



PODRAVKA GROUP BUSINESS RESULTS FOR THE PERIOD JANUARY – MARCH 2013

Main business characteristics and significant events in the first quarter

1. Profitability of the Podravka Group shows an increase on all levels of profitability, without the influence of non-recurrent items that amount HRK 40.5 million. Namely, the process of business restructuring is continued in this year and 276 employees of the Podravka Group left the company with incentive severance payments through the redundant labour programme.
2. The gross profit of the Podravka Group is 1% higher and amounts to HRK 313.7 million and the gross margin for the observed period is at the level of 39%, which is an increase of 80bp.
3. In the structure of total operating costs / expenses, General & administrative expenses recorded the most significant decrease of 10.9%, without the influence of severance payments and compared to the General & administrative expenses of the first quarter of the year 2012 disclosed in a comparable manner.
4. The operating profit of the Podravka Group amounts HRK 51.9 million which is 12% increase compared to the operating profit of the first quarter of the year 2012 disclosed in a comparable manner.
5. The corrected net profit is thus HRK 31.5 million, which is an increase of 25% compared to the net profit of the first quarter of the year 2012 disclosed in a comparable manner.
6. The total sales of the Podravka Group in the first quarter of 2013 amount to HRK 804.2 million, which represents a sales drop of 1% compared to the same period of the year 2012. Sales of the Strategic Business Area (SBA) Food and Beverages totalled HRK 619.5 million, and is 2% less compared to the same period of the year before, while the sales of the SBA Pharmaceuticals totalled HRK 184.7 million, which is a 3% sales increase.

Notes

On the sales of the Podravka Group we report as follows:

SBA "Food and Beverages"

1. **Business program Podravka food**

- Podravka brands
 - Fruit and vegetable products, side dishes and other (Fruit and vegetable products, Side dishes, Mill and bakery products and other)
 - Baby food, sweets and snack
 - Fish and fishery products
- Other

2. **Business program dishes and food seasonings**

- Podravka brands
 - Food seasonings
 - Podravka dishes
- Other

3. **Business program meat**

- Podravka brands
- Other

4. **Business program beverages**

- Podravka brands
- Other

SBA "Pharmaceuticals"

Disclaimer

This release contains certain forward looking statements with respect to the financial condition, results of operations and business of the Podravka Group. These forward looking statements represent the Company's expectations or beliefs concerning future events and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

Sales Revenue per Strategic Business Areas

Item no.	SBA	In HRK millions				Index	2:4
		Jan - Mar 2013		Jan - Mar 2012			
0	1	Amount	%	Amount	%	6	
1	Food and Beverages	619.5	77.0	635.0	77.9		98
2	Pharmaceuticals	184.7	23.0	180.2	22.1		103
Total		804.2	100.0	815,2	100,0		99

Sales revenue of the Podravka Group amounted to HRK 804.2 million, which is a 1% sales drop compared to the same period of the year 2012.

Sales of the SBA Food and Beverages totalled HRK 619.5 million, which is 2% lower than in the first quarter of the year 2012. This sales drop primarily results from a lower level of sales of the SBA F&B on both the domestic market and markets of Eastern and South-Eastern Europe. At the same time markets of Central Europe and Western Europe, overseas countries and Orient grew, with the highest contribution from Poland, Hungary, Slovakia, and Germany and the USA, respectively.

The SBA Pharmaceuticals achieved sales in the amount of HRK 184.7 million, which is a sales growth of 3% compared to the first quarter of the year 2012. The sales growth of the SBA Pharmaceuticals was contributed mostly by foreign markets, which recorded a 5% growth with the highest contribution coming from the markets of Russia, Bosnia and Herzegovina and Serbia. The market of Croatia also achieved a somewhat higher level of sales than in the first quarter of the year 2012. According to the ATC¹ classification, the product groups that have achieved the most significant increase are drugs with effect on the nervous system and heart and blood vessels.

¹ Anatomic-therapeutic-chemical system of drug classification

New products in the first quarter of the year 2013



Vegeta universal marinade, Vegeta marinade with garlic, Vegeta Mediterranean marinade and Vegeta piquant marinade are intended for all who prefer a moderate and ideally rounded flavour of meat and fish. Just thirty minutes of marinating is enough for the meat to be ready for roasting. The excellent combination of oil and vinegar, dried vegetables and spices guarantee an irresistible taste of your barbeque, roast and similar. Contains no additional aromas nor flavour enhancers.

