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MEDIA RELEASE

PODRAVKA GROUP BUSINESS RESULTS FOR 1 – 6, 2017

**In the first six months Podravka Group realized HRK 1,951.2 million sales revenue**

Podravka Group sales revenues in the first half of the year 2017 amounts to HRK 1,951.2 million. The total sales achieved, that is lower comparing to the same period of the last year for HRK 37.4 million, was mainly influenced by absence of the sales from Beverages segment, which amounted to HRK 37.2 million, in the first half of 2016 and the of one-time sales from the Meat segment which in the same period of the last year amounted to HRK 13.7 million, due to tender for State reserves. Without mentioned negative influences of the Beverages and Meat segment, Podravka Group sales revenues show an increase of about 1 percent.

In the observed period Podravka Group achieved sales revenues of almost 70 percent on foreign market. When it comes to sales by regions, it is worth pointing out that Europe region marks an increase of the sales revenue amounting to 4 percent, Russia and CIS region 8.7 percent and New Markets region 5.5 percent, while Adria Region remains the only region with lower sales revenues, amounting to 4.7 percent.

Gross profit in the first half-year amounts to HRK 689.3 million, and net profit HRK 24.8 million. The decrease of net profit was significantly influenced mostly by increased costs of realized shares option rights comparing to the same period last year (HRK +9.3 million), increased costs of severance payments comparing to the same period last year (HRK +22.4 million) and lower



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profitability of Žito Group comparing to the same period last year (HRK - 21 million).

When it comes to Podravka Group strategic business areas, Food segment realized HRK 1,544.4 million sales revenue. Decrease of sales revenues was influenced, apart from already mentioned the negative influence of Beverages and Meat programs, by lower orders of frozen vegetables in Russia, disturbances in the Adria region markets due to extraordinary circumstances with the most significant buyer, pressures in Bakery business on Slovenian market and change of distributor for Western Europe introduced last year who is still in process of taking over the sales channels.

Pharmaceutical segment achieved HRK 406.8 million, which is 7.3 percent growth comparing to the same period last year. This growth was mostly influenced by own brands, achieving 8.3 growth sales increase.

Average daily price of Podravka share in the observed period was 12.4 higher compared to the same period last year, and at the same time showed an increase in average daily transactions, amounts and daily traffic.