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PRESS RELEASE

BUSINESS RESULTS FOR THE PODRAVKA GROUP FOR Q1-Q3 2019

**Podravka Group continues successful operations**

- Sales revenues increased by HRK 160.2 million or 5.2 percent
- Achieved net profits of HRK 194.3 million
- These results achieved through organic growth without any extraordinary influences
- Podravka stock price increased by 26.9 percent in this period

At today's session, the Podravka d.d. Supervisory Board confirmed the unaudited business results for the Podravka Group in the first nine months of 2019, and expressed their great satisfaction with the company achievements. After 2018, one of the company's most successful years in its long history, the Podravka Group has continued to achieve successful results in 2019. The achieved nine-month profit of HRK 194.3 million is, above all, the result of organic growth, without extraordinary influences.

"When observing the business results of the Podravka Group, we must stress the fact that despite significant investment of funds to improve the status and position of our employees, and the increase in inputs ensuing from trends on the global market, that we have continued our successful operations in this part of the year. It is our intent that our employees adequately participate in the coming period and in the company's increasingly successful results, through further improvements to employee standards. Additionally, we are also planning



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to make significant technological progress to modernise the company, particularly in the Food segment, with the aim of increasing our competitiveness on the increasingly demanding international market,” stated **Marin Pucar, Chairman of the Management Board of Podravka during the announcement of the business results.**

The net profits of the Podravka Group for the first nine months of the year were HRK 194.3 million, up 4.5 percent over the same period the year before. The sales growth of profitable product lines, with simultaneous control of operational costs, has resulted in this growth of profitability.

The sales revenues of the Podravka Group have increased by HRK 160.2 million, to HRK 3238.5 million, up 5.2 percent over the same period last year. The trend in sales revenue was the result of growth in both business segments, Food and Pharmaceuticals, following enhanced sales and marketing activities, and demand for newly launched, innovative products.

The Food segment achieved HRK 2500.3 million in sales revenues, up HRK 111.3 million over the year before. Within this segment, all business programmes achieved growth in sales revenues, with a 4.7 percent growth of own brands. The highest relative growth was achieved in the Fish programme, with 18.4 percent growth, followed by Children’s food, Desserts and Snack with 8.7 percent, while the Culinary programme achieved the highest absolute growth of HRK 28.4 million.

The second segment of the Podravka Group, Pharmaceuticals, achieved sales revenues of HRK 688.2 million, up 7.7 percent over the same period last year. The own brands in Pharmaceuticals achieved growth of 5.8 percent, above all due to increased sales on the Russian and Croatian markets. Also worth noting is the 9.8 percent relative growth achieved in the Over-the-counter programme, while the category of Prescription drugs achieved the highest absolute growth in sales revenues of HRK 23.5 million.



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With regard to the achieved sales revenues by region, the Podravka Group achieved the highest relative growth of 13.1 percent in the Eastern Europe and Western Europe regions, followed by 9.1 percent growth in the Transoceanic countries. The Adria region, as the Podravka Group's most important market, achieved the highest absolute growth in sales revenues, amounting to HRK 106.8 million.

Stock prices in the observed period rose by HRK 101 over the end of last year, from HRK 375 to 476, representing growth of 26.9 percent, while the domestic stock indices Crobex and Crobex10 increased by 12.3 and 14.7 percent, respectively.

The focus of management for the remainder of the year will be the implementation of the business strategy that can be summarised in three key points: focus on traditional markets where the Podravka Group is already an established producer; investments in further development of own brands and innovative products; and efficient cost management.