Eva sardines with garlic and parsley are prepared from carefully selected sardines from the Adriatic Sea, vegetable oil, garlic and parsley. Each bite of this combination of sardines from the Adriatic Sea with garlic and parsley will thrill all fans of gourmand flavours. This combination of tastes offers a unique and healthy delight.



The non-prescription drug programme of Belupo has expanded with another new form of Neofen for children – Neofen suppositories 125 mg. This is a great novelty in Croatian pharmacotherapy and the only ibuprofen in suppository form. Neofen suppositories are indicated for reducing fever and relieving mild to moderate pain. This drug is indicated for treating children aged 2 to 6 and is particularly suitable for children who cannot take the oral form due to vomiting and similar.



Sales revenue per product group

		In HRK millions				
Item no.	PRODUCT GROUP	Jan - Mar 2013		Jan - Mar 2012		Index 2:4
		Amount	%	Amount	%	
0	1	2	3	4	5	6
1	BP PODRAVKA FOOD	304.3	37.8	303.6	37.2	100
	Podravka brands	233.2	29.0	240.2	29.4	97
	- Fruit and vegetable products, side dishes and other	113.0	14.0	118.7	14.5	95
	- Baby food, sweets and snack	87.5	10.9	89.2	10.9	98
	- Fish and fishery products	32.7	4.1	32.3	4.0	101
	Other	71.1	8.8	63.4	7.8	112
2	BP DISHES AND FOOD SEASONINGS	220.2	27.4	223.3	27.4	99
	Podravka brands	211.7	26.3	214.4	26.3	99
	- Food seasonings	153.7	19.1	156.3	19.2	98
	- Podravka dishes	58.0	7.2	58.1	7.1	100
	Other	8.5	1.1	8.9	1.1	95
3	BP MEAT	68.2	8.5	76.5	9.4	89
	Podravka brands	62.5	7.8	69.1	8.5	90
	Other	5.7	0.7	7.4	0.9	77
4	BP BEVERAGES	26.8	3.3	31.6	3.9	85
	Podravka brands	26.7	3.3	28.5	3.5	94
	Other	0.1	0.0	3.1	0.4	3
5	Pharmaceuticals	184.7	23.0	180.2	22.1	103
	Total	804.2	100.0	815.2	100.0	99

The BP Podravka Food achieved a slightly higher level of sales compared to the same period of the year 2012, but at the same time organic sales dropped. The highest contribution to this drop comes from a lower level of sales of the product group Fruit and vegetables, side dishes and other, due to the sales drop of side dishes. Baby food, sweets and snack also recorded lower sales, while Fish and fishery products recorded a 1% higher growth as a result of an increase of sales on the markets of South-Eastern Europe.

Sales of the BP Dishes and Food Seasonings are 1% lower due to lower sales of the product group Food seasonings. However, this product group recorded growth on the market of Central Europe, with the most prominent market being Poland. The product group Podravka dishes achieved the same level of sales as the year before.

The drop of sales of the BP Meat of 11% mostly results from the lower sales of fresh meat which has low profitability. In contrast, some product groups such as cured meat products and luncheon meat recorded a higher level of sales compared to the same period of last year.

Sales of the BP Beverages are 15% lower than in the first quarter of the year 2012 and organic sales recorded a drop of 6%. The analysis of sales per particular product group shows that the product groups of mineral water and tea achieved good sales results.

Sales revenues of the Podravka Group per market²

Item no.	MARKETS	In HRK millions				
		Jan - Mar 2013		Jan - Mar 2012		Index 2:4
		Amount	%	Amount	%	
0	1	2	3	4	5	6
1	Croatia	333.5	41.5	345.6	42.4	96
2	South-Eastern Europe	209.1	26.0	213.2	26.2	98
3	Central Europe	127.9	15.9	122.7	15.0	104
4	Western Europe, overseas countries and Orient	80.4	10.0	76.9	9.4	105
5	Eastern Europe	53.3	6.6	56.8	7.0	94
Total		804.2	100.0	815.2	100.0	99

The market of Croatia realised sales in the amount of HRK 333.5 million, which covers 41.5% of the total sales of the Podravka Group and is 4% lower compared to the same period of the year before. Foreign markets achieved total sales in the amount of HRK 470.7 million, which is slightly higher than in the first quarter of the year 2012. The highest absolute sales growth was achieved on the markets of Central Europe (4%) with the most prominent market being Poland and the market of Western Europe, overseas countries and Orient with the highest contribution from the USA, Germany and Great Britain. On the contrary, the markets of South-Eastern Europe and Eastern Europe recorded weaker sales results than in the same period of the year before.

