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MEDIA RELEASE

PODRAVKA GROUP BUSINESS RESULTS FOR 1 – 6, 2016

In the first half of the year Podravka Group realized net profit and revenue growth

- Sales revenue realized significant growth of 26 percent
- Net profit increase by almost 6 percent
- Own product brands realized 24 percent sales revenue increase

Continued positive trends of doing business on all levels is the main feature of Podravka Group business results for the first half 2016, as determined on today's sessions of Management and Supervisory Boards of Podravka d.d. Acquiring Žito, the consolidation of this company started as of 1st October last year, which also had a positive effect on business results.

„Next to positive influence of consolidation of Žito Group into our company, definitely worth pointing out is that, along the very negative influence of exchange rate differences for the first half of the year, which did not go into our favour, we managed to achieve positive shifts on revenue and net profit level. In the period before us is further strengthening of the company and focus on two main, strategic goals, which are consolidation and strengthening of our position in the Adria region and continued already started internationalization outside



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Adria region“ – Podravka Management Board president Zvonimir Mršić pointed out at today's publishing of business results for the first half of the year.

Podravka Group realized in the first six months 5.8 percent growth comparing to the same period last year and realized HRK 97.3 million net profit.

Sales revenue in the first half of the year 2016 marked significant growth of 26.2 percent, amounting to HRK 1,988.5 million. Strategic business area Food realized sales revenue amounting to HRK 1,609.5 million, which is 34.3 percent growth, mostly attributed to Žito Group consolidation. Revenues from selling own brands within Strategic business area Food increased by 29.5 percent.

Sales revenues of the other Strategic business area Pharmaceuticals amounted to HRK 379.1 million, and comparing to the year before, despite negative influence of exchange rate differences, they grew by 0.4 percent. Without the exchange rate differences, Pharmaceuticals segment would have achieved revenue increase of 4.7 percent, comparing to the same period the year before. Own product brands within this strategic business area realized revenue increase of 4.8 percent.

When it comes to Podravka Group markets, it is worth mentioning that all four regions realized sales revenue increase, comparing to the first half of the year in 2015. The highest increase was marked by the region Russia, CIS and Baltic by 68.2 equal contribution of both Food and Pharmaceuticals.

Significant negative influence to Podravka Group sales revenues was the one of exchange rates, amounting to HRK 42.6 million. The biggest negative influence is marked by the Russia ruble (HRK -25.6 million) and euro (HRK -5.9 million).