

Settlement Plan Details



Contents

- Introduction
- Settlement Plan and EPM results
- Return calculation explanation
- Other Settlement Plan elements
- Next steps

Current Status

- At the Interim Creditors' Council session held this morning all members unanimously confirmed the Settlement Plan
- The Settlement Plan together with the Schedules will be submitted to the Commercial Court in Zagreb tomorrow and we expect them to be published at the Court's e-bulletin board before the end of the week

The Settlement Plan in numbers

- The text of the Settlement Plan has been drafted from January until June this year
- The Settlement Plan consists of **2 parts**: the descriptive and the constructive part
- The Settlement Plan contains around **200 pages**, while together with the Schedules the number grows to **7,300 pages**
- The Settlement Plan has **32 Chapters** and **36 Schedules**

Why EPM?

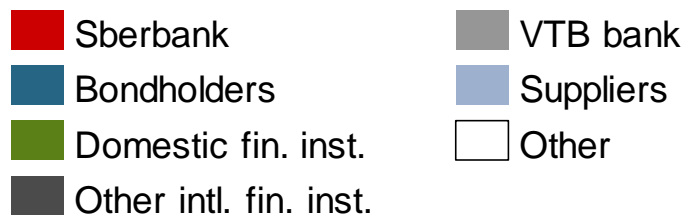
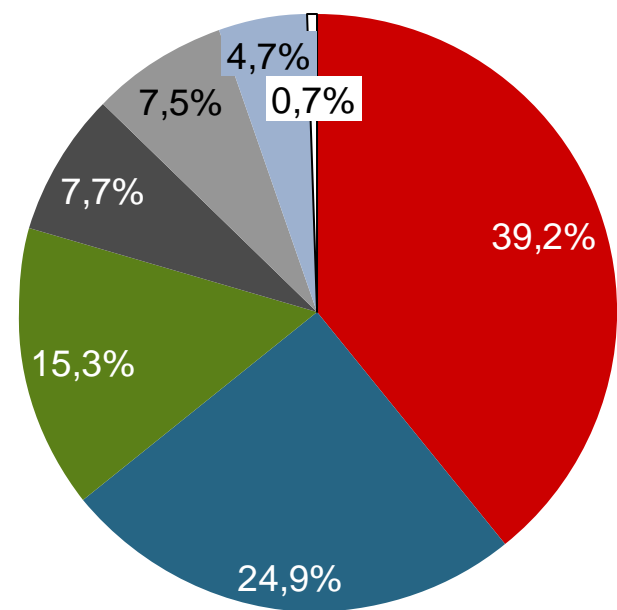
- Given the number of companies within the Agrokor Group and the complexity of its overall financial restructuring the EPM has proved to be the best solution which has also been accepted by the creditors
- EPM is considered to be a fair and equitable way of recovery in corporate bankruptcy cases and enjoys broad acceptance among international creditors, which is key for it to be recognized in international jurisdictions
- In line with bankruptcy proceedings, the Administrator manages a waterfall of claim recoveries for each individual company, including guarantees for other companies' debts – claims are being viewed from the aspect of their legal position, in the same way which would apply in case of bankruptcy of the Group
- Other recovery models neglect the integrity and independence of individual companies and the guarantees which have been recognized pursuant to Croatian and international laws

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Financial creditors will hold the majority ownership in the New Group, with Sberbank holding 39.2%

Ownership structure of the new Group by creditor groups



New Group ownership structure by creditor

#	Entity	Ownership share (%)	Aggregate (%)
1	Sberbank	39.2%	39.2%
2	Imatelji obveznica ¹	25.0%	64.2%
3	VTB bank	7.5%	71.7%
4	Zagrebačka banka	2.9%	74.6%
5	BNP Paribas	2.9%	77.5%
6	Privredna banka Zagreb	2.4%	79.9%
7	Splitska banka	2.4%	82.3%
8	Credit Suisse	1.8%	84.1%
9	Adris Grupa	1.4%	85.5%
10	Franck	1.3%	86.8%
11	Hrvatska poštanska banka	1.3%	88.1%
12	J.P. Morgan	1.3%	89.4%
13	Raiffeisenbank	1.2%	90.6%
14	Addiko bank	1.0%	91.6%
15	Saponia	0.6%	92.2%
16	Sokol Marić	0.6%	92.8%
17	OTP banka	0.5%	93.3%
18	Knighthead (na temelju otkupljene tražbine)	0.5%	93.8%
19	Banca Intesa	0.5%	94.3%
20	SC Lowy Primary Inv.	0.4%	94.7%
21	Other	5.3%	100.0%

