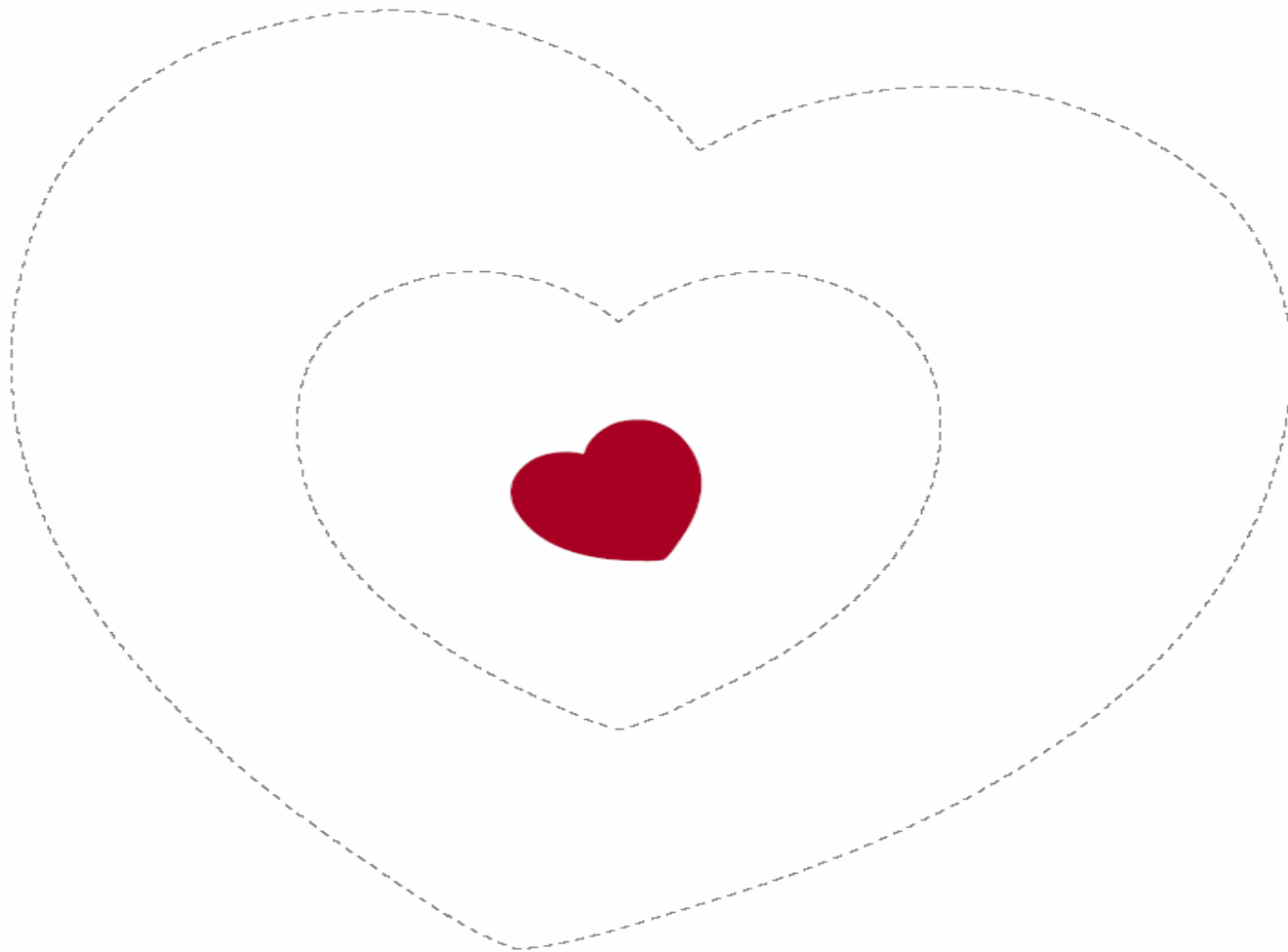


**Podravka
Group
Business
Results**

2005

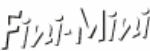


The company with a heart

Contents

- 1 Overview of key events and results**
- 2 Markets and product groups**
- 3 Financial indicators**
- 4 Costs**
- 5 Information for shareholders**

