Podravka Group

SEE Regional Capital Markets Conference
21 May 2009, Belgrade
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Overview
Overview

One of the largest branded food companies in the region

- large brand portfolio
- international Superbrands

Podravka in Croatia

- the largest food company
- the second pharmaceutical company per MS

Production facilities

- mostly in Croatia (food, beverages and drugs)
- Czech Republic, Poland (food), Bosnia & Herzegovina (drugs)

Strong distribution network

- covering key emerging markets
- distribution agreements with Unilever, Hainz & Deit

6,761 employees
### Strategic Business Areas (SBA)

#### STRATEGIC BUSINESS AREA

<table>
<thead>
<tr>
<th><strong>Food and beverages</strong></th>
<th><strong>Pharmaceuticals</strong></th>
<th><strong>Services</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Food</strong></td>
<td><strong>RX</strong></td>
<td><strong>Process of restructuring</strong></td>
</tr>
<tr>
<td>Food</td>
<td>OTC</td>
<td>Catering</td>
</tr>
<tr>
<td>Baby food</td>
<td>Pharmacies</td>
<td></td>
</tr>
<tr>
<td>Sweets &amp; snack</td>
<td></td>
<td></td>
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<tr>
<td>Fruits &amp; vegetables</td>
<td>Alimentary tract &amp; metabolism</td>
<td></td>
</tr>
<tr>
<td>Side dishes</td>
<td>Blood &amp; blood forming organs</td>
<td></td>
</tr>
<tr>
<td>Fish &amp; fishery products</td>
<td>Cardiovascular system</td>
<td></td>
</tr>
<tr>
<td>Frozen food</td>
<td>Dermatologicals</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Genito urinary system &amp; sex hormones</td>
<td></td>
</tr>
<tr>
<td></td>
<td>General antiinfectives for systemic use</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Musculo – skeletal system</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Nervous system</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Antiparasitic products</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Respiratory system</td>
<td></td>
</tr>
</tbody>
</table>

#### BUSINESS PROGRAM

<table>
<thead>
<tr>
<th>Food</th>
<th>Food seasonings</th>
<th>Meat</th>
<th>Beverages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Podravka dishes</td>
<td>Universal</td>
<td>Canned meat</td>
<td>Mineral water</td>
</tr>
<tr>
<td>Baby food</td>
<td>Special</td>
<td>Sauces</td>
<td>Spring water</td>
</tr>
<tr>
<td>Sweets &amp; snack</td>
<td>Meal makers</td>
<td>Sausage products</td>
<td>Ice tea</td>
</tr>
<tr>
<td>Fruits &amp; vegetables</td>
<td></td>
<td>Paté</td>
<td>Juice</td>
</tr>
<tr>
<td>Side dishes</td>
<td></td>
<td></td>
<td>Syrup</td>
</tr>
<tr>
<td>Fish &amp; fishery products</td>
<td></td>
<td></td>
<td>Instant beverage</td>
</tr>
<tr>
<td>Frozen food</td>
<td></td>
<td></td>
<td>Tea</td>
</tr>
</tbody>
</table>

#### Process of restructuring
- RX drugs
- OTC drugs
- Food supplement
- Herbal products
- Catering
Podravka offers a wide range of high quality, safe and practical products, created by following modern technological processes from the best raw materials and by preserving nutrients.

Business processes have been systematically organised according to the following standards:

- **ISO 9001** (Quality Management System)
- **ISO 14001** (Environmental Management System)
- **ISO 22000** (Food Safety Management System)
- **OHSAS 18001** (Occupational Health & Safety Audit System)
- **HACCP** (Hazard Analysis Critical Control Points)

Other standards and regulations concerning the food industry and its markets: **IFS** - International Food Standard, **BRC** - British Retail Consortium, **NSF**,- Halal, etc.
SBA Pharmaceuticals

- Belupo develops, improves and produces drugs on recipes, non-recipe products, cosmetics and products for hygiene by applying the latest methods that are used in the world.

- System of quality is based on solid production praxis in accordance with Croatian and American legal system.

- All raw material, as well as packing material, are obtained by authenticated and certificate suppliers and are tested according to the most rigid pharmacopoeia demands and the testing is being done according to the prescribed, valid analytic procedure in highly equipped laboratories – settled and organised according to the demands of good laboratory praxis.
Focusing on Podravka’s strongest brands

SOUPS, PODRAVKA DISHES, PROSESSSED FRUIT AND VEGETABLE PRODUCTS, CONDIMENTS, TEA, MEAT, BAKERY PRODUCTS, FROZEN PRODUCTS

Podravka is the synonym for top quality, convenient and safe products. All the products of the Podravka brand are a result of a long-established tradition, the knowledge of our experts and the care for the health and well-being of our customers.

