

**CEFS Congress**  
Dubrovnik, Croatia  
7<sup>th</sup>-9<sup>th</sup> June 2017

**VIRO GROUP**  
Corporate presentation



# Austria, Netherlands, Italy & Croatia ... Rijeka refinery!

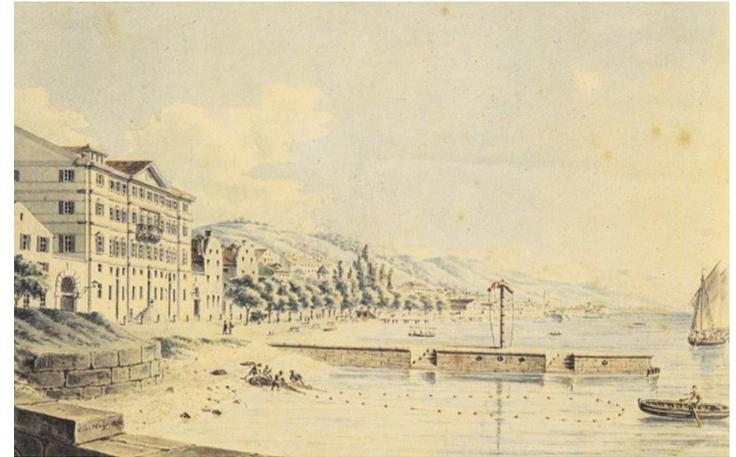
■ Maria Theresa, anno domini 1750

■ „Urbano Arnoldt & Co“, Antwerpen

■ First sugar refinery in Europe!

■ „Zuccheriera“ with 700 employees ...

■ 1826 bankruptcy; 1851 tobacco; &  
1970 protected cultural heritage



# Croatia: country for holiday & business!

Southeastern part of Europe

EU member since 1 July 2013

Land area 56,594 km<sup>2</sup>

Inhabitants 4.3 million

GDP per capita 14,000 USD



First association in the world for Croatia: **beautiful!**



VIRO

tvornica šećera virovitica

# Agriculture in Croatia

Agriculture, forestry and fishing participate with 5.2 percent in Croatian GDP



Utilized agricultural area **1.3 million ha**

Potential agricultural area **2.7 million ha**

Arable agricultural area **63 percent**

Agricultural export **USD 1.8 billion**

Main agricultural products: maize, wheat, soy, **sugar beet**, oilseeds, burley, forage crops, potato, tangerines, olives, grapes, apples, tomatoes, cabbage, tobacco, honey

# Accession to the EU: good or bad for sugar industry?

## **SUGAR the most sensitive item for Croatia in EU negotiations!**

Production quota

Import of raw cane sugar

Production levy

Refinery status for all 3 factories in Croatia



# Sugar production: before and after the EU

Results after 4 years of EU membership:

- **Lower** production of **beet sugar**
- **Higher** production of **cane sugar**
- **High volatility of prices and profitability**

However, sugar remained **No. 1** in Croatia's agri-food export!