Note: 1) Bondholders registered through their agents

The top 20 creditors measured by gross claim size will hold more than 92% of ownership of the New Group

List of top 50 creditors by gross claim amount

#	Subject	Gross claims (mil. EUR)	Return amount (mil. EUR)	Rate of return (%)	Ownership share (%)
1	Sberbank	1212.1	632.1	52%	39.2%
2	Imatelji obveznica	933.4	584.1	63%	25.0%
3	Zagrebačka banka	332.7	215.4	65%	2.9%
4	VTB bank	305.2	199.9	66%	7.5%
5	Adris Grupa	180.6	45.5	25%	1.4%
6	Raiffeisenbank	171.2	18.0	11%	1.2%
7	Erste	155.6	37.3	24%	0.3%
8	BNP Paribas	118.7	61.3	52%	2.9%
9	PBZ	109.5	57.8	53%	2.4%
10	Splitska banka	83.1	34.8	42%	2.4%
11	TDR	74.6	23.1	31%	0.0%
12	HBOR	72.5	72.5	100%	0.3%
13	Addiko bank	57.8	22.8	40%	1.0%
14	Zagreb-Montaža	51.6	6.0	12%	0.0%
15	Kreditna banka Zagreb	51.0	18.6	37%	0.1%
16	Credit Suisse	50.7	25.7	51%	1.8%
17	HPB	44.0	20.5	47%	1.3%
18	J.P. Morgan	40.1	22.2	55%	1.3%
19	Vindija	37.3	15.9	43%	0.0%
20	Franck	37.0	28.6	77%	1.3%
21	Goldman Sachs	32.7	10.7	33%	0.0%
22	AWT International	29.9	14.5	48%	0.0%
23	OTP banka	28.0	15.6	56%	0.5%
24	Banca Intesa	22.3	6.8	31%	0.5%
25	Vetel	21.5	5.9	27%	0.4%

~92.3%

#	Subject	Gross claims (mil. EUR)	Return amount (mil. EUR)	Rate of return (%)	Ownership share (%)
26	Ricardo	21.1	8.6	41%	0.0%
27	Sokol Marić	20.8	10.3	49%	0.6%
28	Investco	20.1	0.0	0%	0.0%
29	Medika	19.7	6.1	31%	0.0%
30	Dukat	19.3	8.2	43%	0.0%
31	Saponia	18.8	10.8	58%	0.6%
32	Atlantic Trade	18.6	10.3	56%	0.0%
33	Unicredit bank Serbia	18.6	3.0	16%	0.0%
34	Podravka	18.5	10.2	55%	0.0%
35	Energia Naturalis	17.5	4.9	28%	0.3%
36	Zagrebačka pivovara	16.4	13.7	83%	0.0%
37	H-Abduco	16.3	3.0	18%	0.1%
38	The Jupiter Global Fund	16.0	0.0	0%	0.0%
39	Coca-Cola HBC Hr.	15.6	12.1	77%	0.0%
40	Knighthead	15.3	7.8	51%	0.5%
41	Prvo plinarsko društvo	14.9	11.6	78%	0.0%
42	Vipnet	14.4	10.2	71%	0.0%
43	Monarch Master Funding	12.7	12.6	100%	0.0%
44	Zagrebački holding	12.2	8.5	70%	0.0%
45	Tele 2	12.1	4.2	35%	0.1%
46	Tehnika	11.8	1.8	16%	0.0%
47	Centar za restr. i prodaju	11.4	1.6	14%	0.1%
48	TAS-Trans Atlantic Serv.	10.4	0.0	0%	0.0%
49	SC Lowy Primary Invest.	10.4	5.3	51%	0.4%
50	VR Global Partners	10.1	10.1	51%	0.0%

