

NON-BINDING INDICATION

Strictly Private and Confidential

Agrokor d.d.
Trg Dražena Petrovića 3
10000 Zagreb, Hrvatska

For the attention of Mr. Ivica Todorčić, President of the Agrokor Group

10 March 2017

Subject: Joint indication by The Coca-Cola Company and Coca-Cola HBC AG for the acquisition of 100% of the share capital of Jamnica d.d. ("Jamnica") and the Mivela water brand and associated assets ("Mivela") (together, the "Target Business") (together, the "Proposed Transaction")

Dear Mr. Todorčić,

On behalf of The Coca-Cola Company ("TCCC") and Coca-Cola HBC AG Group of Companies ("CCHBC"), we would like to thank you for giving us the opportunity to review your business and for providing us with selected information on the Target Business. We greatly appreciate the time and resources committed by your team to date. Our conversations and discussions have been productive and we have gained important insights into your business and a better understanding of your strategy and plans going forward. We are therefore pleased to reconfirm to you our strategic interest in the Proposed Transaction.

1. Indicative valuation of the Target Business

In conducting our preliminary valuation of the Target Business, we have relied upon information provided by Agrokor Group, which has not been independently verified and we would anticipate having the opportunity to do so during the next stage of the process.

Our preliminary valuation has been based on several important assumptions; namely, our view of the normalised EBITDA of the Target Business, our understanding of Roto's profitability especially as it relates to the sale and distribution of third party brands, the potential synergies we can achieve by combining the Target Business with the rest of our portfolio and rationalising the combined operations.

Our assumptions also take into account the competition law and other commercial considerations arising in the context of the Proposed Transaction, primarily with regards to Sky Cola. We expect that we would be required to divest Sky Cola either prior to completion of the Proposed Transaction or shortly thereafter. Our non-binding indication range includes our preliminary valuation of Sky Cola on the assumption that we will identify a party to divest the business to. If such party cannot be identified as part of the Proposed



Transaction or a potential divestment results in a lower valuation, our proposed Target Business Enterprise Value mentioned below would be adjusted accordingly.

In terms of our valuation approach, we have applied generally accepted valuation methodologies and principles, including a discounted cash flow which we believe captures the long-term potential of the target Business and the expected growth in the water category and reflects potential synergies that we may be able to realise. On the basis of the information we have received, the work we have performed to date and subject to the assumptions and conditions outlined below and an assumed HRK/€ rate of 7.5, we value the Target Business at an **Enterprise Value of between €450 and €515 million (“Target Business Enterprise Value”)**. According to the balance sheet of Jamnica provided to us as of 30 September 2016 we understand that its Net Debt, as defined below, amounts to **€13 million**, based on the above mentioned foreign currency exchange rate (“**Jamnica Net Debt**”), while for Mivela we have assumed a zero Net Debt. Our definition of net debt includes, but is not limited to, all net interest bearing and non-interest bearing financial debt less any cash and cash equivalents (“**Net Debt**”). For the avoidance of doubt the HRK 997 million loan extended to the Agrokor Group, amounts to **€133 million** based on the above mentioned foreign currency exchange rate (the “**Intercompany Loan**”). Adjusting for the Jamnica Net Debt and Intercompany Loan, our Equity Value range for the Target Business amounts to **€304 and €369 million** (the “**Target Business Equity Value**”).

For the avoidance of doubt, the Target Business Enterprise Value includes Jamnica d.d., (including Roto, Sky Cola and all other activities belonging to Jamnica d.d.) and Mivela.

For the calculation of the Target Business Equity Value at completion of the Proposed Transaction, more up to date balance sheet information will be taken into account, together with customary purchase price adjustment provisions to be agreed in the transaction documentation, including but not limited to, a normalised level of working capital.

Finally, it should be noted that it has recently been brought to our attention that there are some additional cash flows and potential pockets of value that may have previously been presented as non-organic income. These cash flows have not been reflected in the non-binding indication range. Following a conversation with your advisors, it became clear that understanding these cash flows and clarifying their nature, will require additional time and the support of our external advisors. We therefore propose as a next step, to conduct more work towards understanding these items as part of our overall due diligence. This will allow us to reflect any resulting incremental value in our final offer.

2. Significant Transaction Structure Parameters and Key Conditions

Below we have outlined an initial list of assumptions and topics that are fundamental to the Target Business Enterprise Value. In the next phase of the process, we would like to address these points in detail with the Agrokor Group before proceeding with a formal offer.

Minority shareholders of Jamnica

Our Water Enterprise Value is predicated on us being able to acquire the entire share capital of Jamnica. In light of the existence of minority shareholders amounting to approximately 20% of the share capital of Jamnica, we would like to discuss with you ways in which we could achieve this objective, taking into account that our strong preference would be to acquire outright 100% of Jamnica’s share capital.

Commercial relationship with Agrokor Group’s retail and wholesale network in Croatia and elsewhere

We understand that close to 32% of the sales of Jamnica are currently being sold through Agrokor Group’s wholesale and retail operations such as Konzum, Velpro, Idea, Mercator and Tisak. Therefore, as part of

the Proposed Transaction and subject to any applicable regulatory and legal considerations, we would expect to enter into an agreement with you that would preserve the status quo of Jamnica products, which for a five-year period post completion of the Proposed Transaction would include but not be limited to (a) fixing commercial terms and conditions, including on and off invoice rebates and lump sum investments and (b) maintaining the permanent beverage section share (shelf share) by category, Jamnica owned cooler placement, space in owned coolers, number of additional points of interaction in stores, including positions/placements, SKU range and listing per store format. We would also propose to extend such an agreement to Mivela branded products, again subject to any regulatory and competition law considerations.

