x	14.0x	10.5x	7.6x	13.4x	10.1x
Konzum d.d. <sup>3,4</sup>	25.7	39.7	106	296	209.3	209.3	4.1x	11.5x	8.1x	2.7x	7.5x	5.3x
Belje d.d.	31.8	34.0	156	424	276.5	276.5	4.9x	13.3x	8.7x	4.6x	12.5x	8.1x
Zvijezda d.d.	7.7	8.1	68	89	78.7	78.7	8.9x	11.6x	10.3x	8.4x	10.9x	9.7x
Vupik d.d.	8.7	8.8	27	81	56.9	56.9	3.1x	9.3x	6.6x	3.1x	9.2x	6.5x
PIK Vinkovci d.d.	6.4	7.1	28	53	41.9	41.9	4.3x	8.2x	6.6x	3.9x	7.4x	5.9x
Agrokor-trgovina d.o.o.	1.7	1.7	15	23	18.6	18.6	8.7x	13.4x	10.8x	8.7x	13.3x	10.7x
Sarajevski kiseljak d.d.	9.9	10.5	57	141	90.7		5.8x	14.4x	9.2x	5.5x	13.5x	8.6x
Ledo d.o.o. Citluk	8.0	8.1	43	94	63.6		5.4x	11.7x	7.9x	5.4x	11.6x	7.9x
Konzum d.o.o. Sarajevo <sup>4</sup>	3.8	4.5	9	26	20.5		2.4x	6.9x	5.4x	2.0x	5.8x	4.5x
PIK Vrbovec d.d.	21.8	23.1	124	238	180.8	180.8	5.7x	10.9x	8.3x	5.4x	10.3x	7.8x
Frikom d.o.o.	19.3	19.7	140	188	164.7		7.2x	9.7x	8.5x	7.1x	9.5x	8.4x
Dijamant a.d. <sup>5</sup>	9.2	10.5	65	101	87.0		7.1x	11.0x	9.5x	6.2x	9.6x	8.3x
Roto dinamic d.o.o. <sup>5</sup>	8.5	8.9	53	75	62.1	62.1	6.2x	8.9x	7.3x	5.9x	8.5x	7.0x
Tisak d.d. <sup>4</sup>	8.3	8.8	28	57	46.7	46.7	3.4x	6.9x	5.6x	3.2x	6.5x	5.3x
VELPRO - CENTAR d.o.o. <sup>4,5</sup>	4.8	6.4	13	24	17.2	17.2	2.8x	5.1x	3.6x	2.1x	3.8x	2.7x
<b>Top 19</b>	<b>242.9</b>	<b>269.4</b>	<b>1,548</b>	<b>2,905</b>	<b>2,190.9</b>	<b>1,764.4</b>	<b>6.4x</b>	<b>12.0x</b>	<b>9.0x</b>	<b>5.7x</b>	<b>10.8x</b>	<b>8.1x</b>
Poslovni sistem Mercator d.d.	106.6	115.7	623	1,315	878.6		5.8x	12.3x	8.2x	5.4x	11.4x	7.6x
Retail - other companies	1.4	1.4	10	14	12.3	3.5	7.0x	10.0x	8.7x	7.0x	10.0x	8.7x
Food - other companies	9.0	9.6	59	99	77.6	1.6	6.5x	11.0x	8.6x	6.1x	10.3x	8.1x
Agri - other companies	12.0	12.2	66	172	115.6	94.2	5.5x	14.3x	9.6x	5.4x	14.1x	9.5x
APH	24.5	26.1	142	279	199.1	158.9	5.8x	11.4x	8.1x	5.4x	10.7x	7.6x
<b>Total</b>	<b>396.5</b>	<b>434.4</b>	<b>2,448</b>	<b>4,783</b>	<b>3,474.0</b>	<b>2,022.5</b>	<b>6.2x</b>	<b>12.1x</b>	<b>8.8x</b>	<b>5.6x</b>	<b>11.0x</b>	<b>8.0x</b>

**Note:** Based on Viability Plan

(1) Agrokor d.d. treated as central cost center (no EV), excess management fee distributed back to operating companies

(2) EBITDA as shown is after central costs (lower than viability plan management fee assumption)

(3) Konzum pro-forma EBITDA used (after finance lease payments)

(4) To reflect expected significant improvements following the restructuring measures for Konzum, Konzum BiH, Tisak and Velpro, we have applied 2018 multiples (from peer group and transactions) to 2019 financials and discounted the resulting "forward" EV back at cost-of-capital (including a 3%-6% restructuring execution risk premium)

(5) Projections for Dijamant, Roto dynamic and Velpro updated based on findings of advisors