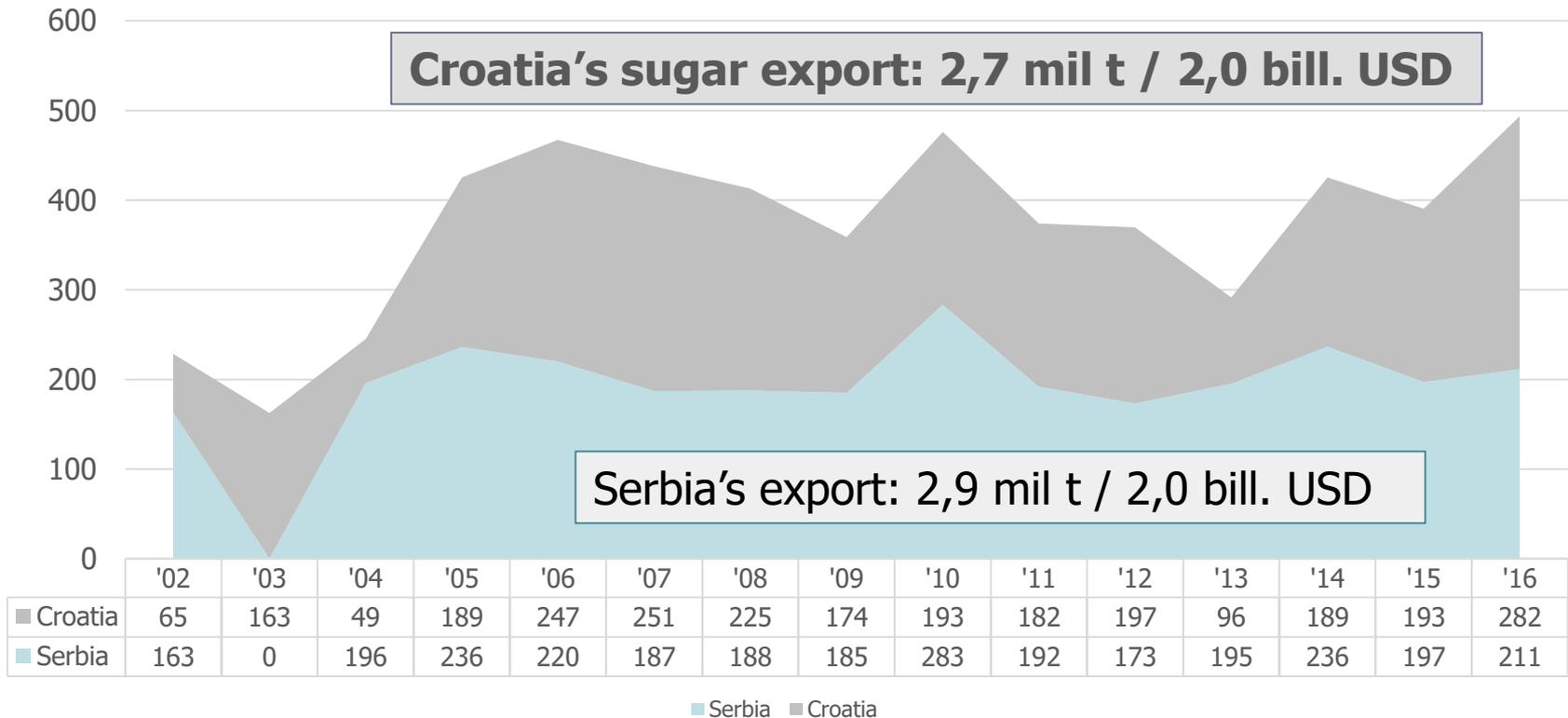
Sugar production in Croatia	Average 2004-2012		Average 2013-2016	
	MT	share, %	MT	share, %
1. Sugar from Croatian beet, t	172.596	61	146.222	52
2. Sugar from imported beet, t	32.912	12	29.461	10
3. Sugar from raw cane, t	76.532	27	105.779	38
<b>4. Total production , t</b>	<b>283.512</b>	<b>100</b>	<b>281.463</b>	<b>100</b>

