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Koprivnica, 29 April 2015

MEDIA RELEASE

PODRAVKA GROUP BUSINESS RESULTS FOR 1 – 3 2015

Podravka Group in the first quarter achieved net profit and revenues growth

- sales revenues increase by 4.7 percent
- net profit in the first quarter is HRK 59.8 million

Main feature of Podravka Group business results in the first quarter 2015, as determined on the sessions of Podravka d.d. Management and Supervisory Boards is the completion of a big and significant part of company restructuring program. Based on this, Podravka Group business results after many years are not encumbered with restructuring costs, realizing HRK 59,8 million net profit, mostly owing to continuation of strong growth of profit margins in the Food segment.

Podravka Group sales revenues in the first quarter 2015 were HRK 783.9 million which is 4.7 percent growth comparing to the same period a year before. Strategic business area Food realized in the first quarter sales revenues amounting to HRK 612.1 million, which is 5.9 percent growth comparing to the year before. Revenues increase is inspired primarily by the growth of the category culinary art, subcategories of the Mediterranean food and frozen vegetables. Easter holidays this year in early April also had a positive effect on



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sales revenues, while in the past year they were at the end of that month. SBA Food after a long time is not encumbered with the costs of severance payments and value adjustments and showed its true potential of HRK 58.0 of realized net profit.

Sales revenues of the second SBA Pharmaceuticals were HRK 171,8, which is a mild increase comparing to the year before. Realized result was under the negative influence of proscribed prices reduction for proscription medication by the Croatian Health Insurance Institute in February 2014 in the market of Croatia. Exchange rate differences on the net level marked a negative influence of HRK 5,3 million, which is primarily related to the Russian ruble. Strategic business area Pharmaceuticals managed to compensate the negative influence of exchange rate differences and to realize growth with their increase in quantities and improved efficiency.

When it comes to the markets of Podravka Group, it is worth mentioning that foreign markets realized 3,8 percent sales revenue increase comparing to Q1 2014, continuing the growth trend as a result of company strategic focus on business internationalization.

"Business results in the first quarter show our earlier forecasts that the true effects of the restructuring will be visible in this year. We have advanced our procedures and become more efficient, which eventually led to significantly better reporting result. We have realized growth in all profitability indicators, and equally in the revenues as well. There are numerous challenges before our company in the upcoming period and we are convinced that we will be able to deal with them and bring Podravka among the 20 percent of of the most successful companies in our branch - Podravka Management Board president Zvonimir Mršić said on the occasion of publishing business results for the first quarter.



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Other important events in this period is a concluded contract on acquiring of 51.55 percent of shares of Žito d.d. Ljubljana, one of the biggest and renowned producer of food products in Slovenia, with extensive recognizability in the markets of SouthEast Europe. With the stated acquisition Podravka consolidates its position and becomes a leader in several additional product categories – significantly improving its market position. After this transaction is completed, Podravka Group will be at the top of the food industry in the market of Slovenia, with total annual revenue amounting to HRK 900 million. Total consolidated annual revenue of Podravka Group after takeover of Žito will be about HRK 4.5 billion.

Apart from this, on 31st March the company took over the control of the company Mirna d.d. Rovinj and due to the specific terms of shares purchase and sales in this company, the acquisition resulted in recognizing the negative goodwill amounting to HRK 24.7 million. The stated revenue is a one-off item recognized in the first consolidation of Mirna d.d. and is shown in the net profit on the day of acquisition.