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MEDIA RELEASE

PODRAVKA GROUP BUSINESS RESULTS FOR 1 – 9 2015

**In the first nine months Podravka Group realized income increase and HRK 131 million net profit**

- nine months net profit increased by 60 percent and it amounts to HRK 131 million
- own product brands realized sales revenue increase by 1.7 percent
- Adria region realized 2.9 percent sales revenue growth increase

Main feature of Podravka Group business results for the first nine months of 2015, as determined during sessions held by Podravka d.d. Management and Supervisory Boards is continued positive business trends on all levels. In line with this, Podravka Group net profit for the first nine months 2015 is HRK 131 million, which is a significant growth (60 %) comparing to the same period the year before, when net profit was HRK 82 million.

Podravka Group sales revenue in the first nine months 2015 continue to grow and amount to HRK 2,561.4 million. Strategic Business Area Food realized sales revenues amounting to HRK 1,996.6 million, which is 1.8 percent growth, while without the influence of the exchange rate differences, sales revenue



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growth increase would be 2.2 percent. Sales revenues from own brands within the Strategic Business Area Food increased by 3 percent, and completely compensating for reduced revenues from commercial goods sales. After a long period, Food segment was not encumbered with severance payment costs, and it achieved HRK 110.5 million net profit, which is strong growth of this profitability indicator by 139.9 percent, comparing to the year before, when it was HRK 46.2 million.

Sales revenues from the Strategic Business Area Pharmaceuticals amounted to 564.8 million, which is 1.6% growth comparing to the year before, due to negative influence of the proscribed price reduction of prescription medications, as requested by the Croatian health Insurance Institute, and due to the depreciation of the Russian ruble. Net profit of the Pharmaceuticals segment amounted to 20.5 million in the first nine months 2015, and is under already stated strong negative influence.

When it comes to markets of Podravka Group, it should be mentioned that the main growth initiator in the observed period is Adria region with 2.9 percent sales increase comparing to the first nine months 2014. The stated growth is a result of the organic and inorganic sales revenue growth in the mentioned region.

"After a long period of time Podravka offers an abundance of good news. This year will be a year to remember. Good results achieved, share revenue increase, realized acquisition, building factories, opening of new markets. Published results show that we are significantly better than the previous and earlier years. Our net profit has increased by 60 percent, in spite of negative influence of the exchange rate differences. This is the third quarter in the row to have achieved significantly better business indicators, comparing to the same period, and significantly better indicators comparing to the situation in the market. Let me just mention that the Russian ruble decreased our result by almost HRK 40 million. A lot of work and knowledge has been invested in



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creation of this new and better Podravka. We have completed one stage which seemed quite difficult, and more and more challenge lies ahead. Achievements, team and cumulated experience and knowledge can provide us with a chance that we are ready and capable of responding to this. This year is not our goal, it is our beginning because in significant measure we have become aware of how much we actually can" – Zvonimir Mršić, Podravka Management Board president said on the occasion of publishing these business results.

When it comes to the price of Podravka share, in first nine months 2015 the price of Podravka share increased by 11.1%, exceeding indices Crobex and Crobex10, which in the same period realized 3,4% and 2,8% decrease respectively.