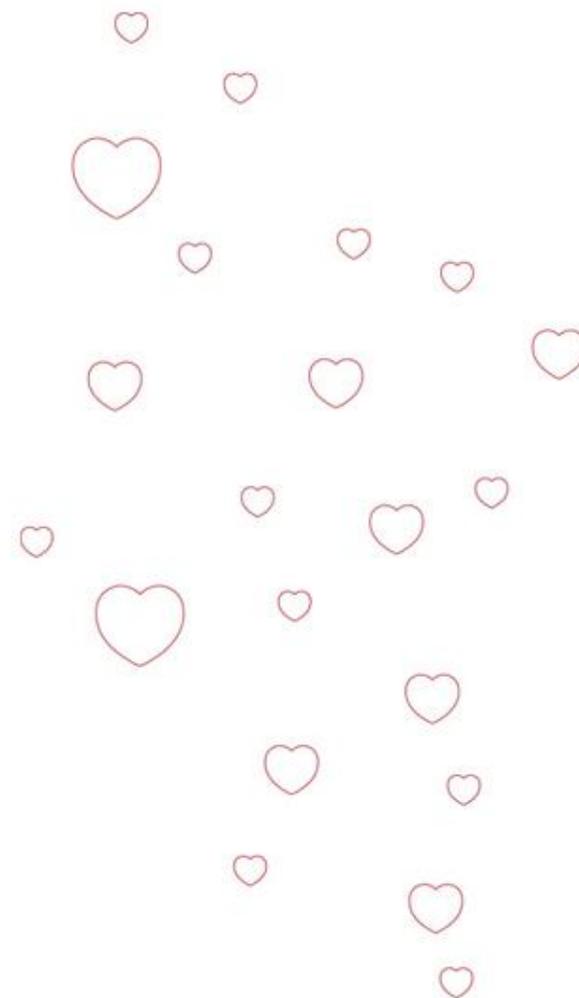


Podravka Group

Unaudited business results of the Podravka Group
for the period January – December 2012



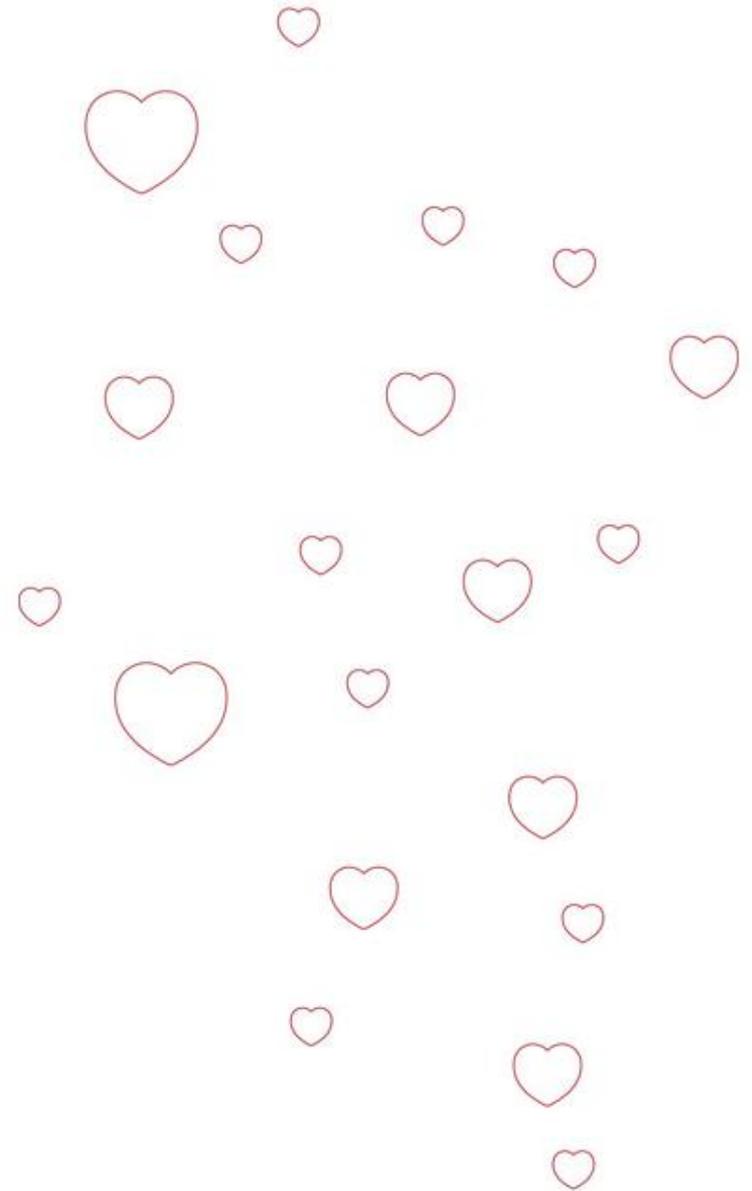
Content

Overview

Sales

Business results

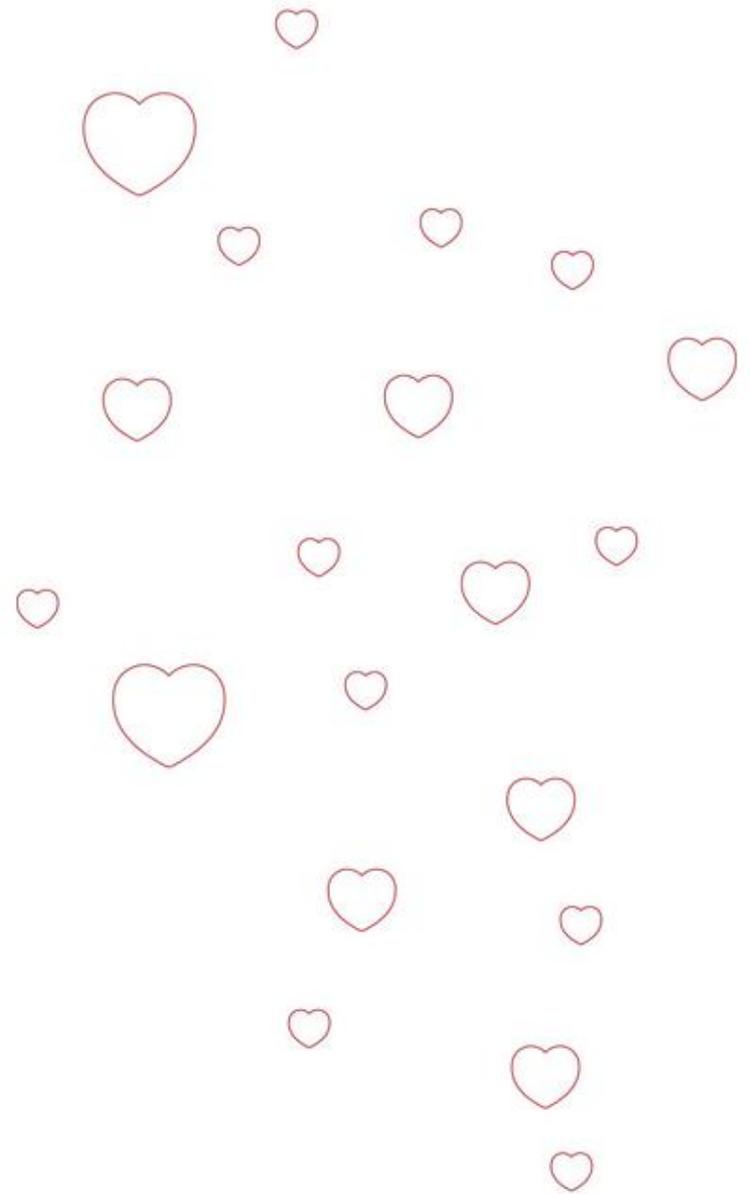
Share



Disclaimer

This presentation contains certain forward-looking statements with respect to the financial condition, results of operations and business of the Podravka Group. These forward-looking statements represent the Company's expectations or beliefs concerning future events and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

Overview



Podravka is well known branded food company



One of the largest branded food companies in the region

- large brand portfolio with well known international and regional brands
- 6,115 employees

Podravka in Croatia

- one of the best known branded food producer
- the second pharmaceutical company per MS

Production facilities

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

Compound of two Strategic Business Areas (SBA)

STRATEGIC BUSINESS AREA						
Food and beverages				Pharmaceuticals		
BUSINESS PROGRAM						
Food	Dishes&Food seasonings	Meat	Beverages	RX	OTC	Pharmacies
<ul style="list-style-type: none"> •Baby food •Cream spreads & snack •Sweets & cereals •Fishery products & olives •Fruits & vegetables •Mill & bakery products •Tomato products & side dishes 	<ul style="list-style-type: none"> •Universal seasonings •Special seasonings •Meal makers •Podravka dishes 	<ul style="list-style-type: none"> •Canned meat •Fresh meat •Frozen shaped meat •Sauces •Sausage products •Paté 	<ul style="list-style-type: none"> •Mineral water •Spring water •Ice tea •Juice •Syrup •Instant beverage •Tea 	<ul style="list-style-type: none"> •Alimentary tract & metabolism •Blood & blood forming organs •Cardiovascular system •Dermatologicals •Genito urinary system & sex hormones •General antiinfectives for systemic use •Musculo – skeletal system •Nervous system •Antiparasitic products •Respiratory system •Malignant disease and immunomodulators 	<ul style="list-style-type: none"> •OTC drugs •Food supplement •Herbal products 	



SBA Food and Beverages

- Podravka offers a wide range of high quality, safe and practical products, from the best raw materials
- Combination of international, regional and local brands

INTERNATIONAL



UNIVERSAL SEASONINGS
SPECIAL SEASONINGS



SOUPS, BOUILLONS, SAUCES, HALF-READY DISHES, PROSESSED
FRUIT AND VEGETABLE PRODUCTS, CONDIMENTS, TEA, MEAT
PRODUCTS, BAKERY PRODUCTS, FROZEN PRODUCTS

REGIONAL



BABY FOOD



CANNED FISH



BAKING AIDS, PUDDINGS, WHIPPED
CREAMS, CAKE AND CREAM MIXES

OTHER BRANDS



Studenac

Kviki

Talianetta

Provita

WARZYWKO

studena.