To date micro enterprises have recovered 100% of their claims, suppliers 60% on average, while financial institutions and bondholders have had no return



	Micro enterprises, family farms and crafts	Suppliers	Bondholders ²	Financial institutions		Other
				Local	Intl.	
# creditors	~2.400	~4.850	2	~100	~70	~180
# claims ³	~1.150	~9.600	2	~540	~240	~310
Gross claim value ⁴	~23 mil. EUR	~1.150 mil. EUR	~930 mil. EUR	~1.470 mil. EUR	~1.940 mil. EUR	~126 mil. EUR
Total average payments received to date ¹	100%	~60%	0%	0%	0%	2%

- The EA Law has made it possible for all micro enterprises, family farms and crafts to receive repayment of 100% within shortest possible time to prevent a wave of bankruptcies among the small entrepreneurs who are the foundation of the Croatian economy

- In bankruptcies of groups similar to Agrokor suppliers ordinarily receive payments upon completion of the process, which as a rule lasts several years
- In the case of Agrokor suppliers have recovered ~60% within one year, which is something of a precedent

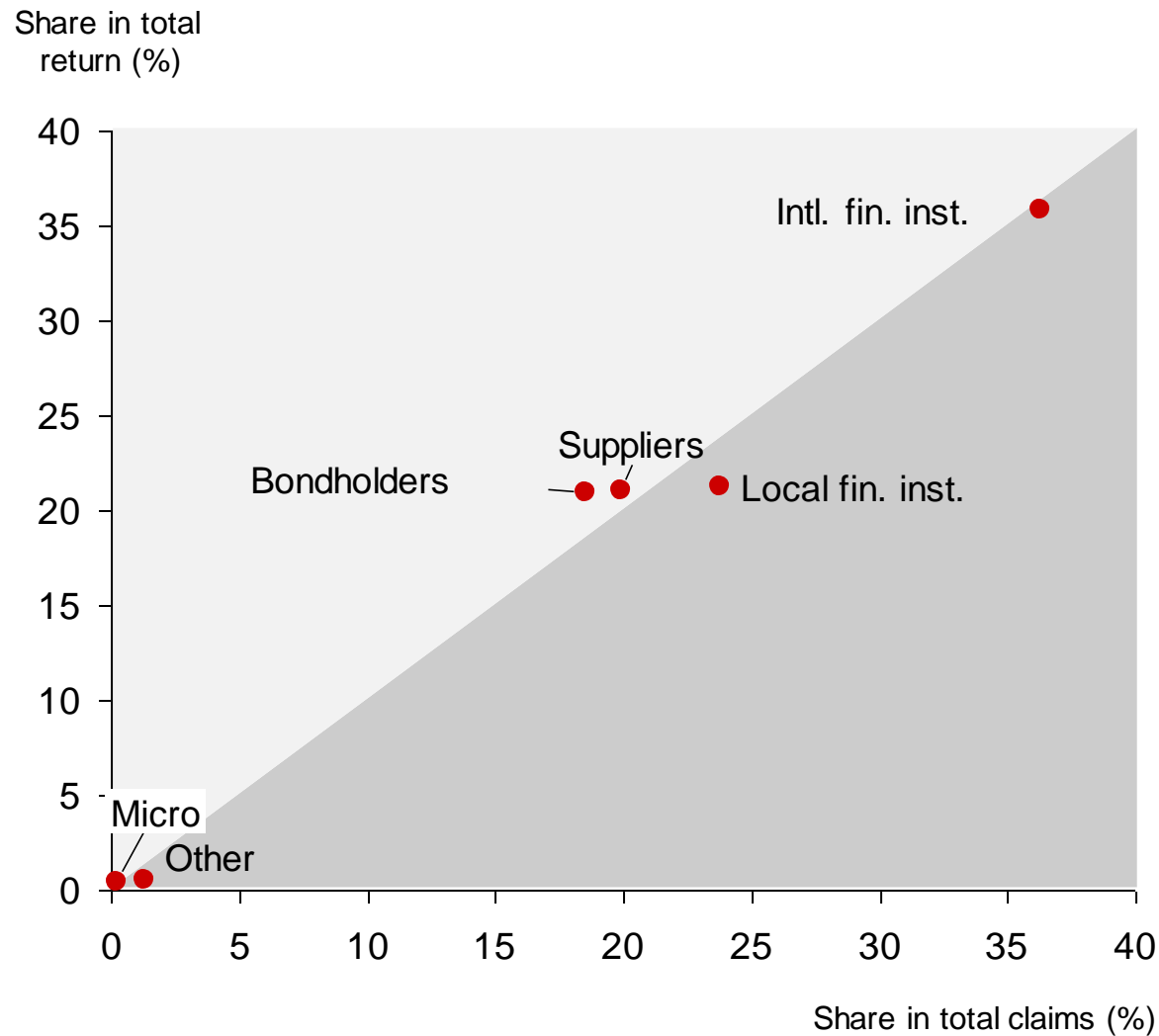
- Financial creditors and bondholders have seen no return so far

