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*MEDIA RELEASE*

PODRAVKA GROUP INTERIM NON-AUDITED CONSOLIDATED BUSINESS RESULTS FOR 2012

**Podravka Group net profit in 2012, without one-off items, is HRK 111.7 mil.**

Podravka Group net profit in 2012, without one-off items, is HRK 111.7 million, which is 7% growth compared to net profit in 2011.

Podravka Group business results for 2012 are under significant influence of one-off items, net amounting to HRK 131.8 mil., primarily related to value adjustments of material and non-material assets and severance payments included in the surplus workers provision program.

Namely, following the market trends, values were adjusted for previously acquired non-material assets and material assets that are no longer in the function of creating new value. The stated adjustments amount to HRK 37.4 million. Apart from that, other one-off items having negative effect on business results amounted to HRK 63.6 million, and they relate to expenses of surplus workers provision program amounting to HRK 49.9, reservations based on tax decree amounting to HRK 4.6 million and reservations for litigations not deriving from operating business amounting to HRK 9.1 million. Net profit is additionally corrected with the corrected value of deferred tax property amounting to HRK 30.8, which amounts the total loss of Podravka Group to HRK 20.1 million.

Podravka Group total sales in 2012 is HRK 3,626.7 million and is at the same level as in 2011.

Sales of SBA Food and Beverages amounted to HRK 2,799.3 million, which is 1% decrease, while sales of SBA Pharmaceuticals with HRK 827.4 mill. recorded 4% increase.

Reduced sales of SBA Food and Beverages is the consequence of reduced sales in Croatia and Central Europe. Reduced sales in Croatia is a consequence of long-term recession, where domestic demand continues to



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decrease, along with the real turnover in retail. On the other hand, the market of South-East Europe records 2% increase in SBA Food and Beverages, mostly contributing by the markets of Bosnia and Herzegovina, Macedonia and Kosovo. On top of that, the market of Western Europe, overseas countries and Far East records 3% growth, mostly contributing by the markets of Australia and USA.

SBA Pharmaceuticals realized HRK 827.4 million, i.e. annual sales increase is 4%. The stated increase is generated due to increased sales on foreign markets, with the highest contribution of the markets of Russia and Bosnia and Herzegovina.

"In spite of reduced consumption on most of the significant markets where we are present, we have managed to maintain the total sales at the 2011 level, owing to pricing and additional activities. Apart from that, we started a mayor company restructuring process, the positive effects of which are expected in the upcoming period. We have continued with the balance sheet "clean-up", which led to one-off items influencing the net profit reduction in the observed period, but with that we are creating solid grounds for better business management in the upcoming period" – Zvonimir Mršić, Podravka Management Board president said on the occasion of publishing the business results.

Total capital investments in 2012 were HRK 94.4 million, while net amounts of business activities increased by HRK 95 million, which is 62% increase compared to the year before.