² South-Eastern Europe – Albania, Bosnia and Herzegovina, Montenegro, Kosovo, Macedonia, Slovenia, Serbia
 Central Europe – Czech Republic, Hungary, Poland, Slovakia
 Western Europe, overseas countries and the Orient – Austria, Australia, Benelux, France, Italy, Canada, Germany, USA, Scandinavia, Switzerland, Turkey, Great Britain and other overseas countries and Western European countries
 Eastern Europe – Baltic countries, Romania, Russia, the Ukraine, Bulgaria and other Eastern European countries

Structure of operating costs/expenses

In HRK millions						
Item no.	COST / EXPENSE	Jan - Mar 2013		Jan - Mar 2012*		Index 2:4
		Amount	%	Amount	%	
0	1	2	3	4	5	6
1	Cost of goods sold	490.5	61.6	504.1	64.7	97
2	Selling and distribution costs	117.6	14.8	117.1	15.0	100
3	Marketing expenses	80.7	10.1	81.5	10.5	99
4	General and administrative expenses	107.0	13.5	76.3	9.8	140
Total		795.8	100.0	779.0	100.0	102

*reclassification of costs/expenses

The total costs/expenses of the Podravka Group are HRK 795.8 million, which represents a 2% increase compared to the same period of the year before. The highest contribution to the aforementioned increase comes from the increase of General and administrative expenses due to the continued redundant labour programme within which 276 employees left the company with incentive severance payments. The General & administrative expenses without the influence of severance payments are 10.9% lower compared to the General & administrative expenses of the first quarter of the year 2012 disclosed in a comparable manner. Selling and distribution costs remain at the same level as last year, while other costs/expenses are at lower levels compared with the same period of last year, as for example Costs of goods sold dropped 3% and Marketing expenses dropped 1%.

Profitability of the Podravka Group

In HRK millions						
Podravka Group	REPORTED RESULTS		CORRECTED RESULTS*		change (2/3)	change (4/5)
	Jan - Mar 2013	Jan - Mar 2012	Jan - Mar 2013*	Jan - Mar 2012*		
1	2	3	4	5	6	7
Sales revenue	804.2	815.2	804.2	815.2	-1%	-1%
Gross profit	313.7	311.1	313.7	311.1	1%	1%
EBITDA	49.8	78.3	90.2	84.9	-36%	6%
EBIT	11.5	39.9	51.9	46.5	-71%	12%
Net profit	-9.0	18.7	31.5	25.3	-148%	25%
<i>Profit margins %</i>						
Gross margin	39.0	38.2	39.0	38.2	80bp	80bp
EBITDA margin	6.2	9.6	11.2	10.4	-340bp	80bp
EBIT margin	1.4	4.9	6.5	5.7	-350bp	80bp
Net margin	-1.1	2.3	3.9	3.1	-340bp	80bp

*without non-recurrent items

The total sales revenue of the Podravka Group in the first quarter of 2013 is 1% lower compared to the same period of 2012 and as Costs of goods sold dropped 3%, the gross profit increased to a total of HRK 313.7 million. Thus, the gross margin grew by 80bp and amounts to 39%. Other levels of profitability recorded a drop due to the fact that other total costs / expenses grew as a result of severance payments.

In the observed period, severance payments in the total amount of HRK 40.5 million were recorded in extraordinary items (in the same period of 2012 extraordinary items were HRK 6.6 million and referred to severance payments) and if the net profit is corrected by these extraordinary items, it is evident that all levels of profitability have risen. The corrected EBITDA is HRK 90.2 million and is 6% higher than in the same period of last year and the corrected net profit amounts to HRK 31.5 million, which 25% higher compared to the corrected net profit of the first quarter of 2012.

