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Koprivnica, 29 October 2018

PRESS RELEASE

OPERATING RESULTS FOR Q1-Q3 2018 FOR THE PODRAVKA GROUP

**Podravka Group continues record results following significant organic growth**

- Sales revenues with growth of HRK 95 million
- Organic growth of HRK 107 million (4%)
- Sales growth with simultaneous operative cost controls resulted in double digit growth of profitability
- Achieved net profits of HRK 186 million

The Podravka d.d. Supervisory Board has confirmed the unaudited operating results of the Podravka Group for the first nine months of 2018 and expressed its great satisfaction with the continuation of positive operating trends at all levels. This is the best operating result and highest operating profit in the first three quarters in the long history of Podravka, and it should also be stated that these results are thanks to organic growth of sales, with the simultaneous controls of operating costs, which further confirms the successful operations of the Podravka Group.

The net profits of the Podravka Group for the first nine months of 2018 was HRK 185.9 million, presenting very significant growth in relation to the same period one year earlier, when profits of HRK 54.1 million were achieved.

The sales revenues of the Podravka Group totalled HRK 3078.3 million, which is growth of 3.2% over the same period last year. Sales trends were most



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affected by the increased sales revenues in the Food segment following strong sales and marketing activities, innovations in the product line, and expansion of distribution of certain categories.

The Food segment achieved sales revenues of HRK 2439.0 million, up 2.8% over the same period one year earlier, while this would be even higher at 3.4% if the effects of the currency exchange differences are removed for that period. In this segment, virtually all programmes achieved sales revenue growth, and the growth of own brands increased by 3.8%. The highest growth of 8.7% was achieved in the Children's food, desserts and snack segment, followed by the Žito and Lagris programme (6.1%) and the Culinary programme (2.9%).

The second segment of the Podravka Group, Pharmaceuticals, achieved sales revenue of HRK 639.3 million, a 4.7% increase over the same period one year earlier, which would have been higher at 7.6% without the currency exchange differences. The own brands in the Pharmaceutical segment achieved growth of 4.9%, due primarily to the continuing increase in demand on the Russian market, and due to growth in sales revenues on the Adria market and the Central Europe market. The most prominent category was Prescription medicines, which had substantial growth in sales revenues of 5.4%.

In terms of sales revenues of the Podravka Group by region, the highest relative growth was achieved in the Eastern Europe region (9%), followed by the Central Europe region (7.2%). The Adria region, as the most important region for the Podravka Group, recorded significant sales revenue growth of 2.3%, increasing its sales revenues by HRK 48.7 million in comparison to one year earlier.

Podravka Group stock prices grew by 29.3% in the first nine months of 2018, despite drops of 3.3% in both domestic stock indices Crobex and Crobex10.



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The focus of the management of Podravka Group in the coming year will be on further organic growth, continued debt cuts, managing monetary flows and improving internal efficacy.