- Others include: individuals, employees and others

Note: 1) excl. of the roll-up loan; 2) bondholders registered through their agents; 3) the remaining claims are claims of intragroup companies; 4) Gross claims represent the total amount of claims as at 9 April, 2017

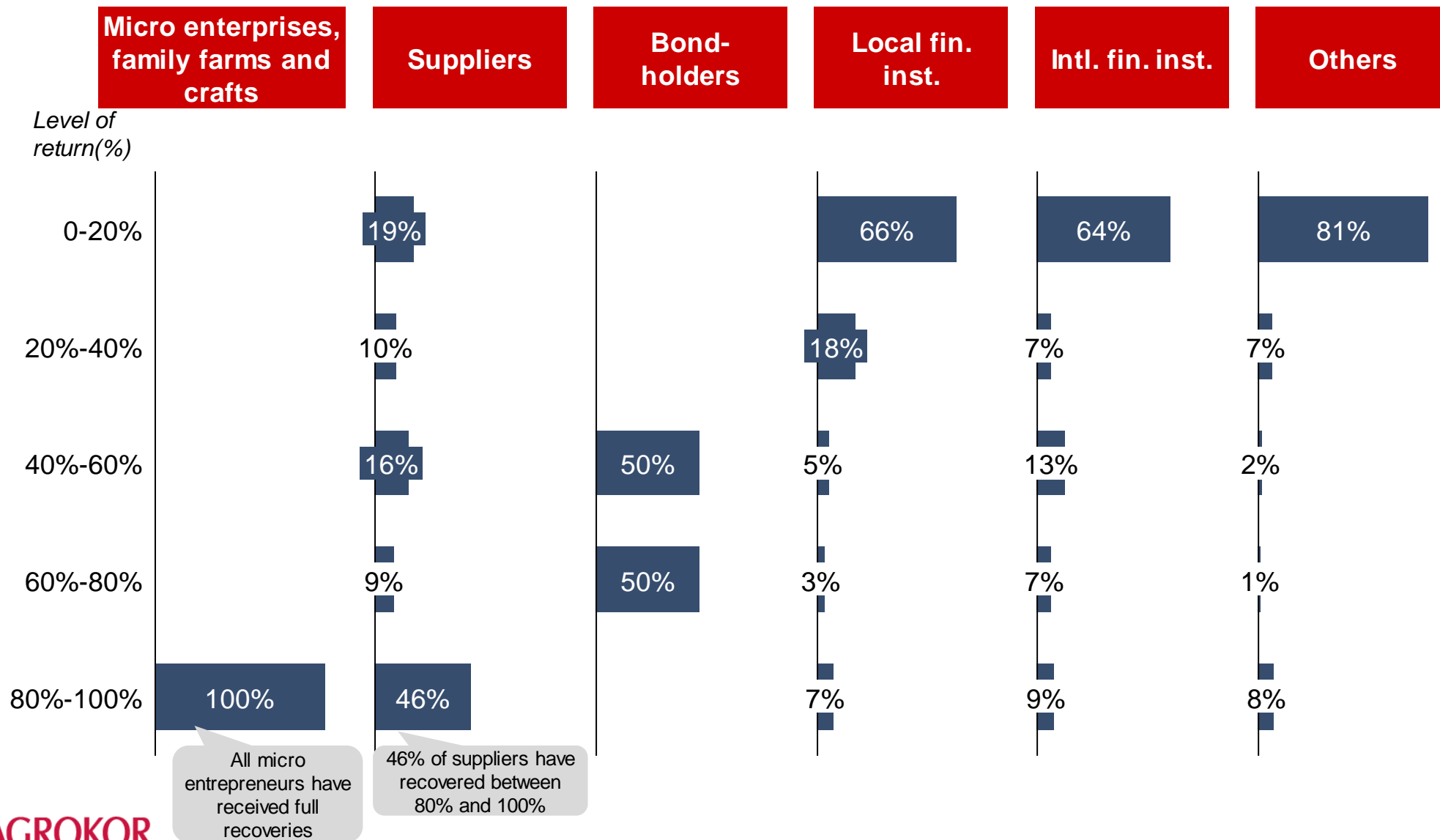
Suppliers and bondholders have suffered lower claim write-offs than financial institutions

