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Koprivnica, 23rd July, 2018

MEDIA RELEASE

Podravka Group business results 1 – 6, 2018

Best business results in Podravka Group's long-year history

- Sales revenues increase by 4.3 percent, i.e. by HRK 84 million
- It is a result of organic growth without one-off influences
- Two-figure profitability growth on all business levels
- Net profit achieved amounting to HRK 121 million

At today's session, Podravka Inc Supervisory Board confirmed Podravka Group's unaudited business results for the first half-year 2018, expressing great satisfaction, considering that in the second trimester positive business trends continued on all the levels. This is the best operating result and highest operating profit of the first half-year in Podravka's long-year history, and it is worth pointing out that the stated achievement is a result of organic growth without extraordinary influences, which additionally confirms the successfulness of Podravka Group in the first half-year.

Podravka Group net profit in the first-half year is HRK 120.7 million, which is significant comparing to the same period last year, when HRK 24.8 million was achieved. Sales growth of the profitable product range, with simultaneous control of the operating expenses, resulted in two-figure profitability growth on all business levels.



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Podravka Group sales revenues amounted to HRK 2,035.1 million, which is 4.3 percent growth comparing to the same period the year before. Sales revenues were mostly influenced by sales revenue growth in the Food segment due to strong sales-marketing activities and expansion of the distribution of individual categories.

Food segment achieved HRK 1,602.2 million sales revenue which is increase of 3.7 percent comparing to the same period last year, while without the exchange rate differences revenues would be higher by 4.5 percent. Within this business segment all business programs achieved sales revenue growth and own brands grew by 4.8 percent. The highest increase of 7 percent was achieved by Baby food, sweets and snacks, then Žito and Lagris 6.5 percent, Culinary business program 4.4 percent and Podravka Food business program by 4.2 percent.

Podravka Group's other segment, Pharmaceuticals, achieved HRK 432.8 million sales revenues, which is 6.4 percent growth comparing to the same period the year before, while without the exchange rate influences revenues would be higher by 10.1 percent. Pharmaceuticals own brands achieved 7.1 percent growth, mostly due to sales growth in the market of Russia and distribution expansion in the markets of Central Europe. It is worth noting that with the most significant category Prescription medication significant sales revenue increase was recorded, amounting to 7.9 percent.

When it comes to sales revenues of Podravka Group by regions, the highest relative increase amounting to 10 percent was marked in the region Central Europe and 9.7 percent in the region Eastern Europe. Adria region, as the most significant region within Podravka Group recorded significant sales revenues amounting to 3.4 percent, i.e. it increased its sales revenues by HRK 47 million, comparing to the same period the year before.



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When it comes to Podravka share, the first half-year 2018, it achieved 19.3 percent growth, while domestic indices Crobex and Crobex10 individually decreased by 1.4 and 2.7 percent.

In the remaining part of the year, management's focus will be on organic growth, continued reduction of indebtedness and internal efficiency improvement.