



Ljubljana, May 10, 2012

## Dear Shareholders of Sava d.d.!

The PanSlovenian Shareholders Association (VZMD) is a non-government institution, which as a civil-social movement was formed spontaneously, and above all, as a result of an evident and essential need to connect, align, and coordinate the activities of minority shareholders. The Association was established in 2005 on the premises to efficiently protect the rights and assets of minority shareholders, particularly due to the fact that majority shareholders in joint-stock companies have often made decisions to the detriment of minority shareholders. The mission of the VZMD is to influence relevant legislation and to identify happenings on the capital market and management of joint-stock companies. The VZMD effectively also participates in shareholders' meetings of joint-stock companies with a high number of minority shareholders. **So far - and in compliance with the interests of minority shareholders - the Association has actively engaged in hundreds of decision-making cases and procedures at individual shareholders' meetings, in potential compensation cases, in take-overs, in squeeze-outs, recapitalizations, etc.**

Minority shareholders **have thus become a recognisable and evermore emancipated social-economic category**. We are proud that we have managed to efficiently and comprehensively organise for the betterment of the rights and interests of minority shareholders and balance the decision-making processes in numerous endeavours and, in general, the Republic of Slovenia, in which we tirelessly strive for **making a contribution to the improvement of circumstances in the capital market and to a more favourable economic position of every individual and the society as a whole**. We have evolved in a credible and noteworthy proponent in the amendment of respective legislation, modifying decisions about the future of many companies, as well as in the **wider social, European, and international context**.

Ever since 2006, the VZMD has been developing the procedures and continually upgrading the standards for the organised collection of power of attorneys for shareholders' meetings. During this time, we have always managed to achieve the highest level of professionalism, quality, response and efficiency, which we have, in the past year, efficiently improved through the EuroVote system. The EuroVote program **not only supports foreign investors in the Slovene securities market via the framework of the investo.si (Invest To Slovenia) programme, but also assures all conditions needed for supporting the Slovene individual and institutional investors, who invest in the EU states and beyond** – wherever VZMD has established trustworthy contacts and has arrangements with over 50 of its sister associations. It remains to be acknowledged and highlighted that this September the investo.si Program will host the *Investors' Week* in Ljubljana, which will be the largest meeting of investors' representatives in the world in 2012.

The VZMD has effectively **included its efforts and activities in the international arena, where it acts as an active and full member of all relevant associations**: the WFI - World Federation of Investors, EuroInvestors, and Euroshareholders, which is the founder of the EuroVote project. For the second year, the aforementioned project was also joined by the company Sava, **which makes it one of the rare Slovene companies that was incorporated within some of the most prominent joint-stock companies having its domicile in the EU, which enable their cross-border shareholders to send a power of attorney via the mentioned European portal for the cross-border collection of proxies**.

The realisation of the joint agreement between Sava, d.d. and the VZMD on the organised collection of shareholders' power of attorneys, enables all 14,388 shareholders **a competent representation at the shareholders' meeting and an efficient implementation of your interests also in the case of any proposals that would differ or oppose to the proposals given by the Management Board or the Supervisory Board of the company**. You can choose a proxy proposed by the Management Board of Sava, d.d., a proxy proposed by MDS – Društvo Mali delničarji Slovenije, or a proxy proposed by the VZMD. By providing a list of proxies we wish to enable that **even in the absence of your personal attendance at the shareholders' meeting, you can still exercise your voting rights through a proxy, who attains the highest degree of your trust**.

We invite you to actively participate in the management of the company and your investment at the Shareholders' Meeting, be that in person or via the enclosed power of attorney. Every vote, representing one share, counts. Please return th.

Best regards.

Kristjan Verbič, M.Sc.  
President VZMD

**For further information, please visit the following websites:**

[www.vzmd.si](http://www.vzmd.si) – more about VZMD - PanSlovenian Shareholders' Association  
[www.vzmd.tv](http://www.vzmd.tv) and [www.investo.tv](http://www.investo.tv) – more than 215 video clips by VZMD.TV  
[www.investo.si](http://www.investo.si) – more about the Invest to Slovenia programme  
[www.euroshareholders.eu/eurovote/view](http://www.euroshareholders.eu/eurovote/view) – more about the EuroVote Program



## THE NEW RESTRUCTURING STRATEGY FOR SAVA

### Consolidating the basis for the growth in the share value and enhancing the assets of Sava shareholders

Owing to a further deterioration of the economic environment, the year 2011 was an extremely tough one. Parallel with effectively facing the challenges in doing business in Sava's real sector, the continuation of adverse developments in the financial markets had a decisive impact on the generated result. Immediately after the new Management Board of the company took up its duty last April, it began to carry out the short-term measures programme that aims at stabilising the operations and eliminating the negative effects caused by the financial-economic crisis, which has impacted Sava's operations in several past years.