Fini-Mini

čokolešnik

sms

Lero

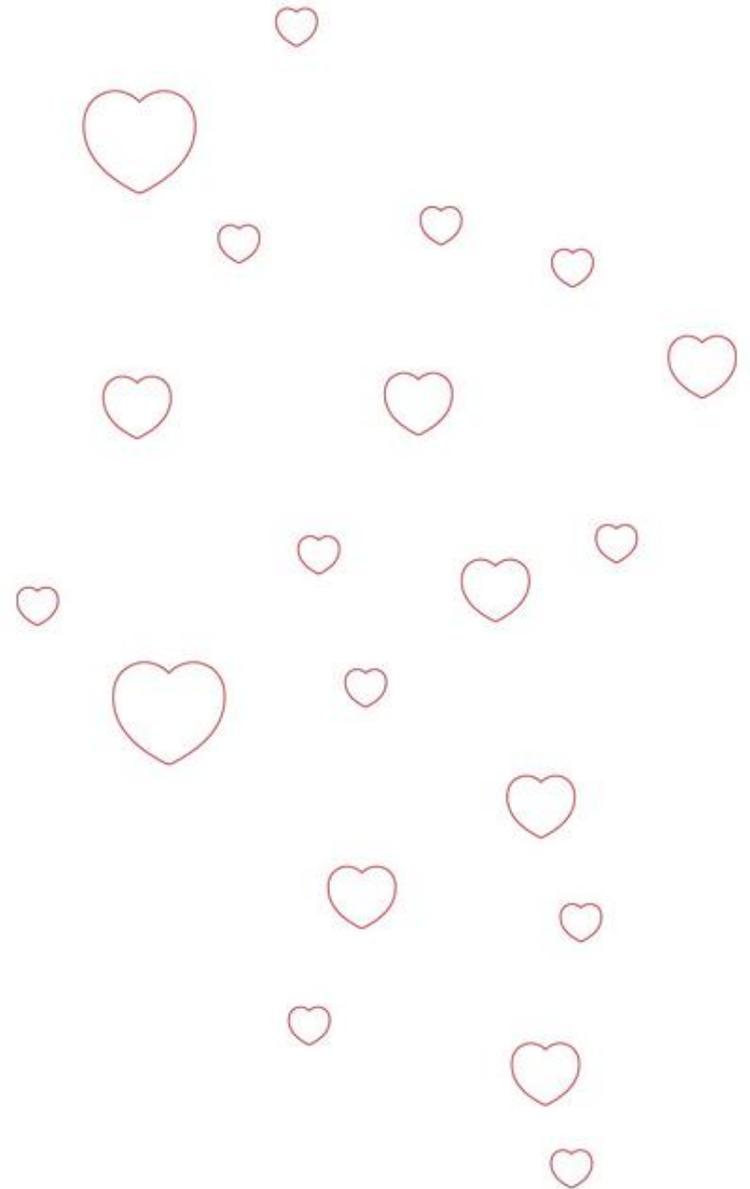
belsad

SBA Pharmaceuticals

- Belupo develops, improves and produces prescription and non-prescription drugs
- strong position in Croatia where it is the leading Croatian company in the group of medicine having effect on the cardiovascular system, nervous system and on the skin and leader in sales of OTC painkiller drugs
- increasing international sales



Overview of key events



Overview of main business characteristics in 2012

Podravka Group

- **The total sales** of the Podravka Group in year 2012 amounted to 3,626.7 million HRK, which is at the same level as in year 2011. Sales of the SBA Food and Beverages totaled 2,799.3 million HRK, which represents a sales drop of 1% compared to the year 2011. The SBA Pharmaceuticals achieved sales in the amount of 827.4 million HRK, which is a 4% increase of sales at annual level.
- **Profitability:** The business results of the Podravka Group for 2012 are under the significant influence of non-recurrent items which at the net profit level amount to a total of 131.8 million HRK and primarily refer to value adjustments of tangible and intangible assets and severance payments. Consequently, the EBITDA is 289.3 million HRK and is 25% lower than in 2011. The adjusted EBITDA showed a smaller decline compared to 2011 (-7%).
- In year 2012, corrections of the financial statements were made in comparative financial statements for previous periods and the biggest impact has the correction of income from insurance premium (23.7 million HRK), which was recognized in its entirety but it should have been booked throughout the whole period in which the policy was agreed.
- **Debts:** positive trend of reducing debt was continued to Podravka Group and total debt at December 31, 2012 amounted 1,197.9 million HRK which was 185 million HRK lower than in 2011.
- **Investments:** In 2012. investments of 94,4 million HRK were made
- **Net cash from operating activities** is higher for 95 million HRK, which is a 62% growth compared to the year 2011.

Significant changes during 2012

Undertaken measures and activities

- During the year 2012 Management Board made certain changes in business organization and corporate governance with aim to improve and upgrade business processes and to establish more effective decision-making process. The most significant changes include:
 - Starting the process of improving and restructuring the business, especially in the areas with below-average profitability and/or deficiencies in the current business model:
 - the slaughtering line on Danica was closed at the end of 2012, since feasibility study showed that profitability of Danica was compromised with losses of slaughtering line in the prior period;
 - number of products was reduced for 660 products, because they did not have satisfactory gross margin and annual sales and now we can expect positive impact on gross margin;
 - the process of restructuring bakery was initiated with goal to reduce costs and increase profitability;
 - Implementation of the redundancy program for employees (309 employees left the company in 2012 according to the redundancy program for employees and this program is continued in 2013).
 - Changes and/or reduction in Management and Supervisory Board in subsidiaries Belupo and Danica;
 - Personnel changes in sectors of Production, Sales, Human resources, IT, Research and development, Business development, Controlling, Corporate communications, etc.;
 - Establishment of Research and Development (R&D) as a sector, with the aim of stronger focus on improving existing products and developing new products.

Profitability of the Podravka Group

in millionHRK

PODRAVKA GROUP	REPORTED RESULTS		CORRECTED RESULTS		change (reported results)	change (corrected results)
	1.-12. 2012.	1.-12. 2011.	1.-12. 2012.	1.-12. 2011.	1.-12.2012. / 1.-12. 2011.	1.-12.2012. / 1.-12. 2011.
Sales revenue	3,626.7	3,625.2	3,626.7	3,625.2	0%	0%
Gross profit	1,408.2	1,429.0	1,408.2	1,429.0	-1%	-1%
EBITDA	289.3	384.3	353.0	381.0	-25%	-7%
EBIT	99.3	162.0	200.3	223.5	-39%	-10%
Net profit	-20.1	42.8	111.7	104.3	-147%	7%
<i>Profit margins%</i>						
Gross margin	38.8	39.4	38.8	39.4	-60bp	-60bp
EBITDA margin	8.0	10.6	9.7	10.5	-260bp	-80bp
EBIT margin	2.7	4.5	5.5	6.2	-180bp	-70bp
Net margin	-0.6	1.2	3.1	2.9	-180bp	20bp

Non-recurrent items

EBITDA adjustments

in 000 HRK	Jan-Dec 2012	Jan-Dec 2011
Value adjustments of brands	-10.400	-41.041
- Lero	-7.200	
- Warzyvko	-3.200	
Value adjustments of goodwill	-	-7.134
Value adjustments of non-current assets (tangible and intangible)	-10.890	-16.600
Value adjustments of pharmacy rights	-9.700	-
Value adjustments of long term tangible assets Lero	-6.385	-
Total:	-37.375	-64.775

Non-recurrent items in EBITDA level

in 000 HRK	Jan-Jun 2012	Jan-Jun 2011
Severance payments - non taxable	-41.307	-8.746
Severance payments - taxable	-8.586	0
Value adjustments of bonds		-3.632
Value adjustments / sales of shares in funds		-3.474
OTP settlement		19.100
Reservation on the grounds of tax bills	-4.643	
Reservation for the court proceedings	-9.107	
Total:	-63.643	3.248

