



CORPORATE COMMUNICATIONS

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PRESS RELEASE

Net profit from operating activities of Podravka Group for 2010 is 151,1 million HRK

Net profit of Podravka Group for 2010 without exceptional items is 151,1 million HRK

- Operating costs of Podravka Group are reduced by 133,6 million HRK (-4%), general and administrative costs decreased by 52,6 million HRK (-18%)
- The net profit of Podravka Group in 2010 is 84,2 million HRK, after corrections for exceptional items in the amount of 66,9 million HRK (agreement with OTP Bank Nyrt. for 21 million HRK, value adjustment of bonds for 34,2 million HRK and severance pay in the amount of 12,5 million HRK).
- Profitability growth for Food and Beverages SBAs

Sales of SBAs Food and Beverages was 2.778,1 million HRK and compared to 2009 is reduced by 2%. The decrease in sales is a result of lower sales of SBAs Food and Beverages on Croatian market (-7%), which experienced unfavourable trends in economy, slowdown in economic activity and increase in sales of cheaper products and trademarks during the whole 2010. Well prepared projects and innovations in product assortment, together with the recovery of European Union economy, positively influenced the sales of SBAs Food and Beverages on foreign markets where the sale of these SBAs increased by 3%.

SBA Pharmaceuticals realized sales in the amount of 744,2 million HRK which is a decrease of 1% compared to 2009. This decrease is a result of lower sales on Croatian market (-6%), based on prescription drugs sales decrease (-7%) and non-prescription products sales decrease (-8%). In June 2010 Croatian Institute for Health Insurance adopted a new Basic and Additional list of drugs with reduced prices for a large number of drugs and the result of such decision is a lower prescription drugs sale on domestic market. Additional blow to SBA Pharmaceuticals sales in Croatia is a slower sale of non-prescription products which is a consequence of economic recession and reduction of personal consumption.



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Operating costs of Podravka Group decreased by 4%, which is 133,6 million HRK compared to the same period last year. Since operating costs have been decreasing for two years in a row now, it can be concluded that implemented mechanisms of cost control are effective, especially regarding general and administrative costs. Namely in 2010, general and administrative costs decreased substantially by 52,6 million HRK (-18%) and have reduced its share in total operating costs from 8,8% to 7,6%.

Although in 2010 Podravka Group made lower sales than last year, significant positive changes on all levels of profitability were made which are the result of improvement of business processes and rational cost management. At the same time improvement of business continued which resulted in further growth of profitability of SBAs Food and Beverages.

Further information on business results of Podravka Group for 2010 can be found on Podravka d.d. internet pages under Investors / Financial Reports / Disclosure of Business Results and on HANFA web pages of, Zagreb Stock Exchange and HINA.