The sales revenues of the Sava Group totalled €193.8 million and were by 10% higher than in the previous year, thereby surpassing the highest level achieved before the crisis. The costs lagged by 8 percentage points behind the revenues, which was the result of the effective business rationalisation and a strict supervision over the costs in the entire Group. The operative performance of the largest Sava's division, Rubber Manufacturing, has been the best ever, and the Tourism division improved its performance too, which was thanks to the efficient performance of the measures for improving the operative business of Sava Group companies.

A further decline in the stock exchange prices and a downturn in the economy requested for additional impairments of financial investments of Sava d.d. in the amount of €158.1 million, which mainly referred to the associated companies Abanka Vipava d.d., NFD Holding d.d., and Maksima Invest, d.d. Thus Sava d.d. ended the fiscal year 2011 with a net loss of €156.1 million, while the balance sheet total reduced by 27%; consequently, the impairments of financial investments of Sava d.d. affected the operating result generated by the entire Sava Group, and that despite a successful performance of Sava's real sector, Rubber Manufacturing, in particular.

Owing to the general negative movements in the capital markets in 2011, the value of the Sava share fell strongly to reach about €12 per a share at the end of the year. Its book value amounted to €82.2, thereby still significantly exceeding the prices formed in the stock exchange market.

The agreement with the lending banks about postponing the repayment of Group's loan liabilities certainly belongs to the most important measures for provision of liquidity and consolidation of the financial position of Sava in the past year. This year, the company's management plans to make the agreement on reprogramming, by way of which Sava will arrange for a long-term structure and maturity of sources in all Group's companies, and will make a commitment to the banks for a timed disinvestment of certain investments and for reaching a long-term sustainable level of indebtedness.

In autumn 2011, the Management Board adopted the strategy of business-financial restructuring of Sava until 2014, which was unanimously supported by the Supervisory Board of the company. The restructuring strategy of Sava brings along certain changes in the manner of management, organisation, in the structure of investment portfolio of Sava d.d., as well as other strategic shifts needed for achieving a suitable level of indebtedness, recovering the profitability and generating a long-term value for shareholders of the company. Sava's strategy *Renewed for the Future* sets out clear guidelines for facilitating the development of the company on the strengthened financial basis. Its successful implementation will greatly depend on the full support on the part of all financial partners, which the Management Board expects to enjoy in the future too.

The organisational remodelling of Sava d.d. and the changed management model for the Group have resulted in Sava, which is more efficient in terms of costs and managing, and even more flexible and responsive. Establishing the Directorate for managing the Sava Group has further contributed to a more efficient management and supervision over the operation of the subsidiaries. Merging Tourism companies in a uniform company Sava Turizem d.d. carried out last December, facilitates business consolidation, assures an improved cost-efficiency and strengthens the synergies in the operation of this Sava's division.

In 2012, the activities in connection with the divesting programme, which will enable a needed deleverage, are being in progress with intensity. After selling the entire (27%) share in the associated company Job d.o.o., Sava d.d. finalised the sale of its 14.6 % equity stake in the company Terme Maribor d.d. The investments planned to be sold also include a major part of Sava's real estate business, and other projects for selling financial assets are being in progress as well.

After making a decision to stop the procedure of a joint sale of a qualified stake in Abanka Vipava d.d., the Management Board still gives its support to a tie-up between this bank and Gorenjska Banka d.d. as it considers it as one of the most favourable scenarios for restructuring the portfolio of banking investments of Sava d.d.

In the first quarter of 2012, Sava d.d. operated with a profit, while the operating result of the Sava Group significantly surpasses both last year's achievements and the plans. Despite last year's record growth, the sales of the Sava Group grew again this year and surpassed the set plans.