Non-recurrent items in NET PROFIT level

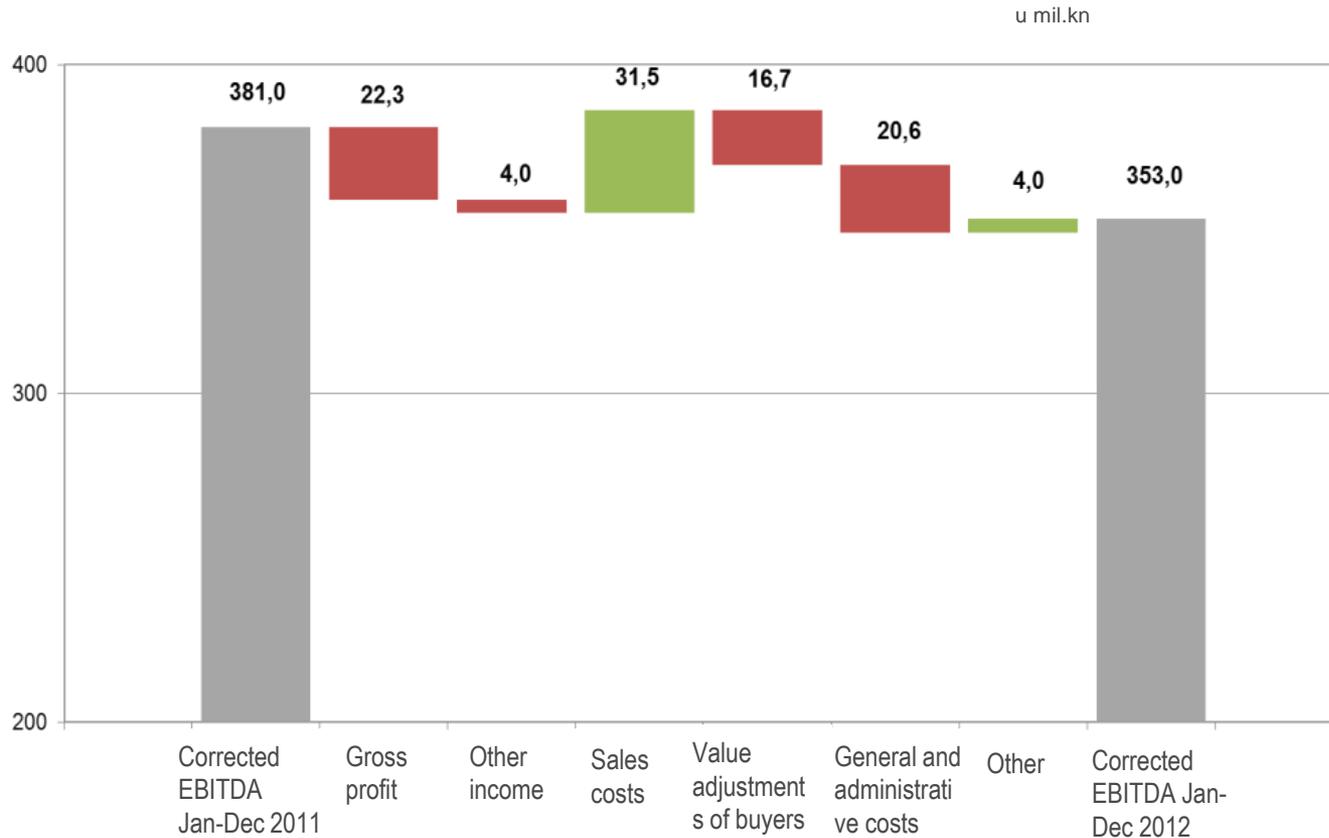
Value adjustments of tangible and non-tangible assets	-37.375	-64.775
Other items	-63.643	3.248
Deferred tax assets in Poland	-30.793	-
TOTAL:	-131.811	-61.527

Value adjustments of brands Warzywko, Perfecta and Lero

	Date of activation	Starting state	Value adjustment till 31/12/2010	State on 31/12/2010	Value adjustment in 2011	State on 31/12/2011	Value adjustment in 2012	State on 31/12/2012
Warzywko and Perfecta	10.05.2007.	86,6	16,2	70,4	25,7	44,7	3,2	41,5
Lero	12.11.2008.	45,5	23,1	22,4	14,6	7,8	7,2	0,6

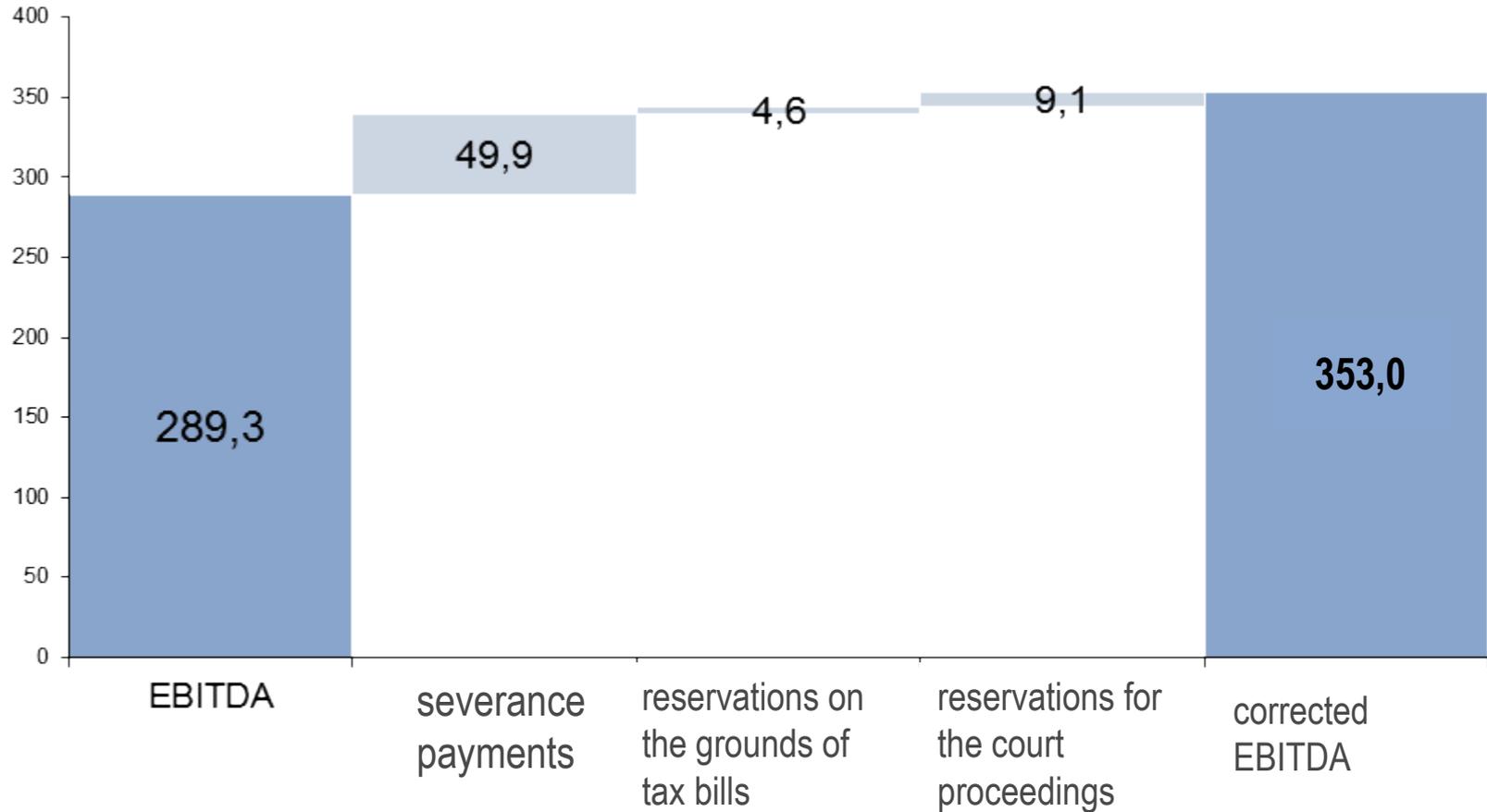
total value adjustments of brands in 2012 was 10,4 million HRK

Deviation of adjusted EBITDA of the Podravka Group for the period Jan – Dec 2012 compare to the year 2011



The adjusted EBITDA in 2012 for expenses that result from the redundancy program (+49.9 mil), reservation on the grounds of tax bills (+4.6 mil), and the reservation for the court proceedings (+9.1 mil); in 2011 dissolution booking OTP Bank (-19.1 mil), severance payments (+8.7 mil), the fair value of bonds (+3.7 mil) and impairment of investments in funds (+3.5 million kn).

