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MEDIA RELEASE

PODRAVKA GROUP BUSINESS RESULTS FOR 1 – 12 2014

39 percent growth net profit for Podravka Group

- **Strong profitability growth for Food segment**
- **Realized profit reinvested into further company development**
- **Podravka share realized 15.3 percent growth**

As determined on the sessions held by the Management and Supervisory Boards', main feature of Podravka Group business in 2014 is significant net profit growth of 39 percent. Based on this, in 2014 Podravka Group realized HRK 92 million net profit, mostly owing to strong growth of the profitable margins in the segments of food and beverages. When it comes to using realized profit, the Supervisory Board adopted Managements' proposal, and Belupo's Management proposal, on reinvesting profit in further company growth, a final decision which is to be reached by the shareholders at the General Assembly.

Podravka Group revenues in 2014 are HRK 3,502,6 million, where SBA Food and beverages realized HRK 2,662.4 million, while SBA Pharmaceuticals realized HRK 840,3 million. Revenues from the SBA Food and beverages without the negative influence of the restructuring program (which increases the last year's base period) and negative influence of exchange rate differences, realized a slightly reduced result comparing to the year before. Sales Revenues of the SBA Pharmaceuticals without the negative influence of net exchange rate differences have increased by 1.9 percent, while



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the growth would be even more significant if the negative influence of reduced prices of prescription medication in Croatian market, i.e. 8.6 percent, were excluded.

Company's strategic focus on business internationalization resulted in continued sales revenue growth on foreign markets comparing to a previous period by 1.7 percent, but if we exclude the negative influence of the restructuring program and net exchange differences, a growth of 3,9 percent was achieved.

SBA Food and beverages realized significant improvement of all the profit margin levels, while EBIT grew by 450,1 percent comparing to the same period last year. In spite the growth in sales volumes, negative influence of mandatory price reduction for prescription medications in the Croatian market, and negative net exchange value differences reduced the profitability of the SBA Pharmaceuticals.

"We have realized positive changes in Podravka Group profitability and net profit growth by 39 percent, in spite of certain sales revenues that were under significant influence of the restructuring program and negative exchange differences, as well as the influence of reduced prices of prescription medications in domestic market. We have managed this owing to sales revenues increase on foreign markets and better cost management on almost all levels. Before us is the new, second in line stage of the company internationalization, and we are certain that it will ensure all the preconditions for strong growth of our Group" - Zvonimir Mršić, Management Board president said on the occasion of revealing business results for past year.

In 2014 Podravka share realized 15.3 percent growth and had better results than indices CROBEX and CROBEX10 which in the same observed period had 2.7 percent decrease and 1.2 percent increase respectively.

Comparing to the same period last year, average daily number of transactions with Podravka shares in 2014 was increased by 39.6 percent, while the average daily number of traded shares in those transaction was doubled.



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Also worth pointing out from this past period is that in early July Podravka signed in London with the European Bank for Reconstruction and Development and three other commercial banks (Erste Group Bank AG, Raiffeisen Bank International AG and Unicredit Bank Austria AG) a contract on syndicated loan amounting to EUR 73.4 million. With the stated contract Podravka refinanced the existing credit obligations with significantly reduced interest rate and prolonged due dates, and expected savings on interests in the period till end 2015 amount to HRK 7.5 million.

In the previous years Podravka has achieved significant improvements on operating and financial level, which was recognized by the European Bank for Reconstruction and Development and syndicated banks, which have confirmed their trust in stability and business operations of our company by signing this contract. With this arrangement Podravka continues its restructuring process, with the aim of further regional and international growth and development.