UNIVERSAL SEASONINGS

Vegeta is the best known genuine Croatian product. It is a unique mixture of spices enriched with several kinds of dried vegetables.

BABY FOOD

Lino covers a wide range of baby food products distinguished by their superb quality and quick and easy preparation.

CEREALS & SPREAD

Products under the Čokolino brand taste like real chocolate, and high quality ingredients make them delicious, natural and nutritious.

PHARMACEUTICALS

Belupo is brand for quality and reliable products.
Business activities

2008

- Belupo entered in pharmacy business
- Belupo took over the leading position in the sales of OTC painkiller drugs in Croatian market
- a strategic cooperation between Belupo and Farmavita
- new members of the Supervisory Board and the Management Board
- new organization of SBA Food & Beverages
- Podravka purchased brands Čoko and Čokolešnik
- continuous sales growth of Podravka brands

1Q2009

- acquisition of Belsad, a brand for marmelade and jam products
- establishment of a limited liability company in Turkey with headquarters in Istanbul
- growth in profitability
- production process optimization through efficient managing of human resources
- the total value of capital investments was HRK 19.1 million
Capital investments

2005
HRK 136.0 mn
+34%

2006
HRK 182.3 mn
+60%

2007
HRK 291.4 mn
+38%

2008
HRK 403.0 mn

Studenac factory
▪ reconstruction of central pump and refrigerator station
▪ refrigerator equipment

Coctails factory
▪ production line

Information Department
▪ maintenance of SAP and servers

Headquarters
▪ reconstruction of part of headquarters

New plant for Lino children’s food and cereals (start of construction)

Danica meat - processing plant
▪ production lines for goulash and ready-to-serve dishes
▪ production lines for packaging and labelling of cans

Acquisitions
▪ brands Warzywko and Perfecta
▪ brand Lero

Belupo
▪ registration files and registrations

Studenac factory
▪ production line for packaging

Acquisitions
▪ brands Čokolešnik and Čoko
▪ Farmavita d.o.o.
▪ pharmacies

Rebranding of Studena

Belupo
▪ registration files

Warehousing and distributing center in Dugopolje

New plant for Lino children’s food and cereals (start of production)

Acquisitions
▪ Lero d.o.o., Rijeka
▪ brands Čokolešnik and Čoko

Semi – industrial laboratory
(start of construction)
Sales
Sales of the Podravka Group

Sales growth on domestic and foreign markets
2002 – March 2009

HRK mn

2,747  3,218  3,295  3,441  3,467  3,432  3,660  798

Total Group


1,225.9  1,469.5  1,525.8  1,612.4  1,586.7  1,494.1  1,713.2

1,520.8  1,748.2  1,769.1  1,828.9  1,880.8  1,937.7  1,946.8

404.3

404.3

* Compound Annual Growth Rate

**Group-CG Group without Commercial goods
## Sales per SBA Jan-Mar 2009

### SALES PERFORMANCE

<table>
<thead>
<tr>
<th>Category</th>
<th>Sales (HRK mn)</th>
<th>Change (09/08)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Podravka Group</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group sales</td>
<td>798.1</td>
<td>+2%</td>
</tr>
<tr>
<td><strong>Food &amp; beverages – CG</strong></td>
<td>603.8</td>
<td>-3%</td>
</tr>
<tr>
<td>Change (09/08)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial goods (CG)</td>
<td>29.0</td>
<td>+6%</td>
</tr>
<tr>
<td>Change (09/08)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Pharmaceuticals</strong></td>
<td>164.0</td>
<td>+23%</td>
</tr>
<tr>
<td>Change (09/08)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **Total Sales (SBA)**: 632.8 mn
- **Sales Structure (%):**
  - Food and beverages: 79% (-2%)
  - Pharmaceuticals: 21% (+23%)
  - Total: 100% (+2%)