1 Overview of key events and results



Overview of key events 2005

77

Proposed **dividend** for 2005 amounts **HRK 5** per share

Launched new product **Vegeta Mediteran**

Vegeta

winner of
“**Superbrand**”
award
in Russia

37

spin-off operative
unfunctional realty

Restructuring

spin-off of
Koprivnica Printing Shop
and **Sana Hoče (SLO)**

33

signed business
cooperation agreements
with **Swisslion Takovo**
and **Vegafruit**
for SE Europe market

in **SBA Food & Beverages**
to the amount of
HRK 88 mln

Investments

in **SBA Pharmaceuticals**
to the amount of
HRK 48 mln

in the period under
review amounted
to HRK 136 mln









7

signed business cooperation
agreement with **Rieber&Søn**
for Poland and Hungary

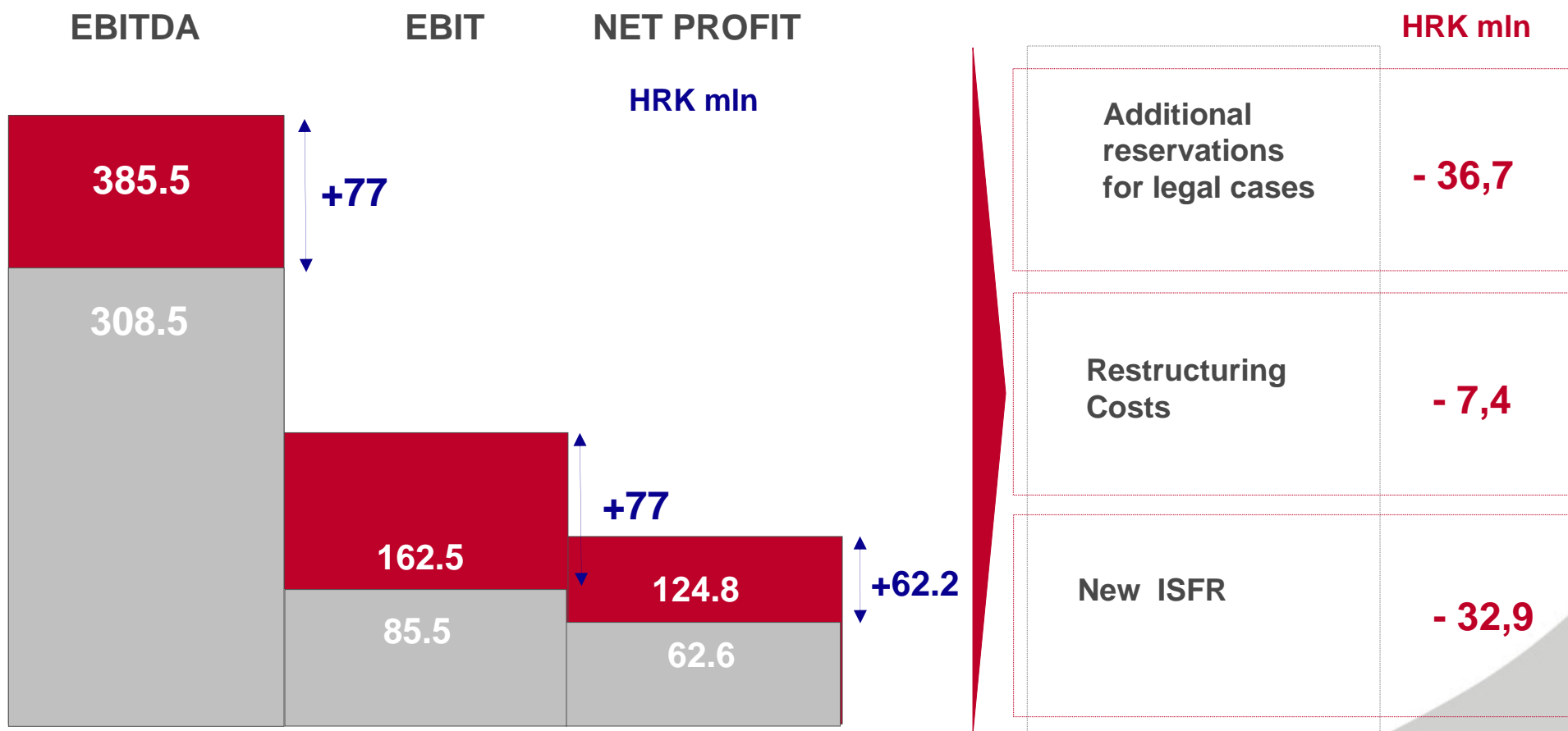
**Podravka
Group**

Adopted
**Corporate Governance
Code**

Results overview 2005









Podravka Group		TREND	COMPARED TO 2004
Sales	HRK 3,441.4 mln		+4%
Gross profit	HRK 1,336.9 mln		+3%
EBITDA	HRK 308.5 mln		-17%
EBIT	HRK 85.5 mln		-39%
Net profit	HRK 62.6 mln		-15%
COGS	HRK 2,104.5 mln		+5%
S&D	HRK 899.4 mln		+11%
G&A	HRK 359.2 mln		+6%

Impact on business results 2005



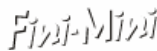
- Results 2005 from business activities before adjusting with new ISFR
- Results 2005 according to one-off cost (reservations) and adjusting to new ISFR

Results overview 2005*

Podravka Group		TREND	COMPARED TO 2004
Sales	HRK 3,441.4 mln		+4%
Gross profit	HRK 1,340.0 mln		+4%
EBITDA	HRK 385.5 mln		+4%
EBIT	HRK 162.5 mln		+16%
Neto dobit	HRK 124.8 mln		+69%
COGS	HRK 2,097.3 mln		+5%
S&D	HRK 885.4 mln		+9%
G&A	HRK 305.4 mln		-10%

