



CORPORATE COMMUNICATION

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MEDIA RELEASE

***Podravka Group Supervisory Board accepted audited business results for 2010***

At today's session Podravka d.d. Supervisory Board accepted Podravka Group audited business results for 2010.

As it was emphasized, realized net profit of Podravka Group in 2010 is HRK 84.2 mil., after performed corrections for one-off items amounting to HRK 66.9 mil. (contractual relations with OTP Bank Nyrt. of HRK 21 mil., bonds value synchronization amounting to HRK 34.2 mil. and paid severance payments amounting to HRK 12.5 mil.).

SBA Food and Beverages sales was HRK 2,778.1 mil. and comparing to 2009 decreased by 2%. Sales drop mentioned is a consequence of reduced sales of SBA Food and Beverages in the market of Croatia (-7%), which was throughout 2010 displaying unfavourable economic trends, reduced economic activities and increased sales of cheaper products and brands. Prepared projects and innovations in the production portfolio, along with the economic recovery of the European Union, had positive effect on the sales of SBA Food and Beverages in foreign markets, where the sales of this SBA increased by 3%.

SBA Pharmaceuticals realized sales amounting to HRK 744.2 mil. which is 1% decrease compared to 2009. This decrease is derived from reduced sales in the market of Croatia (-6%), based on reduced prescription medicines (-7%) and OTC products (-8%). In June 2010 HZZO implemented a new list of Basic and Supplemental medicines with reduced prices for a large number of medicines, and a consequence of such decision is reduced sales of prescription medicines in the domestic market. Additional impact on the sales of SBA Pharmaceuticals in Croatia is reduced sales of OTC products which is the consequence of recession and reduced personal consumption.

Podravka Group operating expenses are reduced by 4%, and are HRK 133.6 mil. comparing to the same period last year. Considering that the operating costs are decreasing for the second year in a row, it can be concluded that the



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implemented costs control mechanisms are effective, especially among general and administrative costs. Namely, general and administrative costs recorded a significant decrease in 2010, HRK 52.6 mil. (-18%) and have reduced their share in the overall operating costs from 8.8% to 7.6%.

Although in 2010 Podravka Group realized lower sales than the year before, positive movements are recorded on all levels of profitability, which is the result of advanced business processes and rational cost management. At the same time improvements have been implemented in business, results of which is further increase of profitability in SBA Food and Beverages.

*Detailed information on Podravka Group business results for 2010 please find at [www.podravka.com](http://www.podravka.com) under Investors/ Financial reports/Disclosure of business results, as well as on web sites of Hanfa, the Zagreb Stock Exchange and HINA.*