



CORPORATE COMMUNICATION

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*MEDIA RELEASE*

PODRAVKA GROUP BUSINESS RESULTS FOR PERIOD 1 – 6 2013

**Podravka Group net profit in the 1st half 2013, without one-off items, is HRK 80.1 mil.**

- **Profitability on all business levels increased**
- **Corrected net profit increased by 72 percent**
- **Net debt reduced by HRK 123 million**

Podravka Group net profit in the first half 2013, without one-off items, is HRK 80.1 million, which is 72% growth comparing to net profit in first half 2012.

During the first half 2013 the business restructuring process continued, and in line with that the Provision Program was implemented, and severance payments amounting to HRK 41 million paid.

"As we previously already announced, the effects of overall restructuring process are already evident. We have deliberately discontinued the products without satisfactory gross margin and stopped delivering goods to risky buyers, which led to a certain reduction in overall income, but the stated activities have brought positive effects and we have managed to increase profitability on all levels of business – Zvonimir Mršić, Management Board president said on the occasion of publishing semi-annual business results.

Podravka Group total sales in the first 6 months 2013 was HRK 1,695.2, which is sales decrease by 1 percent, comparing to the same period 2012.

Strategic Business Area (SBA) Food and Beverages sales was 1.293,0 and is reduced by 3 percent comparing to the same period last year. The stated sales reduction is a result of reduced sales in

domestic market. Reduced sales in domestic market is caused by discontinuation of products with unsatisfactory gross margin, resolution of non-



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delivery to "risky" buyers, and a resolution on discontinued sales of fresh meat, the profitability of which was unsatisfactory. At the same time, the markets of Central, SE and Western Europe, overseas countries and Far East have realized sales increase, mostly contributed by the markets of Poland, Hungary, Kosovo, Serbia and Austria.

SBA Pharmaceuticals sales in the first 6 months 2013 was HRK 402.2, which is sales increase by 4 percent, comparing to the same period 2012. SBA Pharmaceuticals sales increase is mostly contributed by foreign markets, with 7 percent increase, and with the highest contribution by the markets of Russia, Serbia and Kosovo. Sales in the market of Croatia has also increased comparing to the same period last year, due to increased sales of prescription products.

Observing the stated period, a significant improvement is also noticeable in business costs management. Total costs record about 3 percent decrease, comparing to the same period last year.

It is particularly worth mentioning that net debt, as on 30 June 2013, has reduced by HRK 123 million, comparing to end 2012, which definitely illustrates good management of Podravka Group indebtedness level.