Adjusted EBITDA in the year 2012

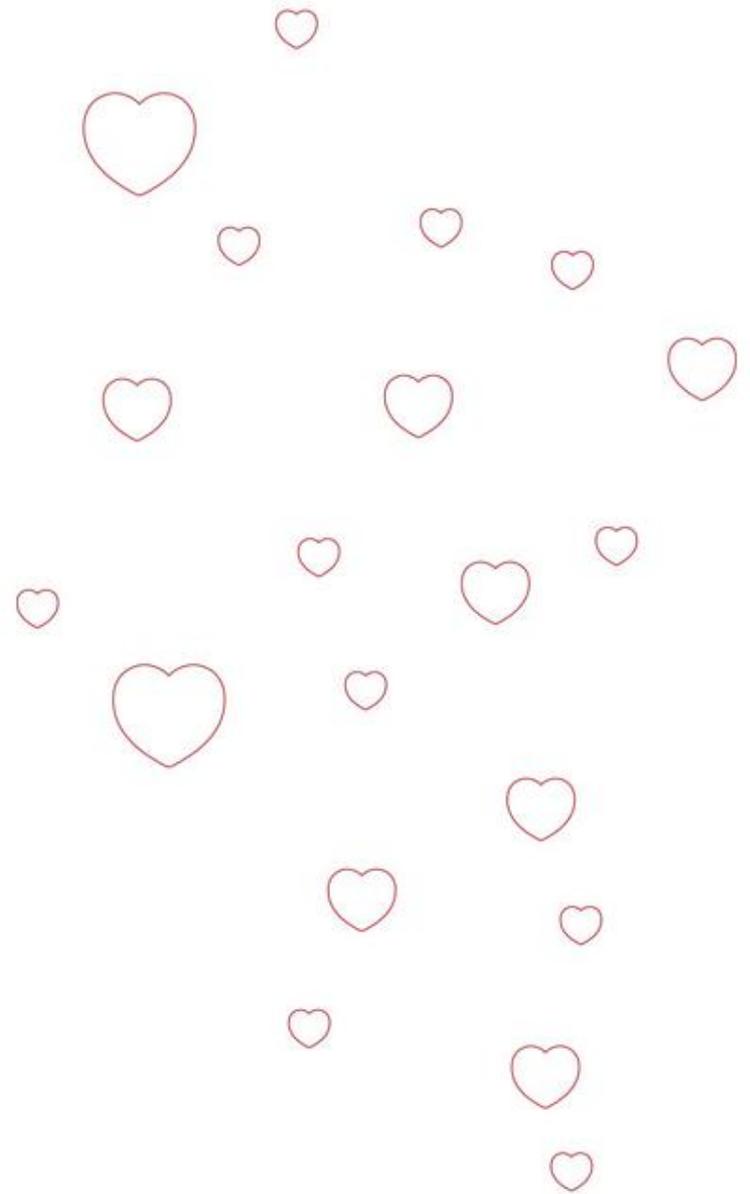


EBITDA is calculated in the manner that the operating profit is increased by amortization and value adjustments of both tangible and intangible assets (which were 37.4 million HRK in the year 2012)

Changes refer to already published financial statements for the year 2011

- Different treatment of capitalized premiums on life insurance policies of employees (a correction was made of the loss brought forward from earlier periods and the results for the year 2011);
- Correction of the initial value of the SMS brand (decrease in net profit in 2011 for 7.8 million HRK and a decrease in the loss in 2012 for 5 million HRK).
- A review of inter-company margins showed the need for redefining the average inter-company margin rate which has been applied in consolidation of stocks within the group (the impact of the increase results 2011 for 289 thousand HRK, in the year 2012 loss was reduced for 3.2 million HRK).

Sales

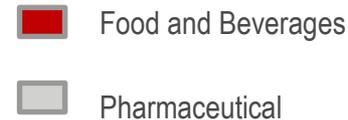
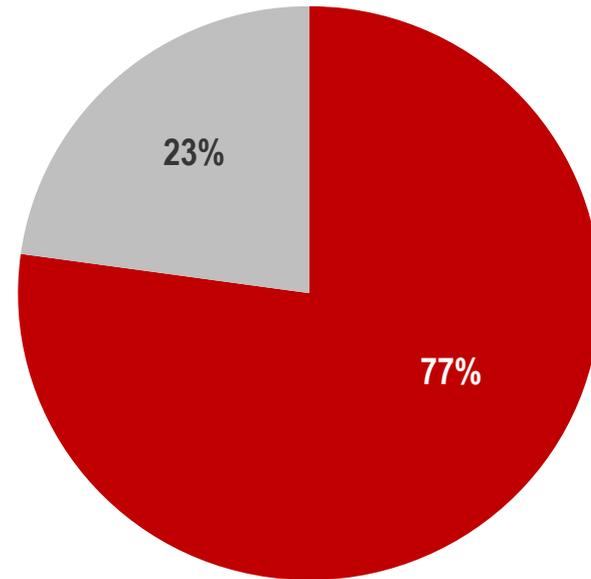


The increase in sales of SBA Pharmaceuticals compensate lower sales in SBA F&B

Sales structure for the period 1 – 12 2012

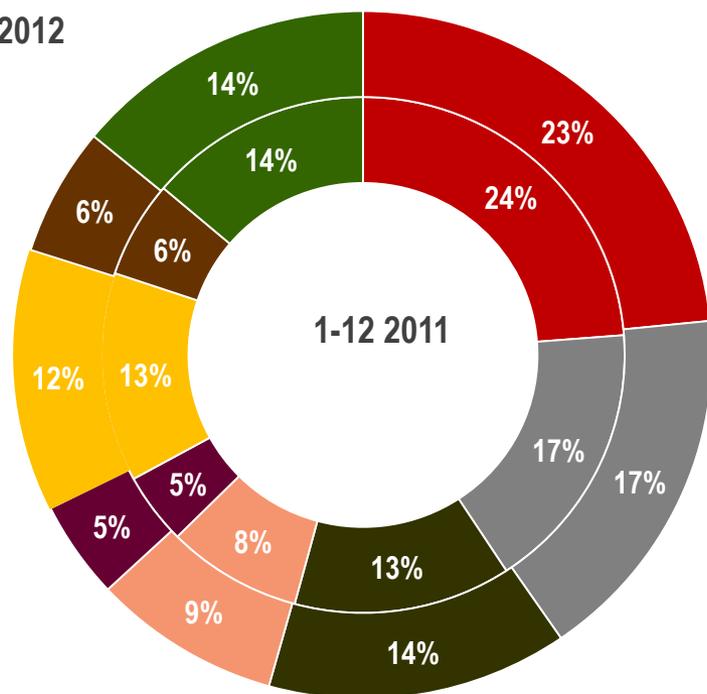
Podravka Group 1-12 2012

Total sales	3,626.7 mil HRK	0%
Food and beverages	2,799.3 mil HRK	-1%
• <i>BP Podravka food</i>		+1%
• <i>BP Dishes and food seasonings</i>		-1%
• <i>BP Meat</i>		-5%
• <i>BP Beverages</i>		-7%
Pharmaceuticals	827.4 mil HRK	+4%



Sales structure of SBA Food & Beverages

1-12 2012



	change 1-12 2012 / 1-12 2011
■ Food seasonings	-3%
■ Fruit and vegetable products, side dishes and other	-1%
■ Baby food, sweets and snack	+3%
■ Podravka dishes	+3%
■ Fish and fishery products	+2%
■ Meat products	-7%
■ Beverages	-1%
■ Other	+1%

organic sales per product group iz showed (besides group Other)

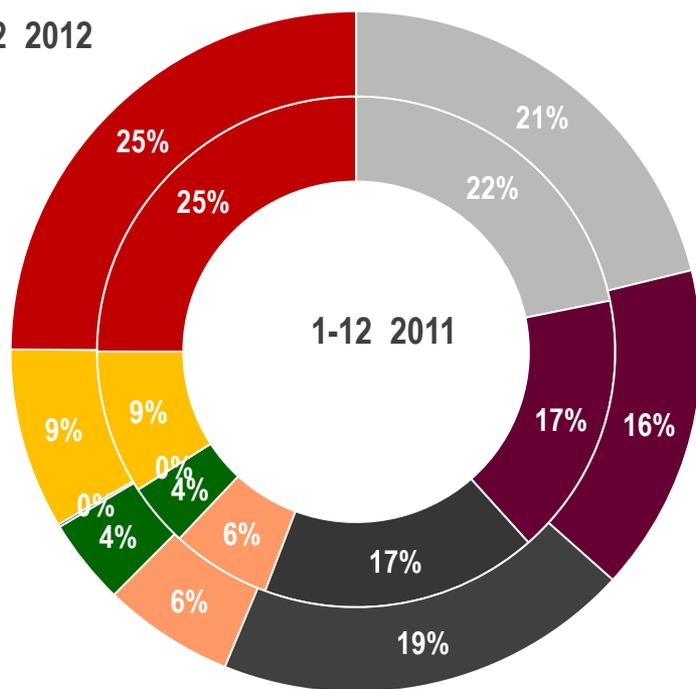


Sales of SBA Food & Beverages in Jan-Dec 2011 **2,828.9 mil HRK**

Sales of SBA Food & Beverages in Jan-Dec 2012 **2,799.3 mil HRK**

Sales structure for SBA Pharmaceuticals

1-12 2012



change
1-12. 2012 / 1-12 2011

□ Blood & Blood forming organs, Heart & Cardiovascular system	+1%
■ Musculoskeletal & Nervous system	-3%
■ Dermatologicals	+17%
□ General anti-infectives & Antiparasitic Medicines	+3%
■ Respiratory, Digestive & Genitourinary system	+6%
■ Malignant disease and immunomodulators	-
■ Prescription Program	-2%
■ Other (Farmavita, Pharmacies, other)	+4%