Profitability of the SBA Food and Beverages

In HRK millions						
SBA Food & beverages	REPORTED RESULTS		CORRECTED RESULTS*		change (2/3)	change (4/5)
	Jan - Mar 2013	Jan - Mar 2012	Jan - Mar 2013*	Jan - Mar 2012*		
1	2	3	4	5	6	7
Sales revenue	619.5	635.0	619.5	635.0	-2%	-2%
Gross profit	217.9	219.5	217.9	219.5	-1%	-1%
EBITDA	21.7	47.4	56.0	53.8	-54%	4%
EBIT	-4.9	20.7	29.4	27.1	-124%	7%
Net profit	-17.5	7.5	16.8	13.9	-333%	21%
<i>Profit margins %</i>						
Gross margin	35.2	34.6	35.2	34.6	60bp	60bp
EBITDA margin	3.5	7.5	9.0	8.5	-400bp	50bp
EBIT margin	-0.8	3.3	4.7	4.3	-410bp	40bp
Net margin	-2.8	1.2	2.7	2.2	-400bp	50bp

* without non-recurrent items

Sales revenue of the SBA Food and Beverages is 2% lower than in the first quarter of the year before but the gross profit has dropped 1%. The gross margin increased to 35.2% in the observed period. As earlier mentioned, the result of the first quarter is affected by higher General and administrative expenses where severance payments have been disclosed, which is the reason for the drop of profitability. However, if the results are observed without the influence of non-recurrent items a growth is evident at all profitability levels, so the corrected EBITDA is HRK 56 million and is 4% higher than in the same period of last year, while the corrected net profit is HRK 16.8 million and is 21% higher than the year before.

Profitability of the SBA Pharmaceuticals

In HRK millions

SBA Pharmaceuticals	REPORTED RESULTS		CORRECTED RESULTS*		change (2/3)	change (4/5)
	Jan - Mar 2013	Jan - Mar 2012	Jan - Mar 2013*	Jan - Mar 2012*		
1	2	3	4	5	6	7
Sales revenue	184.7	180.2	184.7	180.2	3%	3%
Gross profit	95.8	91.6	95.8	91.6	5%	5%
EBITDA	28.0	30.9	34.2	31.1	-9%	10%
EBIT	16.4	19.3	22.6	19.5	-15%	16%
Net profit	8.5	11.2	14.7	11.4	-24%	29%
<i>Profit margins %</i>						
Gross margin	51.9	50.8	51.9	50.8	110bp	110bp
EBITDA margin	15.2	17.1	18.5	17.3	-190bp	120bp
EBIT margin	8.9	10.7	12.2	10.8	-180bp	140bp
Net margin	4.6	6.2	8.0	6.3	-160bp	170bp

* without non-recurrent items

Sales of the SBA Pharmaceuticals grew 3% compared to the same period of last year provided that a larger contribution to this rise comes from foreign markets with a 5% growth. The gross profit is 5% higher and the gross margin increased 110bp and is 51.9%. Having in mind that severance payments were also paid to employees leaving the company within the SBA Pharmaceuticals, profitability at all levels is below the gross profit. However, the analysis of the corrected result, respectively, without the influence of non-recurrent items shows that all levels of profitability have increased and profit margins are at higher levels than in the same period of the year before. The corrected EBITDA is HRK 34.2 million and is 10% higher than the corrected EBITDA for the first quarter of last year, while the corrected net profit is HRK 14.7 million and is 29% higher than the net profit of last year disclosed in a comparable manner.

PODRAVKA GROUP
CONSOLIDATED STATEMENT OF INCOME

(in thousands of HRK)

	Jan - Mar 2013	Jan - Mar 2012
Sales	804,153	815,191
Cost of goods sold	(490,468)	(504,122)
Gross profit	313,685	311,069
Other gains, net	3,309	3,979
General and administrative expenses	(107,066)	(76,308)
Selling and distribution costs	(117,567)	(117,103)
Marketing expenses	(80,725)	(81,518)
Other expenses	(171)	(177)
Profit from operations	11,465	39,942
Finance income	2,373	2,735
Finance costs	(18,040)	(20,352)
Finance costs, net	(15,667)	(17,617)
Profit before tax	(4,202)	22,325
Income tax expenses	(5,090)	(4,296)
Net profit	(9,292)	18,029
Profit for the period attributable:		
To the equity holders of the parent	(8,994)	18,740
Non-controlling interests	(298)	(711)

PODRAVKA GROUP
CONSOLIDATED STATEMENT OF FINANCIAL
POSITION

(in thousands of HRK)