Share in claims vs. share in total return



The level of recoveries depends on the way the individual claims were secured – the highest recoveries are on claims secured with real estate

Structure by number of companies with regards to the percentage class of recovery

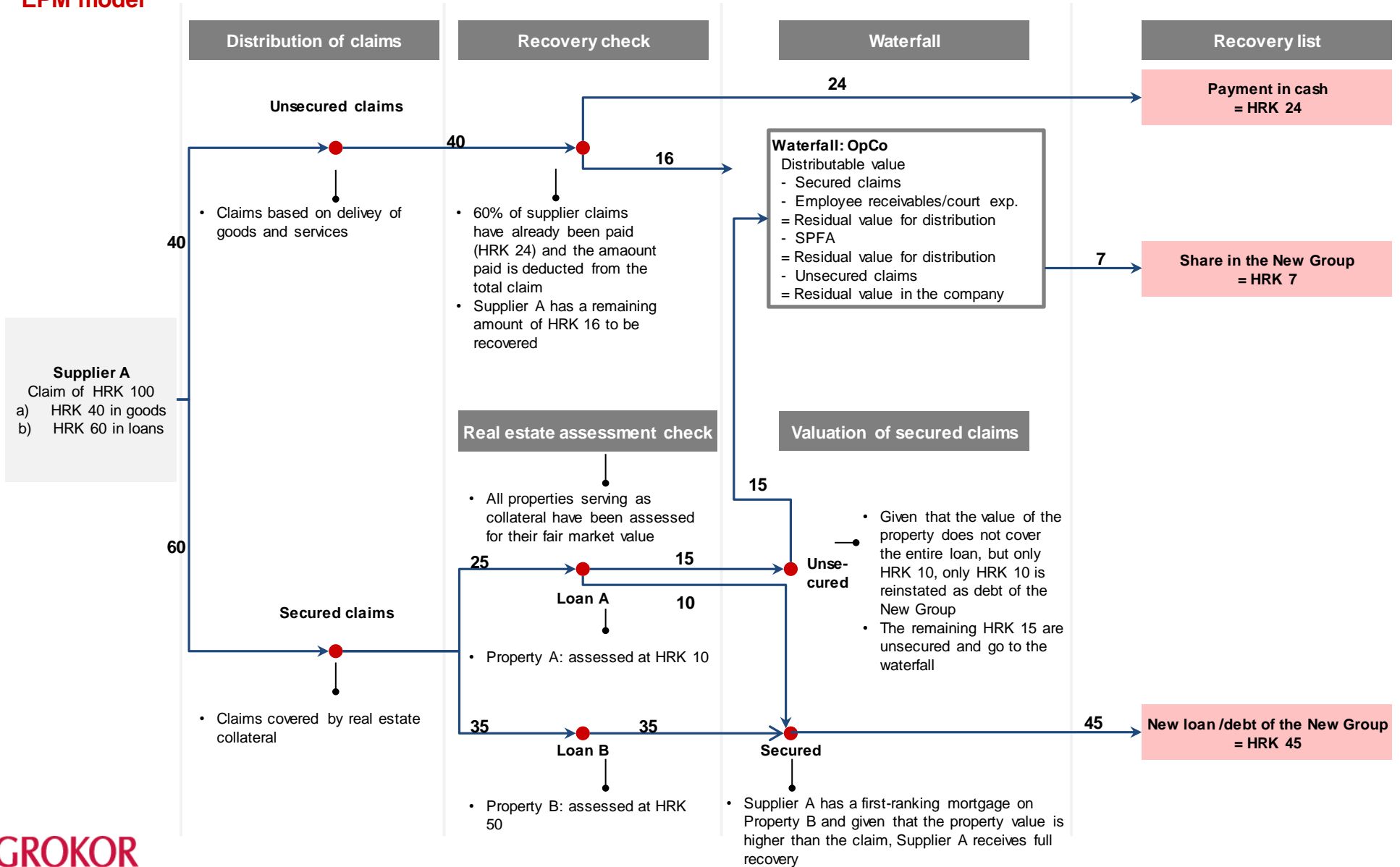


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Return calculation example from the perspective of Supplier A

EPM model



Unsecured claims recoveries are determined by the waterfall method

- The waterfalls of the debtor and guarantors (EA and non-EA entities) of Agrokor's widely guaranteed claims are shown below
- To understand a claim's recovery, it is essential to know the unsecured claim recovery levels for the debtor and each guarantor of that claim

in EUR m	Selected EA waterfalls										Non-EA guarantors		
	Agrokor	Jamnica	Ledo	Konzum	Belje	Zvijezda	Vupik	PIK Vinkovci	Agrokor-Trgovina	PIK Vrbovec	Sarajevski Kiseljak	Ledo Citluk	Konzum BiH
Enterprise Value ("EV")	-	494.9	280.9	209.3	276.5	78.7	56.9	41.9	18.6	180.8			