**Almost the same production level before and after the EU!**

# „Sugar Tigers of South East Europe“

Total export from Croatia and Serbia in period 2002 - 2016

Export in 1.000 MT



# VIRO Group at a glance



# From local business to global company

## VIRO: key dates

**2002**

**Privatization**  
through  
bankruptcy

**2006**

**IPO Viro,**  
Zagreb Stock  
Exchange, big  
success

**2008**

**Acquisition of  
Sladorana-  
sugar**

Acquisition of  
Slavonija Nove,  
wheat flour and  
storage company

**2012**

Viro increases  
shares in  
Sladorana to  
100 %

**2016**

**CRISTAL UNION**  
becomes a  
shareholder in VIRO  
mid 2016., boost to  
global dimension of  
the business



**VIRO**

tvornica šećera virovitica

# Wide range of products



White sugar

Liquid sugar

Molases

Sugar beet pellets



White sugar

Ethyl alcohol

Sladoliq

Sugar beet pellets

Molasses

Protein powder



Flour

Wheat germ

Molases

Forage

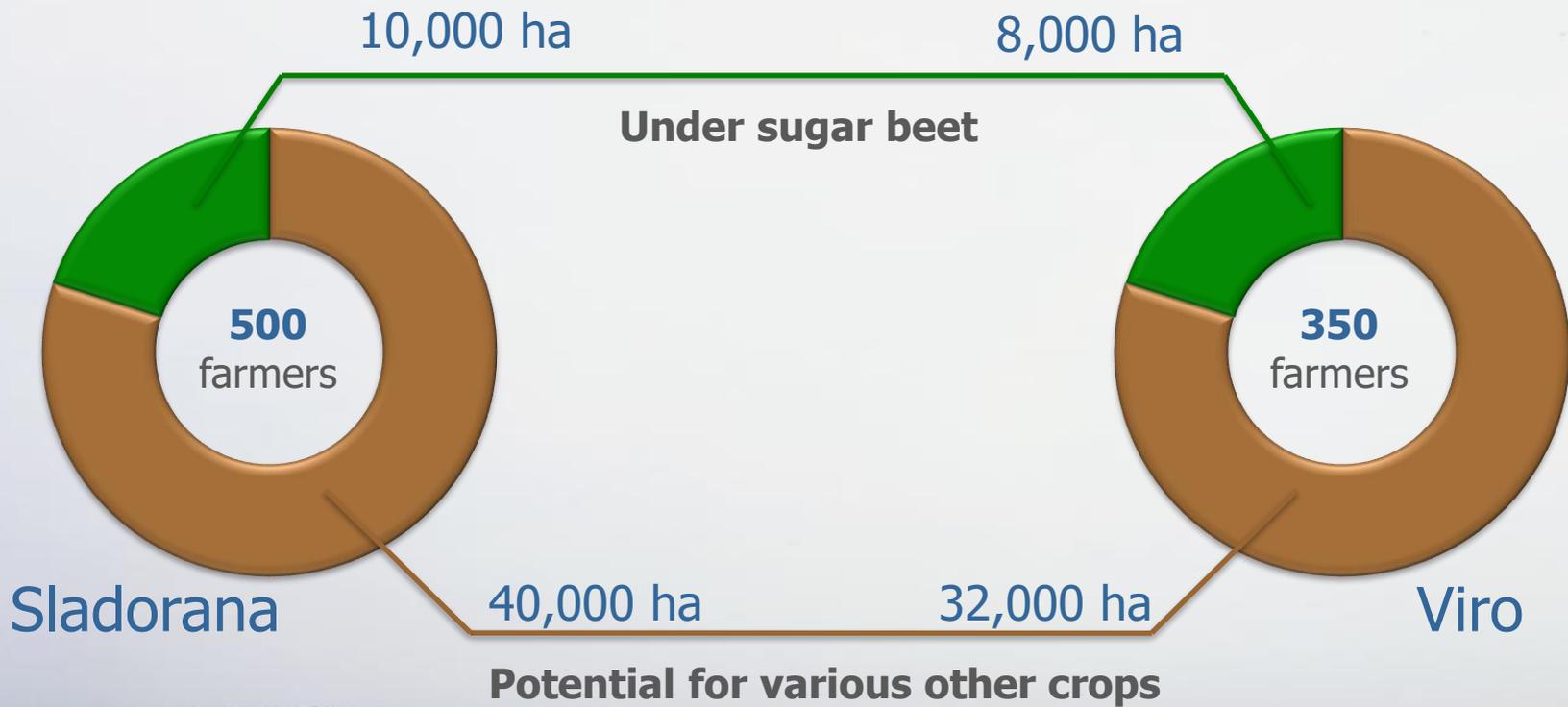
# Županja: strong potential for logistic center



# Virovitica: close to main ports



# Viro Group subcontractors



# VIRO Partnership with farmers

- Integrated Raw Material Department, 12 engineers supporting farmers

- Ensured financial support

- Free consultations with Pedological laboratory engineers

- Support in developing better yields, but protecting the environment

- „Golden Beet” award for best farmers



# Quality as a competitive advantage



Viro

ISO 9001

ISO 14001

HALAL

KOSHER

FSSC 22000



Sladorana

ISO 9001

HALAL

KOSHER

FSSC 22000



Slavonija Županija

HACCP

ISO 9001

**Preferred supplier to:** Pepsico, Coca-Cola, Danone, Kraft Foods, Nestle, Ferrero, largest Croatian food companies

# Future of sugar industry in Croatia

*There is life even after quota termination ...*

- **CAP as the framework** for further development in post-quota period
- **Coupled payments** for beet until 2020 → guarantee for survival
- **Rural development program** → productive & non-productive investments
- **Partnership** between beet growers & industry + strategic partnership!
- **Potential** growth of export on global (MENA) & regional markets

The biggest challenges:  
**Sugar yields increase &  
restructuring / consolidation**

# Thank you!

We wish you a successful and relaxing congress in Dubrovnik

*Pomalo... take it easy ...*

