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PRESS RELEASE

PODRAVKA GROUP BUSINESS RESULTS FOR THE PERIOD JANUARY-MARCH 2016

Podravka Group achieved a significant growth in the first quarter of 2016

- **Sales revenue grew by 31,3 percent**
- **about 70 percent of the revenue realized in foreign markets**
- **gross profit increased by 21.7 percent**
- **net profit 60.1 million HRK**

The business operations of the Podravka Group in the first quarter of 2016 was marked by a strong sales growth in the amount of 31.3 percent, which resulted in growth of gross profit by 21.7 percent and achieved net profit of 60.1 million HRK.

Sales revenue of the Podravka Group in the first quarter of 2016 amounted to 1029.4 million, which represents an increase of 31.3 percent compared to the same period a year earlier. In addition to the increase in sales of Podravka's own brands of 6,4 percentage, the consolidation of revenue from the sale of the Group Žito had a large impact on the overall sale revenue. Excluding the revenue of the Group Zito, the total sales revenue of the Podravka Group has increased by 5.2 percent. Important to mention is that about 70 percent of the total sales revenue of the Podravka Group in the first quarter of this year was achieved in international markets.



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"The results of the first quarter of this year confirm the continuation of positive trends in the business, which shows that the company is ready to further organic and inorganic growth. After successfully completed restructuring and recapitalization, acquisition of Zito, starting the second phase of internationalization and with a very low debt level, the necessary conditions were created so we could continue with the ongoing consolidation in the segment of the food industry and distribution in the area of the Adria region and wider. "- said the President of Podravka Management Board in disseminating the results of operations for the first quarter.

Strategic business area Nutrition achieved, in the first quarter, sales revenues in the amount of 846.7 million HRK, presenting the growth of 38.3 percent from a year earlier. Revenue growth, if we exclude the impact of Zito, was primarily driven by growth in our own brands that have achieved revenue growth of 5.5 percent, mostly by the growth of category Culinary by 6.5 percent and revenue growth in categories of Lino world by 6.8 percent and the category of Meat program by 18.3 percent.

Sales revenue of the Group Žito portfolio in the first quarter of this year amounted to 211 million HRK and increased by 3.2 percent compared to the comparative period. The largest contribution to the sales revenue of the Group Žito comes from categories Bakery and milling, which achieved higher sales by 5.4 primarily as a result of activities carried out in the subcategory Bread and due to sales growth in the category Bakery in the EU markets.

Revenues from sales of other strategic business area Pharmaceuticals amounted to 182.7 million HRK which represents an increase of 6.4 percent over a comparable period a year earlier. The sales growth was mostly influenced by our own brands that have achieved the growth of 10.3 percent, mainly due to the expansion of business cooperation on the Russian market.



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When it comes to the markets ei. regions of the Podravka Group, it should be mentioned that almost all regions achieved sales growth compared to the first quarter of the year 2015, thus continuing their growth trend as a result of the strategic focus of the company on the internationalization of the business. The highest revenue growth, without the Zito influence, was achieved in the region Russia, CIS and Baltic region where were achieved almost 2.5 times higher revenues compared to the comparative period, in which nutrition and pharmaceutical company have an equal contribution.

Podravka Group in the first quarter of this year recorded a growth in net profit, which amounts to 60.1 million HRK compared to 59.8 million HRK in a year earlier. It is important to mention that the last year's comparative profit was largely influenced by 24,8 HRK achieved by Mirna consolidation and utilization of tax benefits which resulted in the effective tax rate of 2,1 percent, while in the first quarter of this year it amounted 22,1 percent.

The first quarter was marked by, among other things, the adoption of the Project plan related to the integration of the Group Zito into the Podravka Group. Assessment of the company is that in 2017 and 2018 the impact of synergies and integration on the EBITDA level will amount the positive 18.9 and 18.8 million HRK, while the full effect will be seen in 2019 when the impact on EBITDA level should be the positive 36.8 million HRK.