* business results

2 Markets and product groups

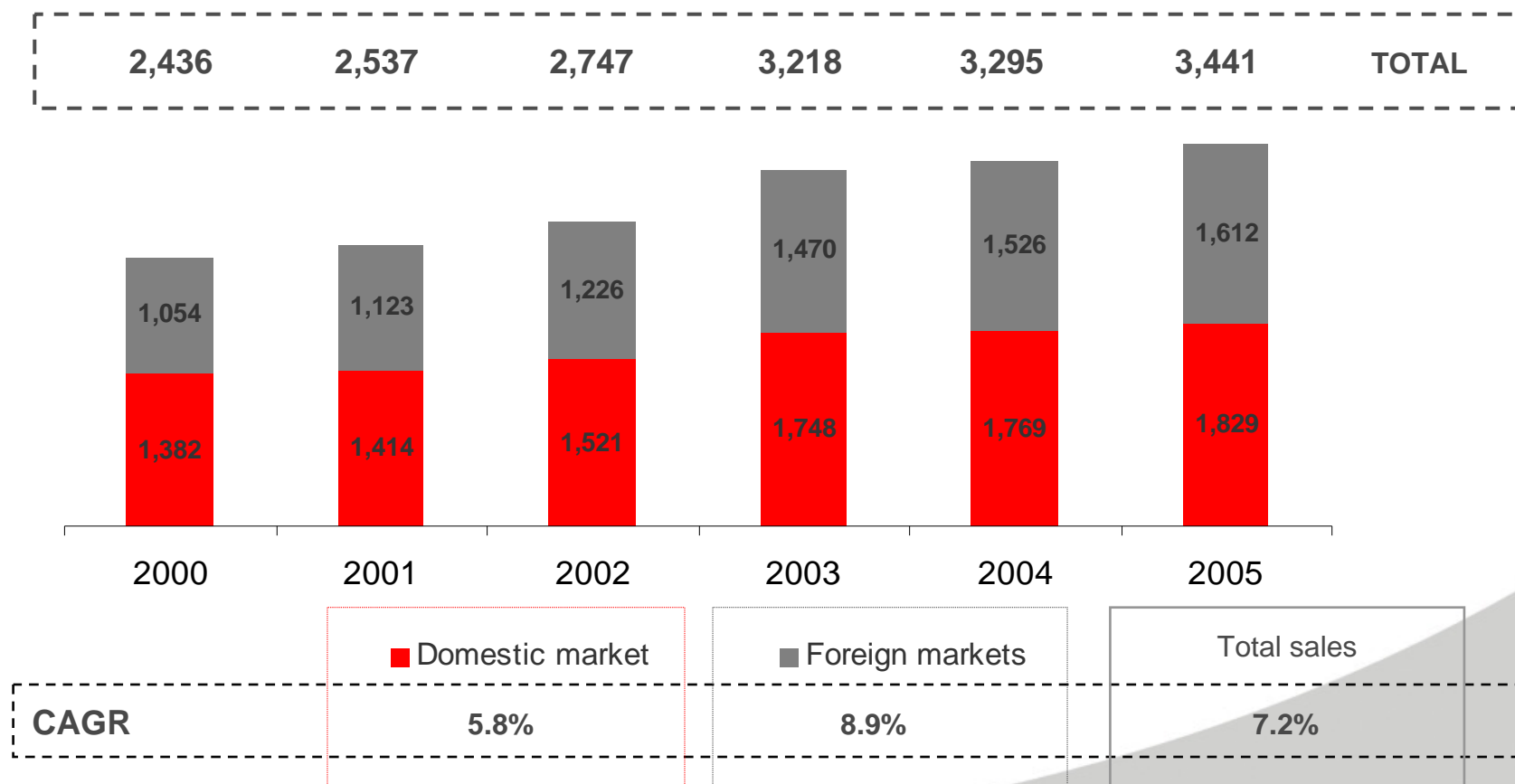


Sales growth in domestic and foreign markets

Overview of sales growth in domestic and foreign markets

2000 - 2005

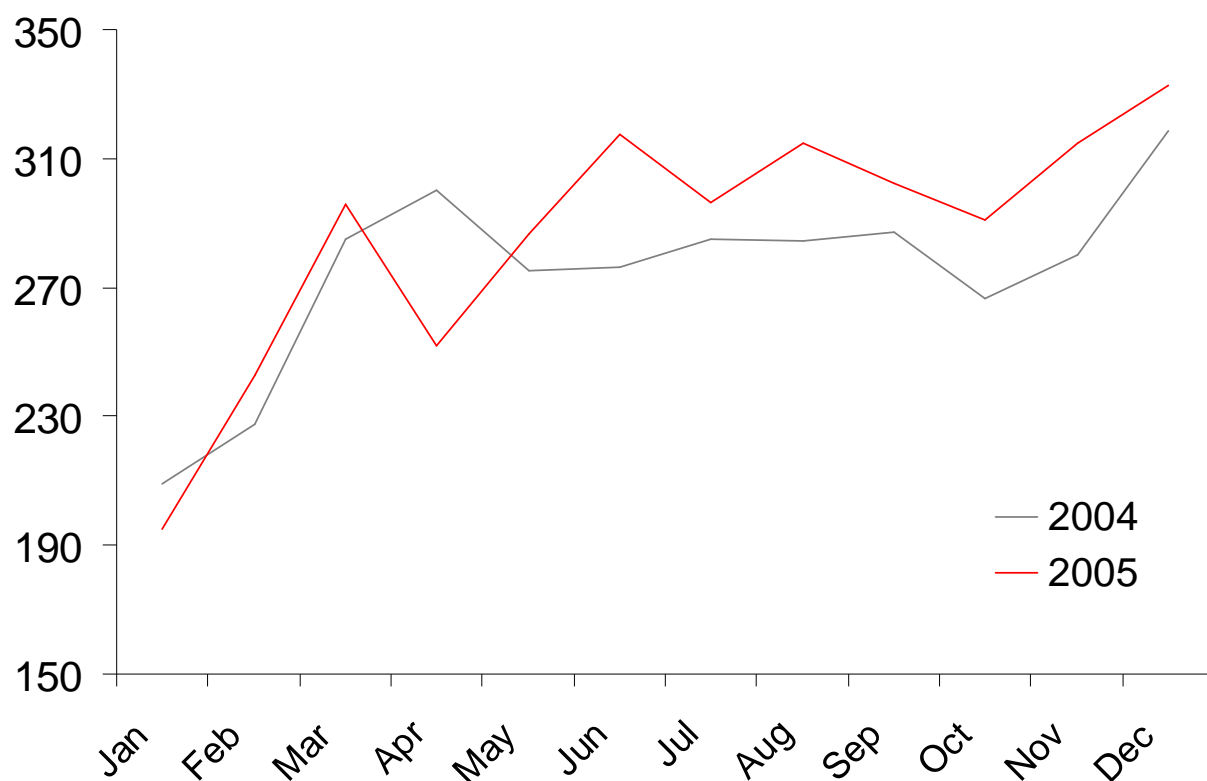
HRK mln



Sales growth in 2005

Sales growth per months

