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MEDIA RELEASE

PODRAVKA GROUP BUSINESS RESULTS FOR 1 – 3, 2018

In the first quarter Podravka Group achieves the best result in long-year history

- Sales revenues increased by 8.3 percent
- This result is derived from organic growth without extraordinary influences
- Two-digit profitability growth on all business levels
- Net profit amounting to HRK 70 million achieved

At today's session, Podravka d.d. Supervisory Board confirmed Podravka Group's unaudited business results for the period 1 – 3, 2018, expressing their great satisfaction, considering it is the best operating result and the highest operating profit in the first quarter in Podravka's long-year history. Particularly worth noting is the fact that the achieved results are derived from organic growth without extraordinary influences, which additionally confirms the successfulness of Podravka Group's business in the first quarter.

Podravka Group net profit in this year's first quarter amounted to HRK 69.8 million, which is significant growth, comparing to the same period last year, when HRK 18 million was achieved. Sales growth of the profitable segment, with simultaneous control of operating costs resulted in two-digit figures in profitability growth on all business levels.



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Podravka Group sales revenues amounted to HRK 988.9 million, which is HRK 75.6 million growth, i.e. 8.3 percent comparing to the same period the year before. Sales revenues were mostly affected by increased sales in Food segment, due to extensive sales and marketing activities and distribution expansion of individual categories.

Food segment achieved HRK 789.8 million of sales revenues, i.e. it is increased by 9.2 percent comparing to the same period last year, while without the exchange rate differences the revenues would in estimate be higher by 9.9 percent. Within this segment, all business programs achieved increase of sales revenues, and own brands growth was achieved by 8.6 percent, Baby food, sweets and snacks by 8.2 percent, Podravka food by 16.9 percent, Žito business program by 9.4 percent, Meat products, meals and spreads 13.4 percent and business program Fish by 9.7 percent.

Podravka Group's other segment, Pharmaceuticals achieved HRK 199 million in sales revenues, which is 5 percent growth, comparing to the same period the year before, while without the influence of exchange rate differences, the revenues would in estimate be higher by 7.5 percent. Own brands in Pharmaceutical segment achieved 6.3 percent growth, mostly due to expanded distribution in the markets of Central Europe, and increased demand in the market of Russia. Worth mentioning is increased sales revenue with the category of prescription medication amounting to 9.8 percent.

When it comes to achieved Podravka Group sales revenues by regions, the highest relative increase is recorded in the region of Central Europe, amounting to 15.9 percent, and in the region of East Europe 14.9 percent. Adria region, as the most significant region within Podravka Group, marked significant sales revenues growth amounting to 6.3 percent, i.e. increased sales revenues by HRK 40 million, comparing to the same period a year before.



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Management's focus in 2018 is further organic growth, continued reduction of indebtedness and increasing internal efficiency.