Shares held by Jamnica in Konzum d.d.

We understand that it is the wish of the Agrokor Group to retain ownership of the shares in Konzum d.d., owned by Jamnica. Hence the value of those shares is not reflected in the Target Business Enterprise Value and as such, we are open to discuss with you transfer of those shares to the Agrokor Group in a value-neutral manner.

Jamnica loan receivable from the Agrokor Group and other inter-company financial arrangements

As stated earlier, we understand that as of 30 September 2016, Jamnica had a loan receivable from the Agrokor Group in an amount of €133 million, as well as several other intra-group financial arrangements, including debt cross guarantees. In the context of identifying an appropriate acquisition structure, all these amounts would need to be taken into consideration for the calculation of the Target Business Equity Value. We look forward to discussing with you suitable structures to effect the aforementioned.

Separation process of Mladina

We understand that currently Jamnica owns 60.89% in Mladina, a company involved in the production of wine. We would expect that prior to completion of the Proposed Transaction such holding would be disposed.

Competition law consideration

We expect that the Proposed Transaction will require regulatory approval by the EU Commission and/or local competition authorities. While we are confident in our position, we will need to spend more time on this topic in the next phase of the process.

Non-compete agreement

We would expect the Agrokor Group and its shareholders to agree to a suitable non-compete agreement for a reasonable period in the non-alcoholic ready to drink category in the territories where Jamnica and Mivela are currently present.

Other

In addition to the above, our Target Business Enterprise Value indication is non-binding and remains subject to the respective internal approvals at TCCC and CCHBC, satisfactory due diligence as outlined under (4) below, ordinary course of business at Jamnica prior to completion, the receipt of any necessary third party approvals or consents including EU competition approval and execution of mutually acceptable final transaction documentation.

Any final offer will also be subject to the agreement on a Share Purchase Agreement with customary format and substance for an international transaction of this magnitude.

4. Due Diligence Requirements

Should we move forward to the next stage, prior to making any final offer, we would need to complete, to our discretionary satisfaction, an ordinary due diligence investigation customary for a transaction of this type and magnitude, covering legal, financial, tax, corporate, intellectual property, environmental, technical, quality, human resources and other business issues. Such exercise would also include site visits and meetings with the management of Jamnica and Mivela.

We expect to rely primarily on our internal teams for the due diligence and, at the appropriate point in time, we would appoint external legal, technical, tax and accounting and other advisors.

5. Exclusivity

We would expect to agree with you a 6-month period of exclusivity in respect to the in-depth investigation and due diligence of the Target Business and negotiations for the Proposed Transaction, during which period the Agrokor Group, Jamnica and Nova Sloga A.D. and their respective owners and directors undertake not to directly or indirectly solicit, initiate or participate in discussions or negotiations with any other third party or provide any information which may lead to an outcome similar to the Proposed Transaction or parts thereof.

6. No Obligation to Conclude the Proposed Transaction

This letter shall be held in strict confidence in accordance with the terms of the Confidentiality Agreement, dated November 14, 2016. In addition, unless required by law or applicable rules of any Stock Exchange, no party to the Proposed Transaction nor any agent or representative of any party thereto nor any (direct or indirect) shareholder of such a party, nor any entity or person affiliated with such a party shall make any disclosure or public announcement concerning the Proposed Transaction, the terms or existence of this preliminary non-binding indication or the fact that negotiations between the parties are taking place, without the prior written approval of all of the other parties.

Except for the obligations related to confidentiality mentioned above, nothing in this letter shall be binding or construed to constitute an offer, promise, acceptance or other legally binding obligation on any party to enter into a binding agreement concerning, or to consummate, the Proposed Transaction or any other transaction. For the avoidance of doubt, this letter is not intended to be legally binding, does not constitute an offer by or on behalf of TCCC or CCHBC or any member of the TCCC Group or the CCHBC Group and is not intended to give rise to any legal relationship between us whatsoever.

Each party will bear its own respective legal, accounting costs and other expenses, fees and commissions in relation to the Proposed Transaction

7. Notices



The Coca-Cola Company



All correspondence in connection with this proposed non-binding indication should be marked "private and confidential" and addressed to the following persons:

Coca-Cola HBC AG
Alexandros Tzartzouras
Title: Director, Business Development & Acquisitions
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The Coca-Cola Company
Jim Murphy
Title: Director, Merger & Acquisitions, The Coca-Cola Company
Tel: +1 (404) 676-9348
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8. Governing Law

This letter shall be governed and construed in accordance with the laws of England and Wales without regard to conflicts of law principles. Any claim or matter under or in connection with this letter shall be referred to and finally resolved by arbitration under the Rules of the London Court of International Arbitration (which rules are deemed to be incorporated by reference to this clause). The number of arbitrators (unless the parties agree otherwise) shall be three. The place of arbitration shall be London, the United Kingdom. The language of the arbitral proceedings shall be English.

We remain enthusiastic regarding the prospect of a Proposed Transaction and are looking forward to discussing this matter with you at your earliest convenience and agreeing on next steps.

Yours sincerely

By: 

Name: Marie Quintero-Johnson
Title: Vice President and Director of Mergers & Acquisitions
For and on behalf of The Coca-Cola Company

By: _____
Name: Jan Gustavsson
Title: General Counsel and Director of Strategic Development
For and on behalf of Coca-Cola Hellenic HBC AG

A handwritten signature in blue ink, appearing to be "Jim", located in the bottom right corner of the page.