*Podravka Group*
Sales structure per markets

Sales structure per markets Jan-Mar 2009

- Croatia: 7%
- South-East Europe (Bosnia and Herzegovina, Montenegro, Kosovo, Macedonia, Slovenia, Serbia): 4%
- Central Europe (Czech Republic, Hungary, Poland, Slovakia): 14%
- Western Europe, overseas countries & the Orient (Australia, Austria, Benelux, France, Canada, Germany, USA, Scandinavia, Switzerland, Great Britain, other countries of WE): 26%
- Eastern Europe (Pribaltic, Romania, Russia, Ukraine, other countries of EE): 22%
- Other: 4%

Sales structure per markets 2008

- Croatia: 5%
- South-East Europe (Bosnia and Herzegovina, Montenegro, Kosovo, Macedonia, Slovenia, Serbia): 6%
- Central Europe (Czech Republic, Hungary, Poland, Slovakia): 14%
- Western Europe, overseas countries & the Orient (Australia, Austria, Benelux, France, Canada, Germany, USA, Scandinavia, Switzerland, Great Britain, other countries of WE): 22%
- Eastern Europe (Pribaltic, Romania, Russia, Ukraine, other countries of EE): 5%
- Other: 49%
Sales breakdown Jan-Mar 2009

Podravka dishes: +3%
Food seasonings: -4%
Baby food, sweets and snack: +5%
Fish and fishery products: +8%
Meat: -5%
Beverages: -10%
Other: -14%
Pharmaceuticals: +23%
Services: 0%
Business results
Podravka Group business results for 2008

<table>
<thead>
<tr>
<th></th>
<th>Podravka Group</th>
<th>SBA Food &amp; beverages</th>
<th>SBA Pharmaceuticals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>3,660.0</td>
<td>3,431.8</td>
<td>7%</td>
</tr>
<tr>
<td>Gross profit</td>
<td>1,485.8</td>
<td>1,415.9</td>
<td>5%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>318.5</td>
<td>255.8</td>
<td>25%</td>
</tr>
<tr>
<td>EBIT</td>
<td>158.5</td>
<td>92.3</td>
<td>72%</td>
</tr>
<tr>
<td>Net profit</td>
<td>44.6</td>
<td>18.3</td>
<td>144%</td>
</tr>
</tbody>
</table>

- Gross margin %        | 40.6  | 41.3  | -70bp| 36.4  | 36.9  | -50bp| 58.0  | 61.5  | -350bp|
- EBITDA margin %       | 8.7   | 7.5   | 120bp| 5.8   | 3.8   | 200bp| 20.6  | 24.4  | -380bp|
- EBIT margin %         | 4.3   | 2.7   | 160bp| 1.7   | -0.8  | 250bp| 15.1  | 18.9  | -380bp|
- Net margin %          | 1.2   | 0.5   | 70bp | -0.9  | -2.2  | 130bp| 9.9   | 12.8  | -290bp|
## Podravka Group business results for Jan-Mar 2009

<table>
<thead>
<tr>
<th></th>
<th>Podravka Group</th>
<th>SBA Food &amp; beverages</th>
<th>SBA Pharmaceuticals</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>09/08</td>
<td>Jan-Mar 2009</td>
</tr>
<tr>
<td></td>
<td></td>
<td>09/08</td>
<td>Jan-Mar 2008</td>
</tr>
<tr>
<td>Sales</td>
<td>798.1</td>
<td>784.1</td>
<td>632.8</td>
</tr>
<tr>
<td></td>
<td>2%</td>
<td>2%</td>
<td>-2%</td>
</tr>
<tr>
<td>Gross profit</td>
<td>326.3</td>
<td>324.1</td>
<td>244.1</td>
</tr>
<tr>
<td></td>
<td>1%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>93.8</td>
<td>71.2</td>
<td>69.0</td>
</tr>
<tr>
<td></td>
<td>32%</td>
<td>41%</td>
<td>41%</td>
</tr>
<tr>
<td>EBIT</td>
<td>53.5</td>
<td>34.1</td>
<td>39.9</td>
</tr>
<tr>
<td></td>
<td>57%</td>
<td>98%</td>
<td>98%</td>
</tr>
<tr>
<td>Net profit</td>
<td>6.2</td>
<td>15.8</td>
<td>4.8</td>
</tr>
<tr>
<td></td>
<td>-61%</td>
<td>35%</td>
<td>35%</td>
</tr>
<tr>
<td>Gross margin %</td>
<td>40.9</td>
<td>41.3</td>
<td>38.6</td>
</tr>
<tr>
<td></td>
<td>-40bp</td>
<td>90bp</td>
<td>50.1</td>
</tr>
<tr>
<td>EBITDA margin %</td>
<td>11.8</td>
<td>9.1</td>
<td>10.9</td>
</tr>
<tr>
<td></td>
<td>270bp</td>
<td>330bp</td>
<td>15.1</td>
</tr>
<tr>
<td>EBIT margin %</td>
<td>6.7</td>
<td>4.3</td>
<td>6.3</td>
</tr>
<tr>
<td></td>
<td>240bp</td>
<td>320bp</td>
<td>8.3</td>
</tr>
<tr>
<td>Net margin %</td>
<td>0.8</td>
<td>2.0</td>
<td>0.8</td>
</tr>
<tr>
<td></td>
<td>-120bp</td>
<td>-30bp</td>
<td>-30bp</td>
</tr>
</tbody>
</table>