Sales of SBA Pharmaceuticals in Jan-Dec 2011 **796.3 mil HRK**

Sales of SBA Pharmaceuticals in Jan-Dec 2012. **827.4 mil HRK**

+4%

The constant increase in sales in foreign markets

mil. HRK

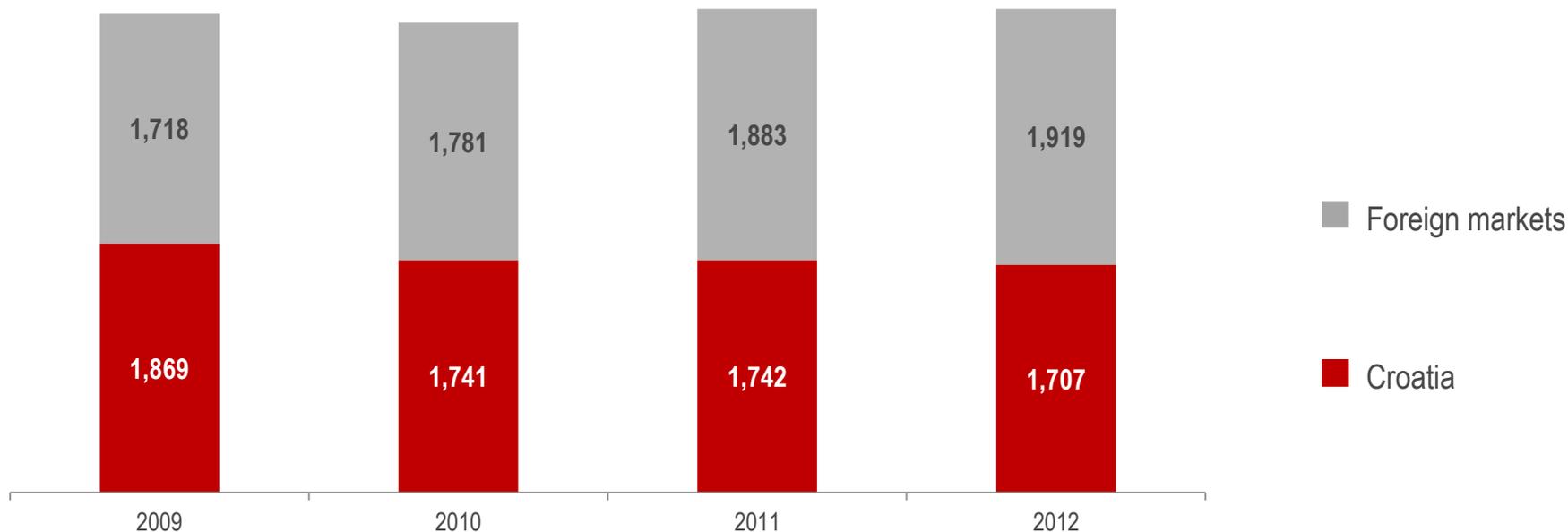
3,586.6

3,522.3

3,625.2

3,626.7

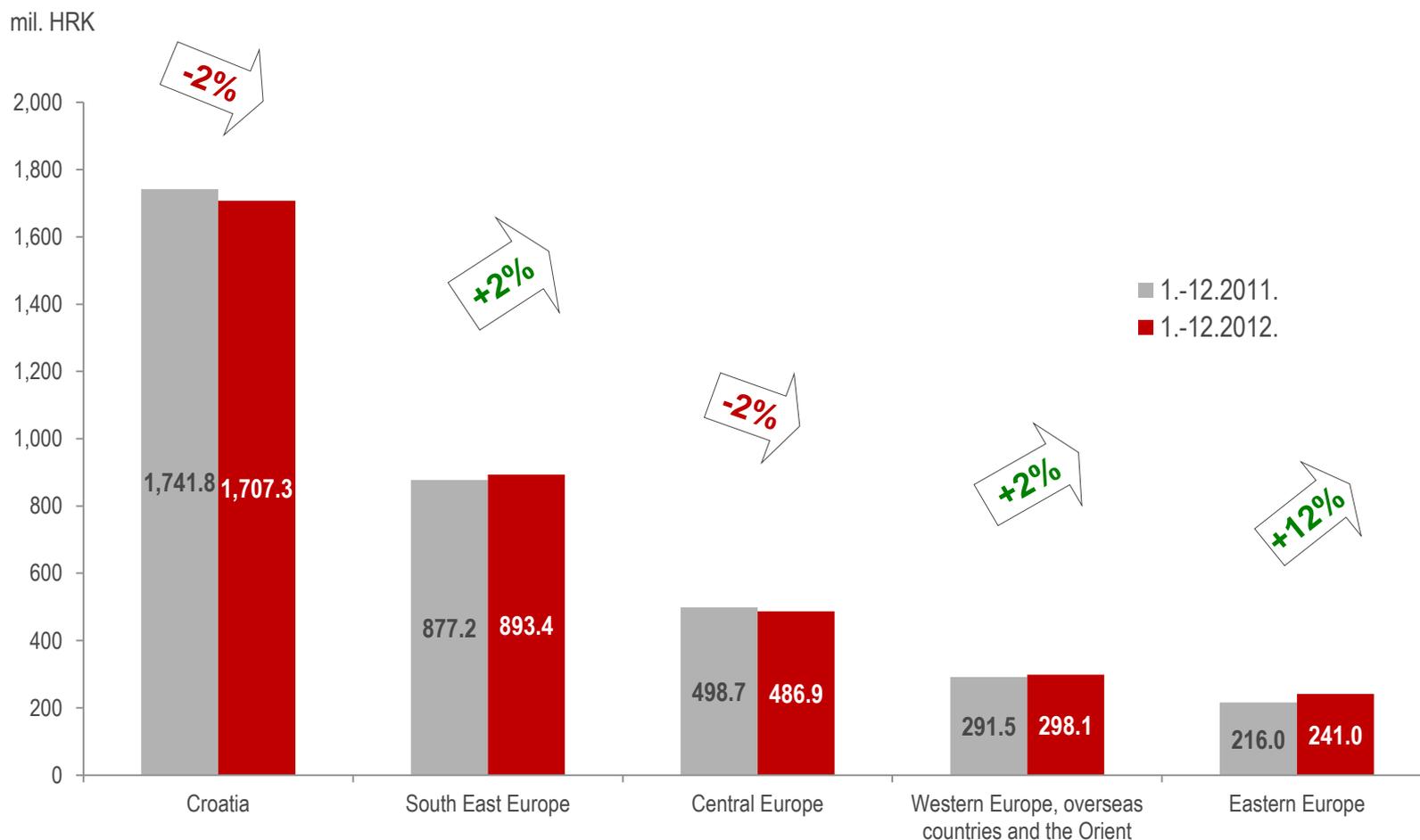
Total Group



in 2011, Croatian market sales is almost at the same level as in 2010, while foreign markets grow (6%)

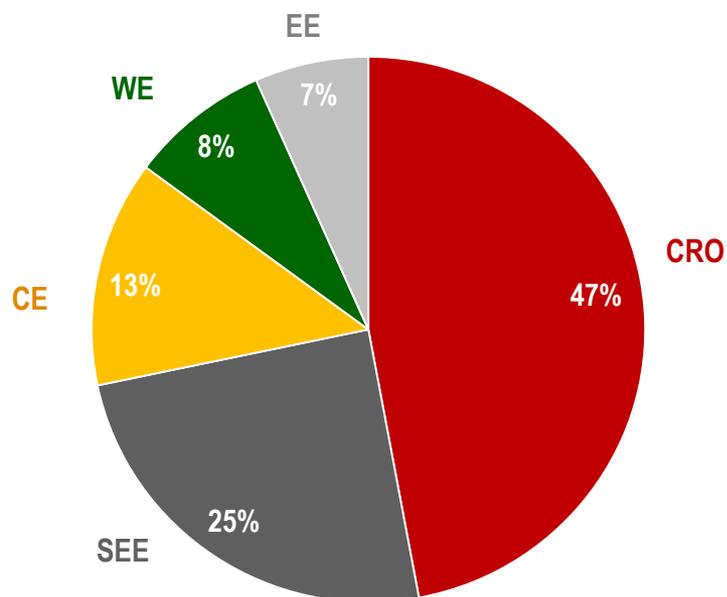
in 2012 sales on domestic market is 2% lower than in 2011, while foreign markets grow for 2%

The largest sales growth in Eastern and Southeastern Europe



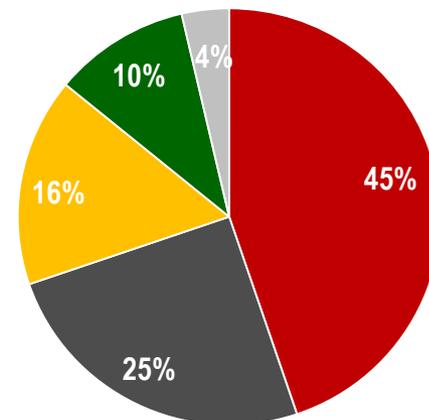
Both SBA show increase of sales in foreign markets