HRK mln

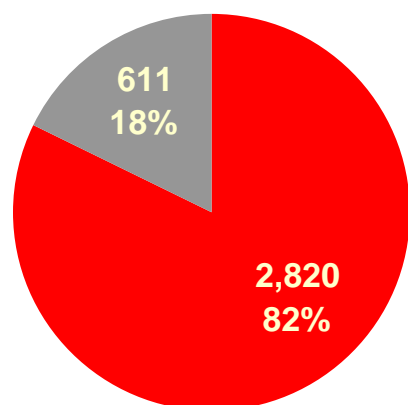


Continuous sales growth in last eight months in 2005

Sales structure of the Group 2005

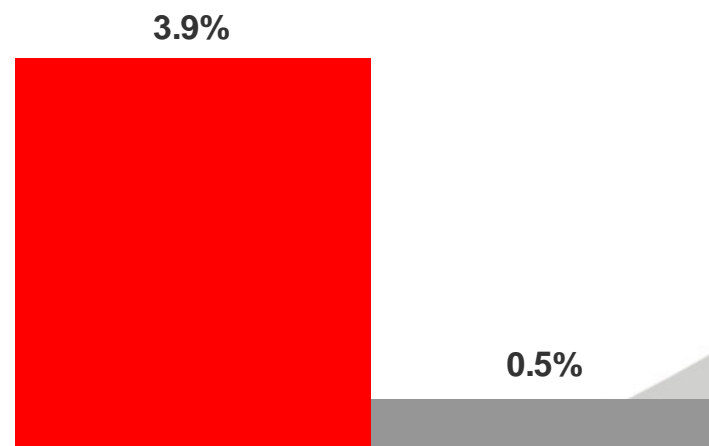
- sales revenues amount to HRK 3.4 bln
- sales grow by 4% compared with the same period of the previous year

