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PRESS RELEASE

OPERATIONAL RESULTS OF THE PODRAVKA GROUP FOR Q1 2019

**In the first quarter of the year, Podravka has continued with record breaking results**

- Net profits achieved in the first quarter of HRK 80.1 million are the highest ever in the company's history, and the result of organic growth without any extraordinary influences
- Sales revenues achieved growth of HRK 28.6 million, as the result of growth in revenues in both business segments, Food and Pharmaceuticals.
- Sales growth in the profitable product lines, with simultaneous control of operating costs, resulted in increased profitability at all levels of operations

After 2018, which was one of the most successful business years in its long history, the Podravka Group has continued with record breaking results in the first quarter of this year. The Supervisory Board of Podravka d.d. confirmed the unaudited operating results of the Podravka Group for Q1 at its session today, expressing great satisfaction with the achievement of the best quarterly operating results and highest quarterly operating profits in the company's long history. It is particularly worth emphasizing the fact that these accomplishments are the result of organic growth, without extraordinary influences, which has



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further confirmed the successful operations of the Podravka Group in the first quarter.

The net profits of the Podravka Group for the first quarter of this year totalled HRK 80.1 million, marking significant growth of 14.8 percent in comparison with the same period last year, when HRK 69.8 million in profits was achieved. The sales growth of profitable product lines, with the simultaneous control of operating costs, has resulted in a double-digit increase in profitability at all levels of operations.

Sales revenues of the Podravka Group totalled HRK 1017.4 million, which is growth of HRK 28.6 million over the same period one year earlier, making this the first time in the company's history that sales revenues in the first quarter have surpassed a billion kuna. The achievement of record sales revenues is the result of growth in sales revenues in both business segments, Food and Pharmaceuticals, with a stronger contribution coming from the Food segment.

The Food segment achieved (despite shifts in sales activities associated with the pre-Easter period) HRK 815.5 million in sales revenues, representing an increase of HRK 25.7 million or 3.3 percent over the same period last year. The highest growth, of HRK 10.5 million, was achieved in the Children's food, desserts and snacks programme, followed by an increase of HRK 6.2 million in the Culinary programme, and HRK 5.1 million in the Fish programme.

The second segment of the Podravka Group, Pharmaceuticals, achieved HRK 201.9 million in sales revenues, representing an increase of HRK 2.9 million or 1.4 percent over the same period last year. This marks the first time in history that the first quarter sales revenues in this segment have surpassed HRK 200 million.

With regard to the sales revenues of the Podravka Group by region, the highest relative growth was recorded in the region Western Europe and Transoceanic



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countries, with an increase of 6.8 percent, followed by the region Eastern Europe with growth of 4.8 percent. The Adria region, also the most significant sales region for the Podravka Group, also saw a significant increase in sales revenues of 3.7 percent, with an increase in sales revenues of HRK 25 million in comparison to one year earlier.

The focus of the management for the rest of the year will be on the traditional markets where the Podravka Group is already strongly positioned, on investments in further development of company brands and innovative products, and on further efficient cost management.