	31 Mar 2013	31 Dec 2012
ASSETS		
Non-current assets		
Goodwill	41,984	41,984
Intangible assets	233,599	237,657
Property, plant and equipment	1,378,759	1,400,740
Long term financial assets	4,896	5,343
Deferred tax assets	35,431	35,420
Total non-current assets	1,694,669	1,721,144
Current assets		
Inventories	630,111	631,117
Trade and other receivables	1,058,722	1,074,648
Financial assets at fair value through profit or loss	600	600
Income tax receivables	10,008	7,537
Cash and cash equivalents	115,393	118,208
Non-current assets held for sale	64,260	64,418
Total current assets	1,879,094	1,896,528
TOTAL ASSETS	3,573,763	3,617,672
EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	1,584,862	1,584,862
Reserves	171,508	173,503
Accumulated loss	(171,595)	(162,600)
Attributable to the equity holders of the parent	1,584,775	1,595,765
Non-controlling interests	31,822	32,027
Total shareholders' equity	1,616,597	1,627,792
Non-current liabilities		
Long-term debt	682,825	727,255
Provisions	51,922	46,778
Deferred tax liability	6,094	6,298
Total non-current liabilities	740,841	780,331
Current liabilities		
Trade and other payables	656,835	720,111
Income tax payables	570	359
Financial liabilities at fair value through profit and loss	4,542	6,775
Short-term borrowings	536,038	463,851
Provisions	18,340	18,453
Total current liabilities	1,216,325	1,209,549
Total liabilities	1,957,166	1,989,880
TOTAL EQUITY AND LIABILITIES	3,573,763	3,617,672

PODRAVKA GROUP
CONSOLIDATED STATEMENT OF
CHANGES IN SHAREHOLDERS'
EQUITY

(in thousands of HRK)

	Share capital	Reserves	Accumulated loss / Retained earnings	Total	Non- controlling interest	Total
Balance at 31 Dec 2012	1,584,862	173,504	(162,601)	1,595,765	32,027	1,627,792
Net loss for the year	-	-	(8,993)	(8,993)	(298)	(9,291)
Other comprehensive income	-	(1,996)	-	(1,996)	93	(1,903)
Total comprehensive loss	-	(1,996)	(8,993)	(10,989)	(205)	(11,194)
Exchange differences	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-	-
Sale of treasury shares	-	-	-	-	-	-
Options exercised	-	-	-	-	-	-
Fair value of share options	-	-	-	-	-	-
Transfer from other and legal reserves	-	-	-	-	-	-
Balance at 31 Mar 2013	1,584,862	171,508	(171,594)	1,584,776	31,822	1,616,597

PODRAVKA GROUP
CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of HRK)

	Jan - Mar 2013	Jan - Mar 2012
Net (loss) / profit for period	(9,291)	18,029
Income tax	5,090	4,296
Depreciation and amortization	38,295	38,324
Changes in fair value of financial assets, net	(2,233)	212
Gain on sale and disposal of non-current assets	(18)	(175)
Value adjustment of inventories and receivables	10,286	4,061
Increase in provisions	323	(286)
Interest received	(613)	(2,237)
Interest paid	14,168	20,501
Value adjustment of investments	0	12
Effect of changes in foreign exchange rates	3,343	1,781
Changes in working capital		
Increase in inventories	(1,323)	(4,554)
Decrease in trade receivables	5,417	103
Decrease in other current assets	(55,730)	(10,811)
Net cash from operations	7,713	69,257
Cash flows from operating activities		
Cash from operations	7,713	69,257
Income taxes paid	(7,406)	(6,186)
Interest paid	(14,715)	(21,245)
Net cash from operating activities	(14,408)	41,826
Cash flows from investing activities		
Payments made for property, plant and equipment, and intangible assets	(13,174)	(21,638)
Sale of tangible and intangible assets	100	498
Collection of long-term loans and deposits given, net	320	1,464
Collected interest	613	2,237
Net cash used in investing activities	(12,141)	(17,439)
Net cash flows from financing activities		
Proceeds from long-term borrowings	100,981	62,365
Repayment of long-term borrowings	(77,247)	(110,158)
Net cash used in financing activities	23,735	(47,793)
Net decrease in cash and cash equivalents	(2,815)	(23,406)
Cash and cash equivalents at beginning the period	118,208	145,960
Cash and cash equivalents at the end of the period	115,393	122,554

Always with a heart



www.podravka.com

Podravka d.d.
Investor Relations

www.podravka.com
ir@podravka.hr