Sales structure according to SBA
HRK mln



■ Food&Beverages ■ Pharmaceuticals

Sales growth structure
per SBA

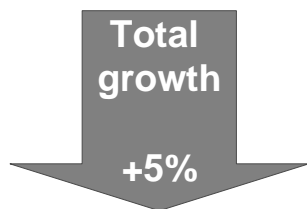


■ Food&Beverages ■ Pharmaceuticals

Note: SBA services account for 0.3% of total realisation

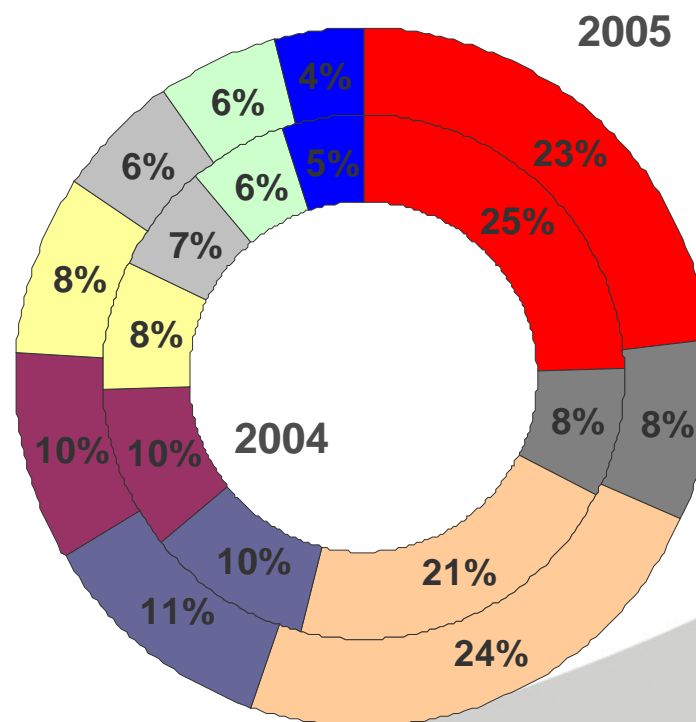
SBA Food & Beverages

Total sales 2005 = HRK 2,820 mln



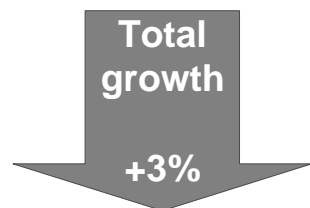
- Vegeta - Food Seasonings
- Podravka dishes
- Merchandise
- Meat & Meat products
- Children Food, Desserts & Snacks
- Fruit & Vegetables
- Rice & Legumes
- Beverages
- Other

Sales structure of SBA Food & Beverages

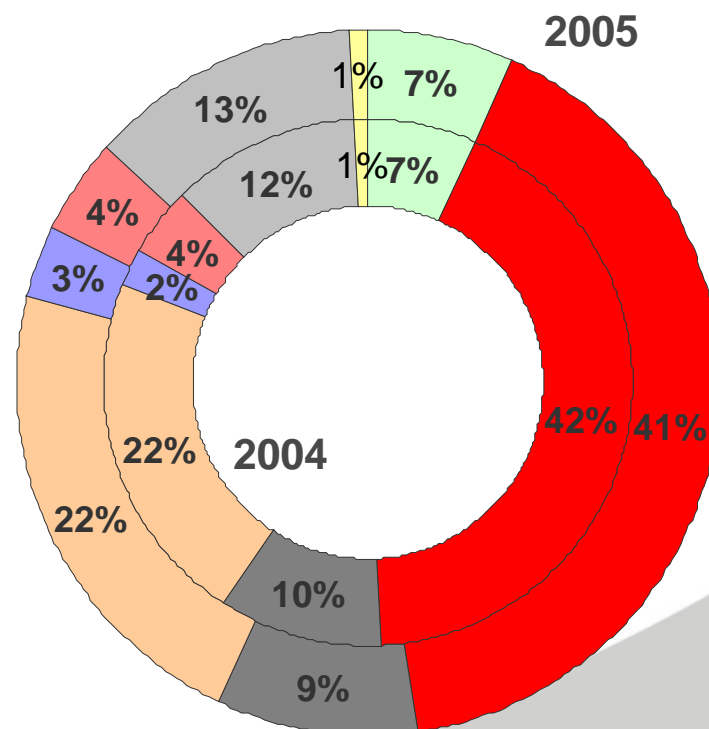


SBA Pharmaceuticals

Total sales 2005= HRK 611 mln



Sales structure of SBA Pharmaceuticals



- Respiratory, Digestive & Genito Urinary System
- Blood & Blood Forming Organs, Heart & Cardiovascular System
- General Antyeinfectives and Antyparasitic Products
- Musculo-Skeletal and Nervous System
- OTC
- Dietetic & Natural Products
- Dermatologicals
- Other