Sales structure of Podravka Group per markets

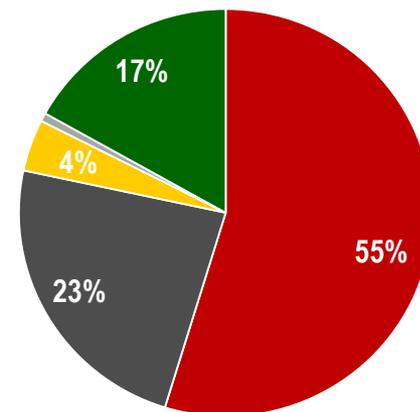


- Croatia
- South-East Europe (Albania, Bosnia and Herzegovina, Montenegro, Kosovo, Macedonia, Slovenia, Serbia)
- Central Europe (Czech Republic, Hungary, Poland, Slovakia)
- Western Europe, overseas countries & the Orient (Austria, Australia, Benelux, France, Canada, Germany, Great Britain, Scandinavia, Switzerland, Turkey, USA, other countries)
- Eastern Europe (Bulgaria, Pribaltic, Romania, Russia, Ukraine, other countries of EE)

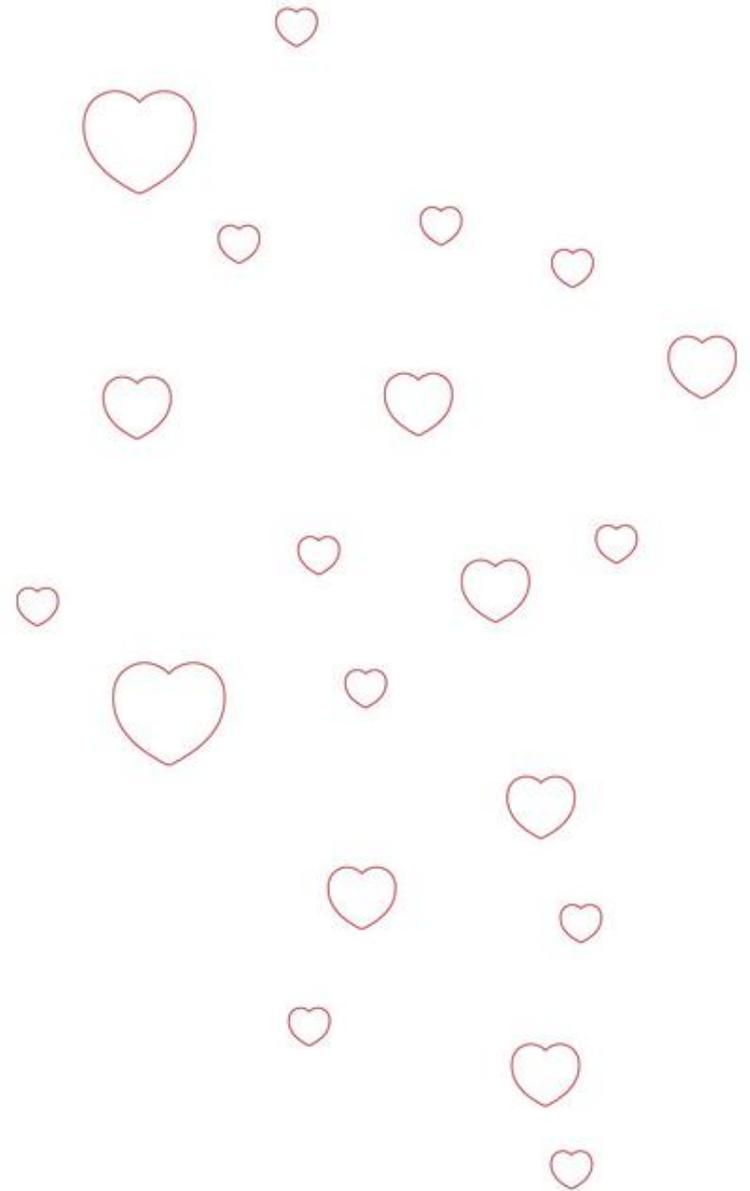
Sales structure of SBA F&B per markets



Sales structure of SBA Pharmaceuticals per markets



Business results



Profitability of SBA Food & Beverages

in million HRK

SBA Food & beverages	REPORTED RESULTS		CORRECTED RESULTS		change (reported results)	change (corrected results)
	1.-12. 2012.	1.-12. 2011.	1.-12. 2012.	1.-12. 2011.	1.-12. 2012. / 1.-12. 2011.	1.-12.2012. / 1.-12. 2011.
Sales revenue	2,799.3	2,828.8	2,799.3	2,828.8	-1%	-1%
Gross profit	949.4	991.6	949.4	991.6	-4%	-4%
EBITDA	117.0	221.7	174.3	217.4	-47%	-20%
EBIT	-17.2	47.3	67.9	104.9	-136%	-35%
Net profit	-102.3	-27.6	13.6	30.0	-271%	-55%
<i>Profit margins %</i>						
Gross margin	33.9	35.1	33.9	35.1	-120bp	-120bp
EBITDA margin	4.2	7.8	6.2	7.7	-360bp	-150bp
EBIT margin	-0.6	1.7	2.4	3.7	-230bp	-130bp
Net margin	-3.7	-1.0	0.5	1.1	-270bp	-60bp

Profitability of SBA Pharmaceuticals

in million HRK

SBA Pharmaceuticals	REPORTED RESULTS		CORRECTED RESULTS		change (reported results)	change (corrected results)
	1.-12. 2012.	1.-12. 2011.	1.-12. 2012.	1.-12. 2011.	1.-12. 2012. / 1.-12. 2011.	1.-12. 2012. / 1.-12. 2011.
Sales revenue	827.4	796.3	827.4	796.3	4%	4%
Gross profit	458.9	437.4	458.9	437.4	5%	5%
EBITDA	172.3	162.5	178.5	163.6	6%	9%
EBIT	116.5	114.7	132.4	118.7	2%	12%
Net profit	82.1	70.4	98.0	74.4	17%	32%
<i>Profit margins %</i>						
Gross margin	55.5	54.9	55.5	54.9	60bp	60bp
EBITDA margin	20.8	20.4	21.6	20.5	40bp	110bp
EBIT margin	14.1	14.4	16.0	14.9	-30bp	110bp
Net margin	9.9	8.8	11.8	9.3	110bp	250bp

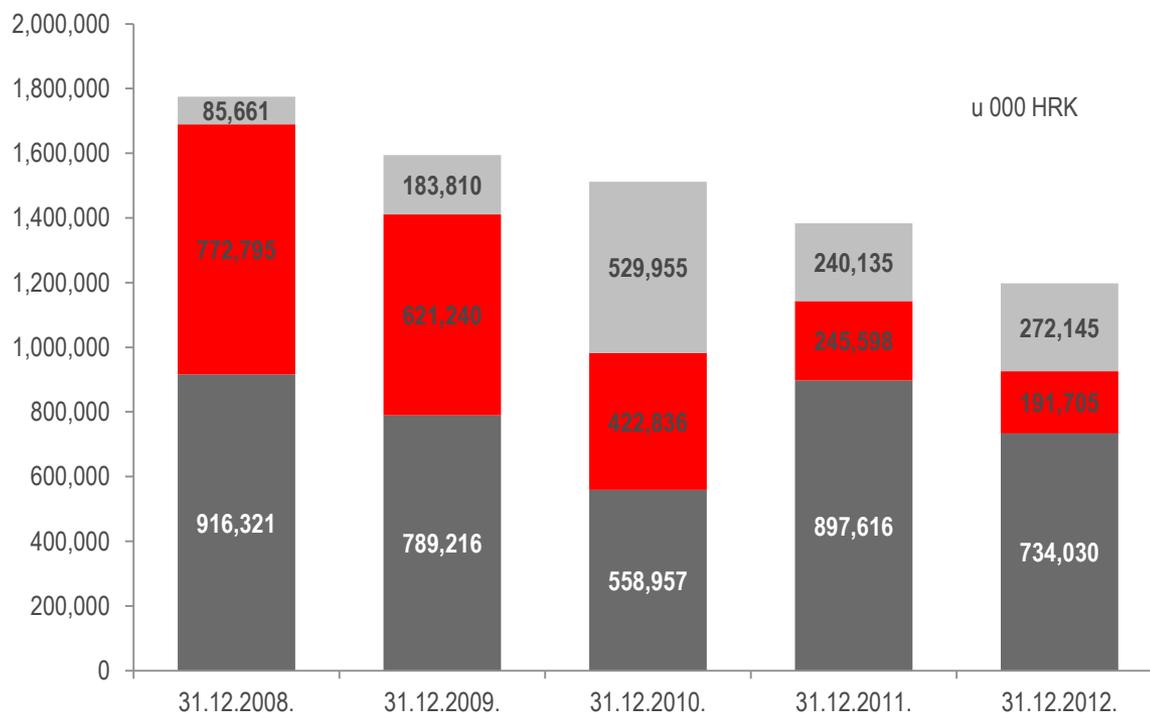
Podravka Group balance sheet (summary)

