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MEDIA RELEASE

PODRAVKA GROUP BUSINESS RESULTS FOR 1 – 12, 2015

With 7.8 percent profit increase, Podravka Group realised last year a record net profit of HRK 398 million

- Net profit in 2015 is HRK 398 million comparing to HRK 92.5 million realised in 2014
- Own product brands realised 9.4 percent increase of sales profit
- Adria region realised 11.4 percent increase of sales profit
- Positive influence of purchase of Žito and construction project of Belupo's new factories to the results

Main feature of Podravka Group business results in 2015, as determined on their session by the Supervisory and Management Boards, is a record net profit realised. Podravka Group net profit for last year is HRK 398 million, which is significant increase comparing to 2014, when net profit was HRK 92.5 million. Among other things, this record increase of new profit was influenced by positive effect from the purchase of Žito d.d. and realised tax income connected to incentives received for the construction of new Belupo factories.

Podravka group sales profit in 2015 realised 7.8 percent increase and amounted to HRK 3,777.2 million. Strategic business area Food realised sales revenues amounting to HRK 2,971.6 million which is 11.6 percent increase. Revenues from Žito Group as of 1 October 2015 were also included into the



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result, having positive influence on sales revenues increase of HRK 239.3 million. Sales revenues of own brands within Strategic Business area Food increased by 13.8 percent and thus completely compensated decreased revenues from commercial goods. When it comes to net profit, Food segment in 2015 realised HRK 210.8 million net profit, which is significant growth of this profitability indicator comparing to the year before when it was HRK 28.8 million.

Sales revenues from strategic business area Pharmaceuticals are HRK 805.7 million which is 4,1 percent decrease comparing to the year before due to negative influence of the price reduction of prescription medications, as requested by the Croatian Health Insurance Institute, and due to depreciation of the Russian ruble. Net profit of the Pharmaceutical segment last year was HRK 187.3 million. Pharmaceuticals net profit was influenced by the realised tax income related to incentives for construction of new Belupo factories. Pursuant to Investment Incentives Act, in March 2015 the Ministry of Economy issued a receipt, based on which Belupo could become the holder of rights to such incentives.

When it comes to Podravka Group markets, the main growth activator is Adria region with 11.4 percent revenue increase comparing to the year before. Last year sales revenue increase was realised by the regions Europe (4.7 percent) and New markets region (7.6 percent). The only region with revenues decrease in comparison to the year before (-18.1 percent) is the region of Russia, CIS and Baltic region. Exchange rate differences on the revenues of this region amounted to negative HRK 57.8 million, mostly due to depreciation of the Russian ruble. Without the influence of the negative exchange rate, the revenues would be higher by 5.6 percent comparing to the year 2014, due to realised revenues from the frozen vegetables subcategory.

"Last year will remain recorded in Podravka's long-year history for the series of significant projects which we implemented, and whose results are already



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beginning to show. We have completed the biggest acquisition in Podravka's history, Žito Ljubljana with which we will reach the long awaited threshold of HRK 4.5 billion revenue and include Podravka Group in the very top of the most successful food companies in the Adria region. We have also completed the share capital increase by issuing new 1.7 million of regular shares and that way brought into the company some fresh capital of HRK 510 million which will be invested in further development of our Group. We have started building two new Belupo factories of total worth EUR 51 million, which is the biggest greenfield investment in Croatia. These are only some of the important projects which we have realised, and before us is the time of new challenges and empowering of the company, aiming to create the biggest international company headquartered in Croatia" –Zvonimir Mršić, Podravka Group Management Board president said on the occasion of releasing today's business results for the year 2015.

When it comes to the price of Podravka share, in 2015 it increased by 13.8 percent, surpassing domestic share indices of Crobex and Crobex10 which in the same period realised decrease of 3.2 percent and 1.8 percent, individually.