+2%

+0%

-6%

+4%

+54%

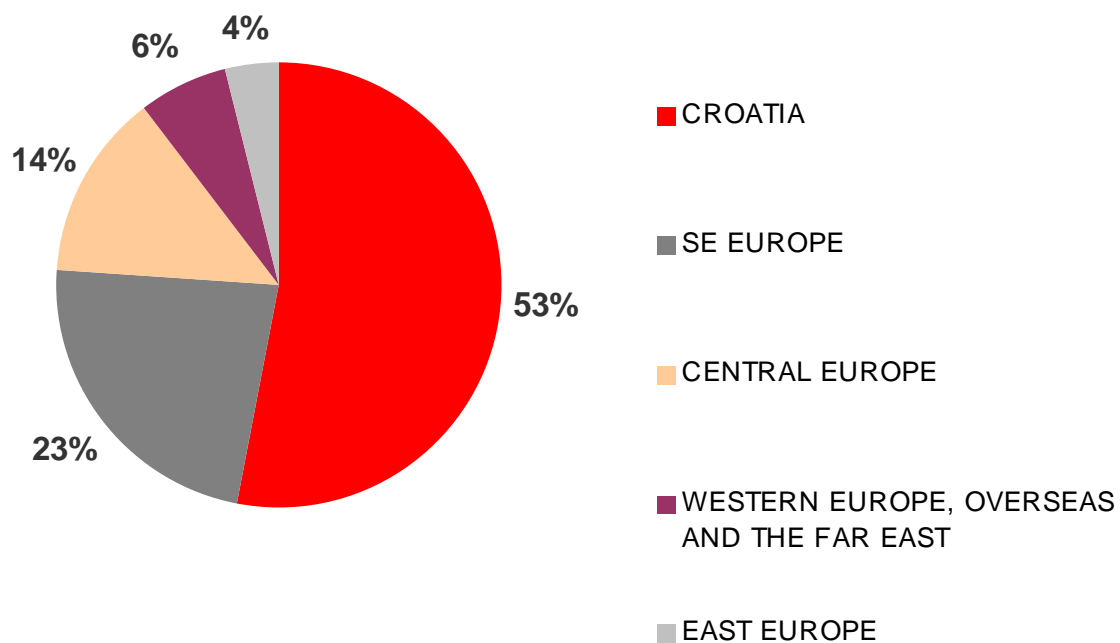
+4%

+11%

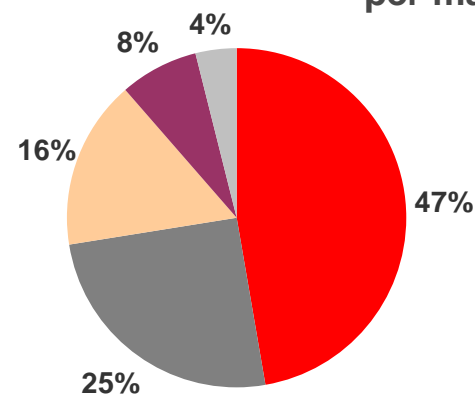
+30%

Sales structure per markets 2005

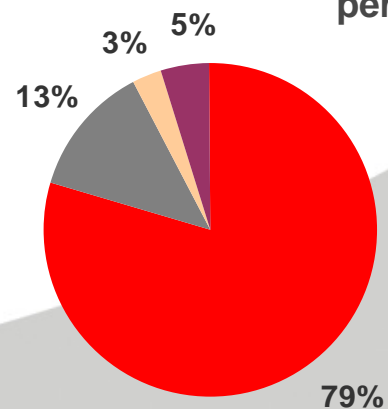
Sales structure per markets



Sales structure SBA Food & Beverages per markets



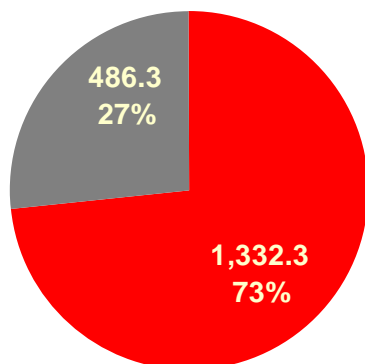
Sales structure SBA Pharmaceuticals per markets