*In millions of HRK*
Share performance
Share price and volume movement 2008 - April 2009

<table>
<thead>
<tr>
<th>Period</th>
<th>EPS</th>
<th>P/E</th>
<th>BVPS</th>
<th>P/B</th>
<th>P/S</th>
<th>P/EBIT</th>
<th>P/EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>3.4</td>
<td>151.0</td>
<td>358.9</td>
<td>1.4</td>
<td>0.8</td>
<td>30.0</td>
<td>10.8</td>
</tr>
<tr>
<td>2008</td>
<td>8.4</td>
<td>31.0</td>
<td>362.5</td>
<td>0.7</td>
<td>0.4</td>
<td>8.9</td>
<td>4.4</td>
</tr>
</tbody>
</table>

- Close price: 261.0
- Highest price: 514.0
- Lowest price: 237.0
- WACP: 361.1
- Turnover (HRK mn): 375.5
- Market cap. (HRK mn): 1,414.6

Jan-Mar 2009:
- Close price: 182.9
- Highest price: 262.0
- Lowest price: 176.0
- WACP: 214.8
- Turnover (HRK mn): 30.2
- Market cap. (HRK mn): 991.3
Comparative indices movement

January 2007 - April 2009 (1 Jan 2007 = 100)

<table>
<thead>
<tr>
<th>Index</th>
<th>HRK</th>
</tr>
</thead>
<tbody>
<tr>
<td>CRO Index</td>
<td>700</td>
</tr>
<tr>
<td>BEUFOOD Index</td>
<td>650</td>
</tr>
<tr>
<td>SETXEUR Index</td>
<td>600</td>
</tr>
<tr>
<td>CETOP20 Index</td>
<td>550</td>
</tr>
<tr>
<td>PODRRA CZ Equity</td>
<td>500</td>
</tr>
</tbody>
</table>

TICKERS / SYMBOLS
- ZSE
- BLOOMBERG
- REUTERS

INDEX WEIGHTING (04/05/2009)
- CROBEX: 4.97%
- CROEMI: 7.31%
- CROX EUR: 6.31%
- SETX EUR: 1.52%

RECOMMENDATIONS
- ERSTE: ACCUMULATE
- FIMA: HOLD
- HAAB: HOLD
- RBA: HOLD
Shareholders structure as of 30 April 2009

- CPF (Croatian Privatization Fund)
- CIPI (Croatian Institute for Pension Insurance)
- MPF (Mandatory Pension Fund)

Top 10: 66.89%
- FIMA AMI LTD 576,880
- CPF/CIPI 575,598
- CPF 533,476
- UNICREDIT BANK AUSTRIA AG 417,741
- AZ MPF 324,291
- KAPITALNI FOND D.D. 321,804
- PBZ CROATIA OSIGURANJE D.D. MPF 317,610
- ERSTE PLAVI MPF 312,408
- RAFFEISEN MPF 176,512
- SLAVONSKI CLOSED END FUND D.D. 69,433
- TREASURY ACCOUNT 177,511

Other legal and natural persons: 33.10%

Total: 5,420,003

CPF (Croatian Privatization Fund), CIPI (Croatian Institute for Pension Insurance), MPF (Mandatory Pension Fund)
Business priorities
Business priorities by 2011

PRIORITIES
to reach by

1. Growth strategy
   - Profitable growth strategy
     - Organic growth
     - Acquisitions

2. Profitability and competitiveness growth
   - Production
   - Administration
   - Sales, Distribution, Logistics

3. Efficient capital use
   - Working capital reduction
   - Asset capitalization program
Always with a heart