PODRAVKA GROUP HRK mn	31.12.2012.	31.12.2011.
Non-current assets	1.760,7	1.888,7
Current assets	1.894,5	1.943,0
<i>Inventories</i>	631,1	680,8
<i>Trade and other receivables</i>	1.080,2	1.058,0
<i>Cash and cash equivalents</i>	118,2	146,0
<i>Other current assets</i>	65,0	58,2
TOTAL ASSETS	3.655,3	3.831,7
Shareholders' equity*	1.633,4	1.638,0
Non-controlling interests	32,0	34,8
Non-current liabilities	787,1	938,9
<i>Long-term borrowings</i>	734,0	897,6
<i>Other non-current liabilities</i>	53,1	41,3
Current liabilities	1.202,8	1.220,0
<i>Trade and other liabilities</i>	720,5	710,8
<i>Short-term borrowings</i>	463,9	485,7
<i>Other current liabilities</i>	18,5	23,5
TOTAL EQUITY AND LIABILITIES	3.655,3	3.831,7

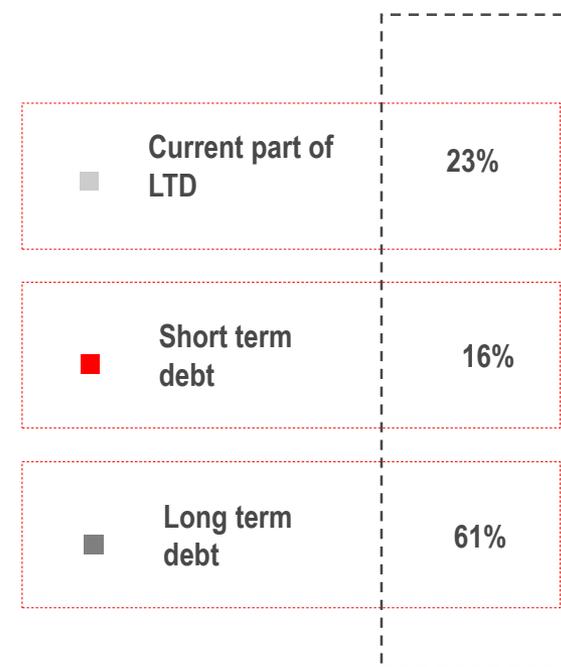
* attributable to the equity holders of the parent

	31.12. 2012.	31.12. 2011.
DEBT RATIOS		
Debt / equity*	73%	84%
Debt / assets	33%	36%
Net debt	1.079,7	1.237,4
Net debt / EBITDA	3,7	3,2
Net debt / corrected EBITDA	3,1	3,2
Interest coverage	1,4	2,0
LIQUIDITY RATIOS		
Cash ratio	0,1	0,1
Quick ratio	1,1	1,0
Current ratio	1,6	1,6
PROFITABILITY RATIOS*		
ROE	-1,2%	2,6%
Corrected ROE	6,8%	6,4%
ROA	-0,5%	1,1%
Corrected ROA	3,1%	2,7%

Reducing indebtedness in the year 2012 for 185 million HRK



Debt structure 31/12/2012



reducing indebtedness for 185 million HRK (-13%)

Consolidated statement of cash flows

(in 000 HRK)	Jan-Dec 2012	Jan-Dec 2011
Net (loss) / profit	-21,498	42,94
Income tax	47,589	19,06
Depreciation and amortization	152,669	157,488
Losses on brand adjustments and pharmacy rights adjustments	30,676	41,041
Value adjustment of assets held for sale	6,238	16,642
Losses of value adjustments of goodwill	-	7,134
Losses of value adjustments of financial assets, net	-	3,5
Losses of value adjustments of share based payments	1,896	2,232
Losses on disposal of non-current assets, net	2,979	384
Losses on value adjustments of liabilities at fair value through profit or loss	-	3,632
Unrealised losses / (gains) per Swap contract	3,468	-830
(Gains) / losses per option contracts	-	-16,537
Value adjustments of current assets	25,488	5,367
Increase of provisions	6,85	-838
Interest received	-5,621	-9,216
Interest paid	70,377	84,485
Effect of changes in foreign exchanges rates	8,01	15,859
Other items not affecting cash	-6,27	-1,825
Changes in working capital		
Decrease / (increase) in inventories	46,365	-7,741
(Increase) in trade receivables	-60,297	-32,357
Decrease in other current assets	16,965	5,518
Increase in trade payables	11,871	26,037
Increase / (decrease) in other liabilities	18,744	-92,174
Net cash from operations	357,498	269,833

Consolidated statement of cash flows (extension)

(in 000 HRK)	Jan-Dec 2012	Jan-Dec 2011
Cash flows from operating activities		
Cash from operations	357,498	269,833
Income taxes paid	-34,375	-21,118
Interest paid	-74,852	-95,444
Net cash from operating activities	248,271	153,271
Cash flows from investing activities		
Income from insurance	-	23,723
Payments made for property, plant, equipment and intangible assets	-94,369	-102,249
Sale of tangible and intangible assets	3,234	8,249
Long-term loans given and deposits given	-2,331	-10
Repayment of long-term loans given and deposits given	2,281	3,587
Purchase of trading securities	-92,819	-97,843
Sale of trading securities	92,686	111,103
Short-term loans and deposits given	-222	-280
Repayment of short-term and deposits given	243	46,652
Collected interest	5,621	9,237
Acquisitions of subsidiaries, net of cash acquired	-	-6,843
Net cash used in investing activities	-85,676	-4,675
Net cash flows from financing activities		
Proceeds from long-term borrowings	85,783	602,508
Repayment of long-term borrowings	-250,969	-612,808
Proceeds from short-term borrowings	101,886	76,96
Repayment of short-term borrowings	-127,048	-221,659
Net cash used in financing activities	-190,347	-154,999
Net (decrease) in cash and cash equivalents	-27,752	-6,403
Cash and cash equivalents at beginning the period	145,96	152,363
Cash and cash equivalents at the end of the period	118,208	145,96

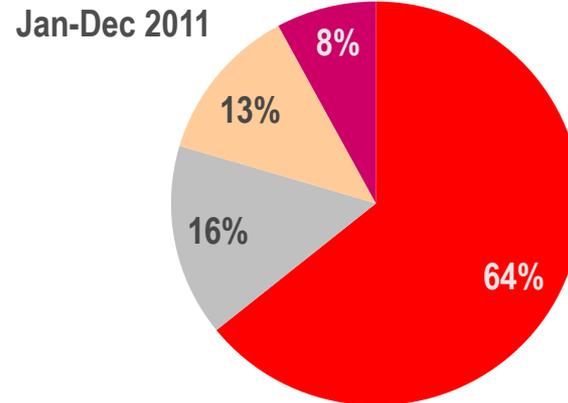
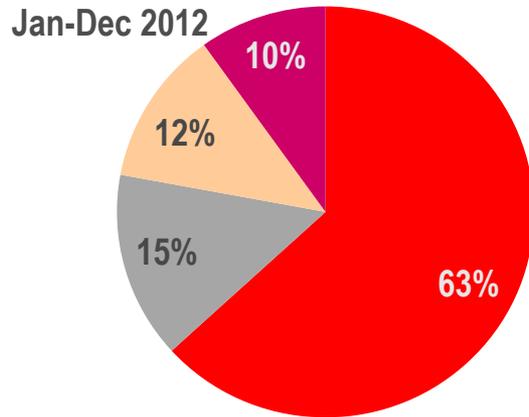
The increase in general and administrative expenses due to severance paid to employees who left the company

