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Koprivnica, 11 February 2014

MEDIA RELEASE

PODRAVKA GROUP INTERIM NON-AUDITED CONSOLIDATED BUSINESS RESULTS FOR 2013

Podravka Group net profit in 2013, without one-off items, is HRK 200 mil.

- **Podravka Group net profit, without one-off items increased by 78 percent**
- **All levels of Podravka Group profitability record significant increase**
- **All costs, except marketing costs, are significantly reduced**
- **Sales increase realized on all foreign markets**

Podravka Group net profit in 2013, without one-off items, is HRK 200 million, which is 78 percent increase comparing to net profit in 2012.

Podravka Group business results for 2013 are under significant influence of one-off items, net amounting to HRK 133.4 mill., primarily related to value adjustments of material and non-material assets due to restructuring, and severance payments due to surplus workers provision program.

During 2013 value adjustments of material and non-material assets were performed, and in the observed period they are HRK 80.8 million. Corrections mostly influencing these adjustments are those of material assets intended for sale, and non-material assets value reduction, i.e product brands. Apart from that, other significant one-off items having negative effect on business results refer to severance payments due to workers provision program amounting to HRK 57.2 million, restructuring process costs amounting to HRK 8.8 million and reservations for litigations, non-deriving from operating business, amounting to HRK 1.9 million.

Podravka Group total sales in 2013 was HRK 3,626.0 million, which proves that in spite of the present market crisis, Podravka managed to maintain the level of



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total sales on many important markets the same as the year before. Apart from sales reduction in the domestic market, sales increase was realized on all foreign markets, and the greatest absolute increase was realized in the markets of South-East Europe.

SBA Food and Beverages sales was HRK 2,773.2 million, which is 1 percent sales decrease. Slightly decreased sales of SBA Food and Beverages is a result of decreased sales in the market of Croatia, and the most significant effect on it had the restructuring process, which included low-profitability products. Considering the long row of years of dissatisfactory business results, in 2013 Podravka deliberately reduced the sales of fresh meat and decided to discontinue the programs of Beverages, Bakery and Frozen products. The result of that is that the sales of stated programs in 2013 has decreased by HRK 55 million (fresh meat sales decreased by HRK 31 million, Beverages sales decreased by 18 million, while the sales of Frozen products and Bakery products decreased by 6 million). Taking aside the sales decrease in the restructuring programs (fresh meat, beverages, frozen program and bakery products), SBA Food and Beverages total sales has increased by 1.1 percent comparing to the year before. All other market groups record significant sales results, mostly contributed by the markets of Poland, Russia, Slovenia and Austria.

SBA Pharmaceuticals realized HRK 852.8 million, i.e. annual sales increase is 3 percent comparing to the year before. Increased sales of pharmaceuticals is generated by sales growth on foreign markets, that record 9 percent growth, mostly contributed by the markets of Russia and Bosnia and Herzegovina. Sales in the market of Croatia has increased in quantity, but due to prices decrease, the value sales has decreased by 2 percent. Prices decrease happened in the entire market of ethical drugs, as a consequence of changes within Croatian health-care system.

"Finishing the business in 2013, we can say that we did a great job and forwarded Podravka Group into a more secure future. Past year was a significant turning point in the development of Podravka Group. Some very important decisions were passed, such as changes in the Articles of Association, whereby all owners of Podravka have become equal, and simpler refinancing of the Company became possible. Another very important decision that was passed was to invest in two new Belupo factories worth HRK 390 million, and apart from that, we decided to discontinue certain programs that were too much of a burden for our company's business. All of this, and many other positive facts, are contributing to the very clear and common attitude and



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the intention of Podravka Management and Supervisory Boards – to make Podravka Group a very successful company, comparable to the biggest competitors on international markets – Zvonimir Mršić, Podravka Management Board president said in the occasion of revealing the business results.

When it comes to Podravka Group costs, they have decreased by 83 million comparing to 2012. All costs, except for the costs of marketing focused on supporting the innovation program, record significant reduction.

Podravka Group net debt, as on 31 December 2013 is HRK 886.5 million and is decreased by 18 percent, i.e. HRK 193 million comparing to end 2012, which definitely speaks of good management of Podravka Group indebtedness.