Plus: Non-core assets ⁽¹⁾	11.3	0.1	-	40.4	-	0.2	0.4	1.3	-	0.6			
Plus: Equity value of subsidiaries ⁽²⁾	298.9	28.3	163.5	5.9	0.3	6.2	-	0.8	0.3	1.7			
Plus: Intercompany receivables	89.8	13.3	1.0	5.7	0.3	0.9	0.5	7.4	18.1	0.4			
Distributable Value ("DV")	400.0	536.6	445.3	261.2	277.0	85.9	57.8	51.4	37.0	183.5			
Less: Estate claims ⁽³⁾	-	-	-	-	-	-	-	-	-	-			
DV remaining	400.0	536.6	445.3	261.2	277.0	85.9	57.8	51.4	37.0	183.5			
Less: Encumbered assets ⁽⁴⁾	13.4	4.0	0.8	63.9	22.6	-	16.7	7.6	-	50.3			
DV remaining	386.7	532.6	444.6	197.3	254.4	85.9	41.1	43.8	37.0	133.3			
Less: SPFA	386.7	109.3	93.1	171.9	61.5	34.3	9.0	17.2	31.4	40.7			
DV remaining for unsecured	-	423.2	351.5	25.4	192.9	51.6	32.1	26.7	5.6	92.5	91.2	65.1	20.5
Unsecured claim recovery													
Unsecured claim amount	3,762.8	2,911.0	2,297.9	3,940.6	2,461.7	2,683.4	2,349.5	2,577.7	2,652.0	344.1	2,217.8	2,217.8	2,215.1
Unsecured claim recovery	-	423.2	351.5	25.4	192.9	51.6	32.1	26.7	4.5	92.5	91.2	65.1	20.5
Unsecured claim recovery (%)	0.0%	14.5%	15.3%	0.6%	7.8%	1.9%	1.4%	1.0%	0.2%	26.9%	4.1%	2.9%	0.9%

