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MEDIA RELEASE

PODRAVKA GROUP BUSINESS RESULTS FOR 2019

Podravka Group continues strong growth

- Sales revenue grew by HRK 177.3 million, i.e. 4.2 percent
- Net profits of HRK 221.6 million were achieved, which is a 7.7 percent year-on-year growth
- This is a result of organic growth without extraordinary impacts
- The strategy of further decrease in debt was pursued in 2019, too, resulting in a decrease in short-term and long-term loans and borrowings by HRK 190.0 million
- The average weighted daily price of Podravka stock increased by 35.6 percent against 2018

The Supervisory Board of Podravka d.d. has confirmed the unaudited business results of the Podravka Group for 2019 and expressed its great satisfaction with the indicators achieved. After 2018, which was one of the most successful business years in Podravka's long history, the Podravka Group continued this trend in 2019. The net profit of as much as HRK 221.6 million is primarily a result of organic growth without extraordinary impacts.

“The results for the past year are a consequence of our focus on organic growth and our natural markets; this entitles us to state that the strategic direction adopted at the beginning of our mandate has been completely valid and justified. We are delighted that, in spite of significant funds appropriated for



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improving the status and position of our workers and the growth of inputs arising from global market trends in the past year, we have achieved a growth of profitability on almost all business levels. We are convinced that we will continue with the positive business trends in the coming period and expect a stronger investment cycle focused on the modernization of our company," – **stressed Marin Pucar, Chairman of the Podravka Management Board when announcing the operating results for 2019.**

The net profits of the Podravka Group for 2019 equalled HRK 221.6 million, which is a 7.7 percent year-on-year growth. Sales growth of organic product range, accompanied by the control of operating costs, resulted in a growth of profitability.

Sales revenue of the Podravka Group increased by HRK 177.3 million and equalled HRK 4,409.4 million, which represents a 4.2 percent year-on-year growth. The movements of sales revenue was influenced by the growth of both business segments: Food and Pharmaceuticals, due to increased sales and marketing activities and a demand for newly launched innovative products.

The Food segment achieved a sales revenue of HRK 3,454.0 million, which is an increase of HRK 118.8 million over the year before. In this segment, all business programmes achieved sales revenue growth, and own brand growth of 4.1 percent was achieved, primarily as a result of intensified sales and marketing activities, a demand for newly launched products and the expansion of distribution of certain categories. The highest relative growth was achieved by the programme Fish (15.2 percent) and Children's food, desserts and snacks (7 percent), while the programme Cuisine achieved the highest absolute growth of HRK 40.7 million, which is a 4.5 percent growth over the year before.

The second segment of the Podravka Group – Pharmaceuticals – achieved sales revenues of HRK 955.4 million, representing a growth of 6.5 percent over the year before. The Pharmaceuticals own brands achieved growth of 4.9



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percent, primarily due to the growing demand on the Russian, Croatian, Serbian and Slovak markets. It should be noted that the highest relative growth of 9.5 percent was achieved by the Over-the-counter category, while the Prescription medications category recorded the highest absolute growth of sales revenues of HRK 26.5 million over the year before, i.e. 4.1 percent.

In terms of sales revenue achievements of the Podravka Group by region, the highest relative growth of 14.5 percent was recorded in the region Eastern Europe, while the region Western Europe and Transoceanic countries saw a 6.8 percent growth. The Adria region as the most significant market of the Podravka Group achieved the highest absolute growth of sales revenues of HRK 118.1 million, i.e. a 4 percent growth.

Podravka stock prices in 2019 achieved a growth of 29.1 percent, thus surpassing the growth of the domestic stock indices CROBEX and CROBEX10, which grew by 15.4 and 18.0 percent, respectively. It is important to stress that in 2019 the average weighted daily price of Podravka stock increased by 35.6 percent against 2018.

The Management's focus will continue to be on the implementation of a business strategy that may be summarized in three key points: focus on traditional markets where the Podravka Group is an established manufacturer, investment in further development of own brands and product innovations, and efficient cost management.