HRK 3.510,1 mn

HRK 3.422,6 mn

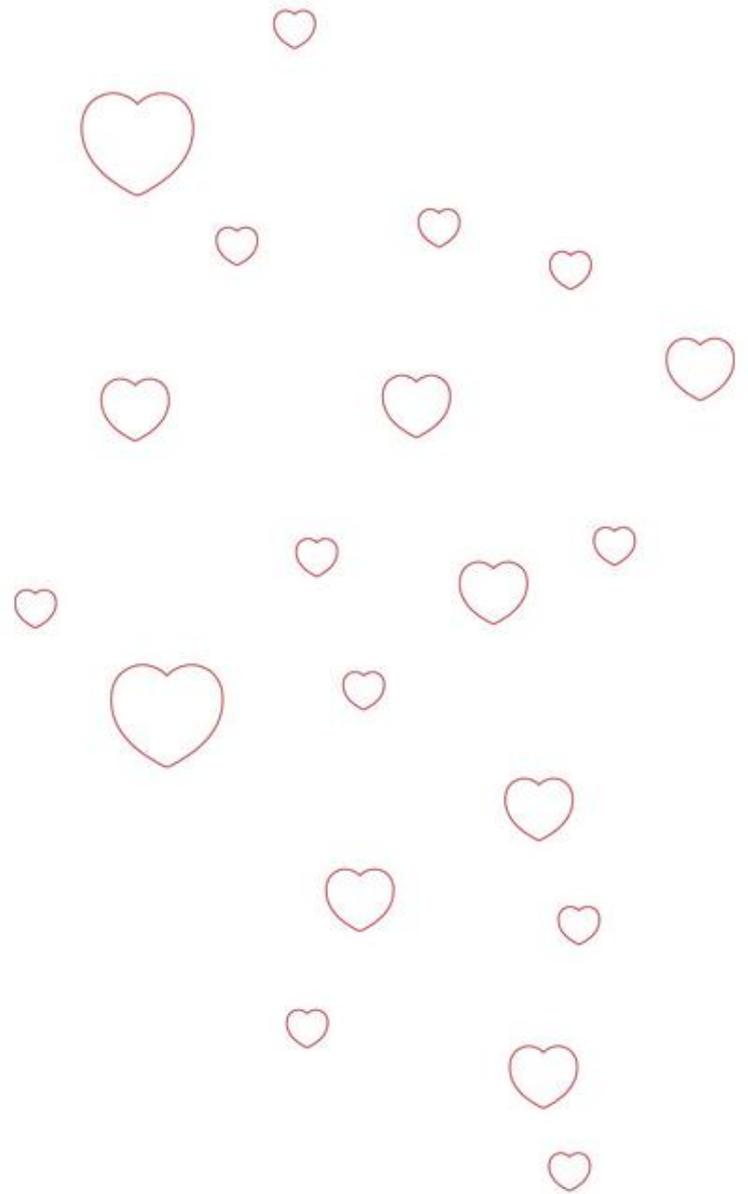
OPERATING COSTS

Structure of operating costs



	change 2012. / 2011.	% of sales 31.12.2012.	% of sales 31.12.2011.
■ Cost of goods sold	+1%	61%	60%
■ Selling & distribution costs	-2%	14%	15%
■ Marketing expenses	0%	12%	12%
■ General & administrative expenses	+27%	10%	7%
■ ■ ■ ■ Total	+3%	97%	94%

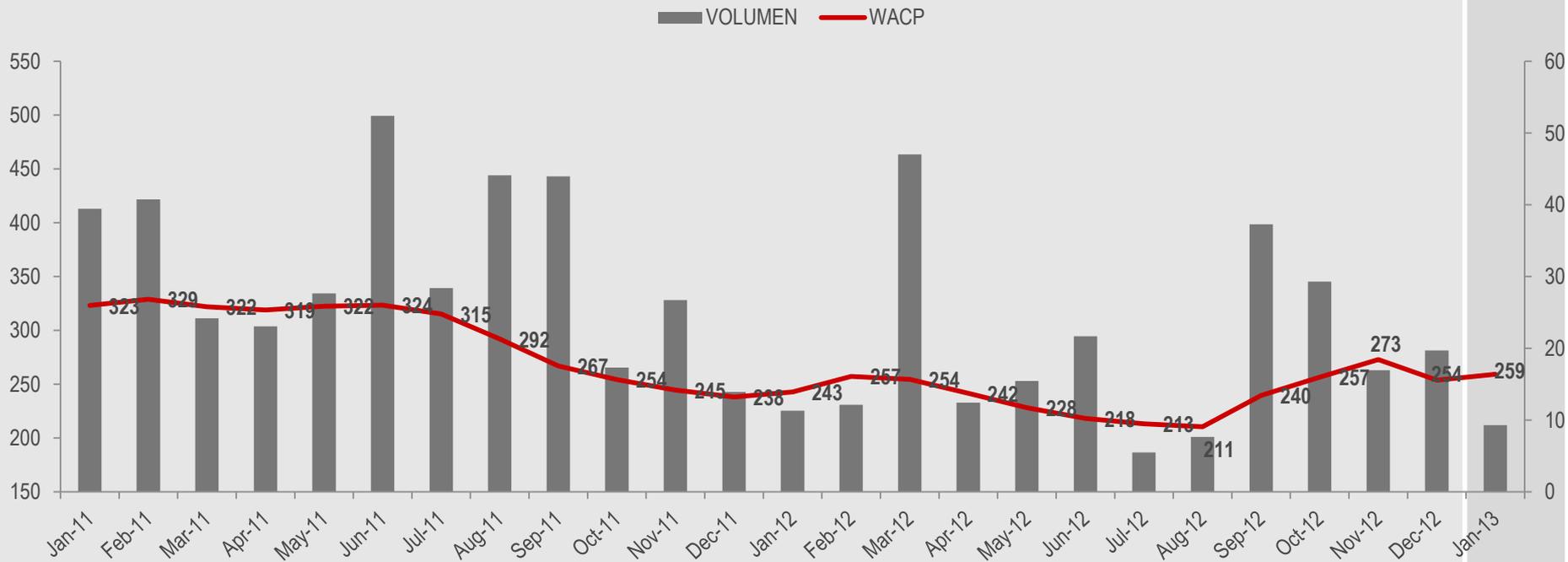
Share



Share price and volume movement PODR-R-A

HRK

'000 pieces



TICKERS

ZAGREB STOCK EXCHANGE
PODR-R-A

BLOOMBERG
PODRRA:CZ

REUTERS
PODR.ZA

Jan-Dec 2011

Jan-Dec2012

8/3/2012

Last price

231,00

240,02

273,00

Highest price

343,97

279,91

277,95

Lowest price

227,51

205,04

272,00

Turnover (HRKmn)

115,00

57,96

0,43

Mcap (HRK mn)

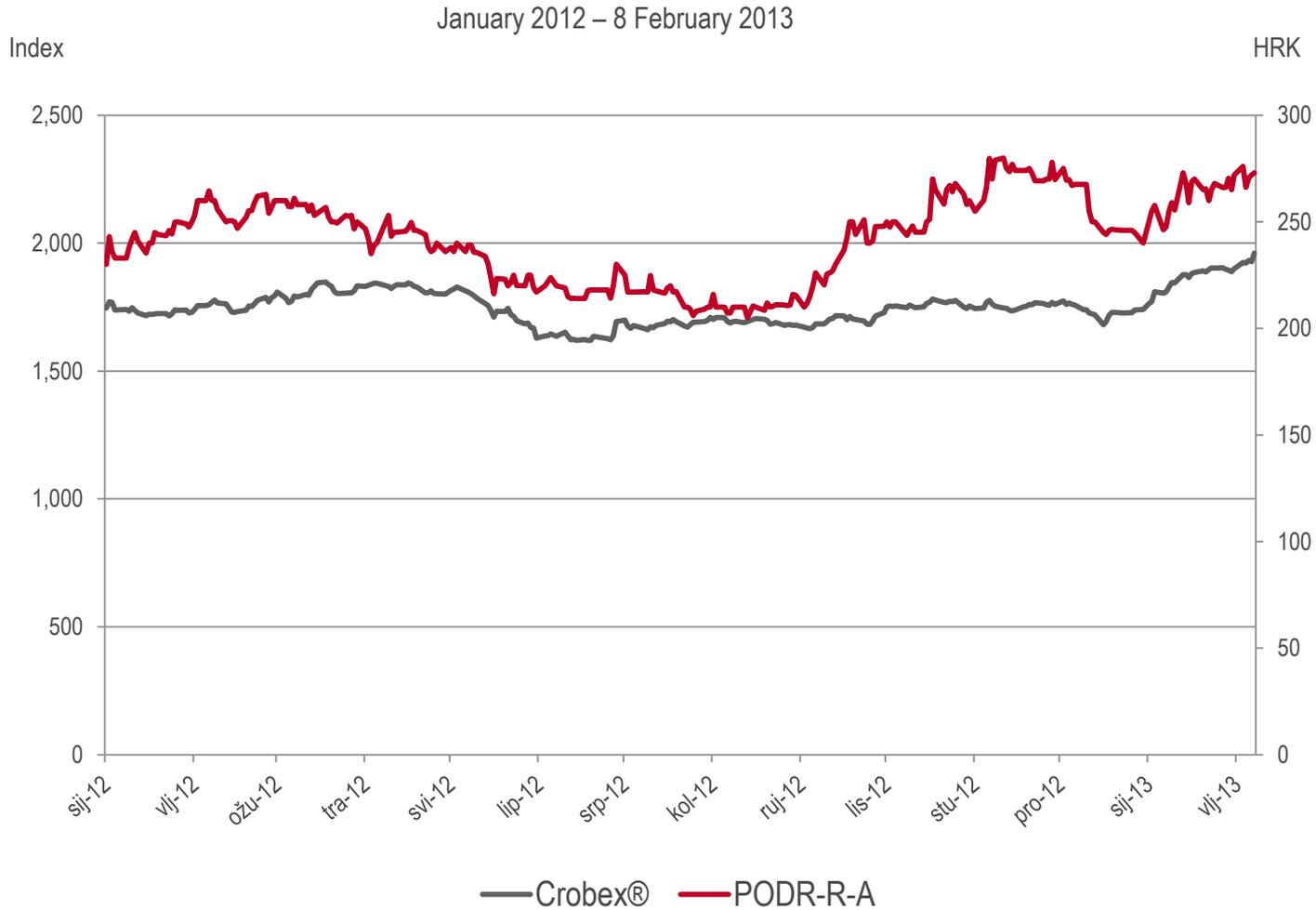
1.252,02

1.300,91

1.479,66



CROBEX and price of PODR-R-A movement



Always with a heart



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