IzSource: Claims list and Company data

Notes: Recoveries based on the EPMAs at 16 June 2018. Figures presented in EUR based on EUR/HRK 7.4365

(1) Non-core assets are those that were not included in the EBITDA and cash flow valuation methodologies used to assess EV

(2) Includes equity value from entities in EA and non-EA entities

(3) Certain claims are secured with collateral at different entities

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Subject to the performance of Konzum, suppliers will be able to recover an additional EUR 70m over the next four years

- An agreement was reached with the suppliers for payment of the so-called border debt, subject to certain conditions
- Border debt is pre-petition debt which became due after 10 April, 2017. Border debt subject to payment according to the agreement is border debt owed by any Agrokor Group member to a creditor whose claims have been determined in the procedure (eligible creditor)
- The highest total amount of border debt which can be paid is EUR 70m.
- Conditions for border debt payment as per agreement:
 - Eligible suppliers may exercise their right to receive annual border debt payments over the course of 2018, 2019, 2020 and 2021 provided that in the relevant calendar year Konzum generates a certain result (reflected in the minimum agreed EBITDA amount of Konzum).
 - The amount of border debt to be paid in each calendar year is the amount by which the EBITDA generated in the respective calendar year exceeds the minimum agreed EBITDA in that calendar year
 - The minimum agreed EBITDA amounts to EUR 38.8m
 - The total amount of all annual payments cannot exceed EUR 70m.
- An agreement has also been achieved with regards to recourse bills of exchange
 - 35% to be taken over by the suppliers, 65% to be written off by the banks

Subject to certain operating performance by the New Group, Sberbank will be entitled to receive payments of up to a maximum of EUR 60m over the course of four years

Conditions for payment under the Sber contingent payment right

- Sber shall have an annual contingent payment right **for the period of 2018, 2019, 2020 and 2021** provided a group of certain material companies achieves a certain performance target in aggregate in the relevant calendar year (agreed EBITDA threshold):
 - The amount to be paid for each calendar year: the amount by which the EBITDA realized in each relevant calendar year exceeds the threshold EBITDA in that calendar year.
 - The threshold EBITDA is EUR 245 million for 2018, stepping up to EUR 288 million for 2021.
 - Included material companies: Konzum d.d., VELPRO-CENTAR d.o.o., Konzum d.o.o. Sarajevo, Tisak d.d., Jamnica d.d., Roto dinamic d.o.o., Sarajevski kiseljak d.d., Ledo d.d., Vinkovci d.d. Citluk, Frikom d.o.o., Zvijezda d.d., Dijamant a.d., PIK Vrbovec d.d., Vupik d.d., PIK Vinkovci d.d., Belje d.d., and Agrokori-trgovina d.d.
 - The definition of EBITDA used when determining the relevant performance has been specifically agreed.
 - The total amount of the four payments cannot exceed EUR 60 million.
- The payment obligation pursuant to the arrangement shall rest with Aisle Dutch TopCo, in favour of Sberbank of Russia, contingent upon certain cash available.
- The payment obligation terminates on the expiration of four years regardless of the amount finally paid.

Although the terms of the SPFA extension have been agreed until September 2019, the Group plans to refinance the facility prior to that time

SPFA extension

		2018.						2019.								
		7.	8.	9.	10.	11.	12.	1.	2.	3.	4.	5.	6.	7.	8.	9.
Interest rate	Cash	6.0%														
	PIK	2.0%						4.0%	4.5%	5.0%	5.5%	6.0%	6.5%	7.0%	7.5%	8.0%
	Total (EURIBOR +)	8.0%						10.0%	10.5%	11.0%	11.5%	12.0%	12.5%	13.0%	13.5%	14.0%

Fee 2%

1%

1%

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Upon voting on the Settlement Plan and the decision on it becoming effective the implementation process will start and is planned to last 3-4 months

Activity plan in the forthcoming period