Croatian market

Sales structure per SBA

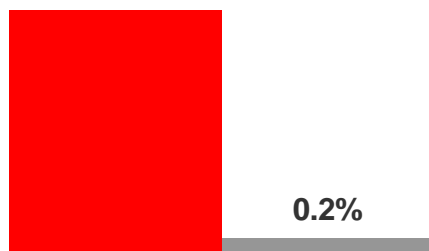
HRK mln



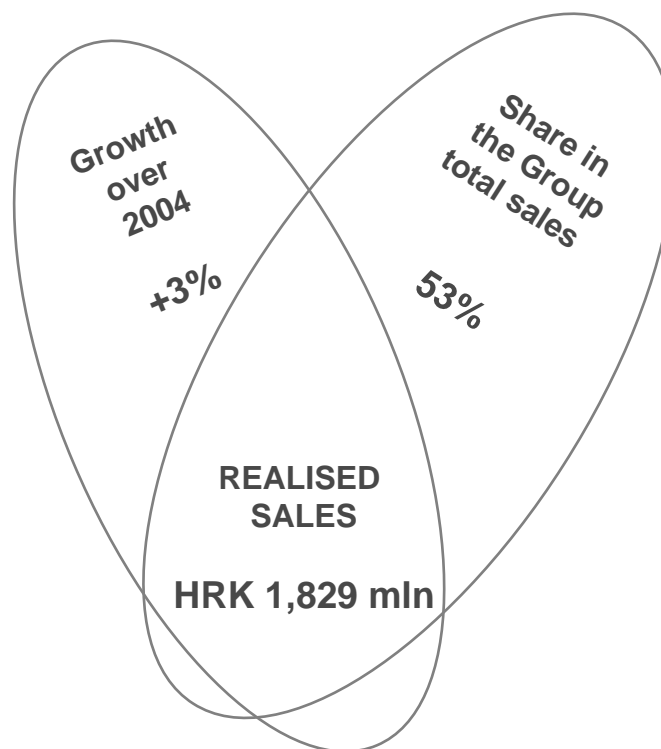
■ Food&Beverages ■ Pharmaceuticals

Sales growth structure per SBA

3.2%



■ Food&Beverages ■ Pharmaceuticals



■ Vegeta - Food Seasonings

■ Podravka dishes

■ Merchandise

■ Meat & Meat Products

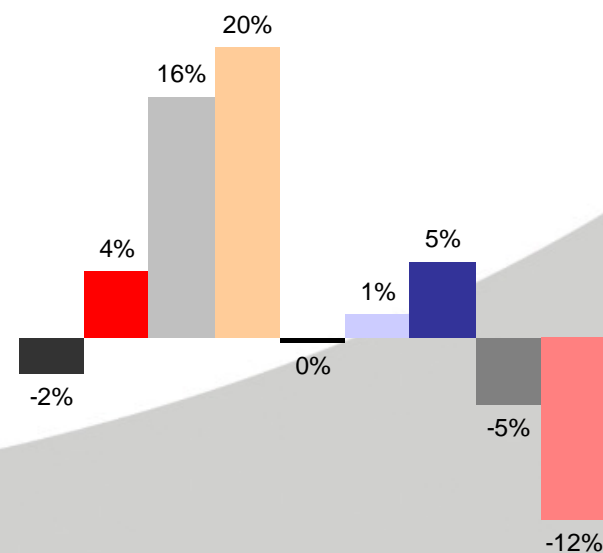
■ Children Food, Desserts & Snacks

■ Fruit & Vegetables

■ Rice & Legumes

■ Beverages

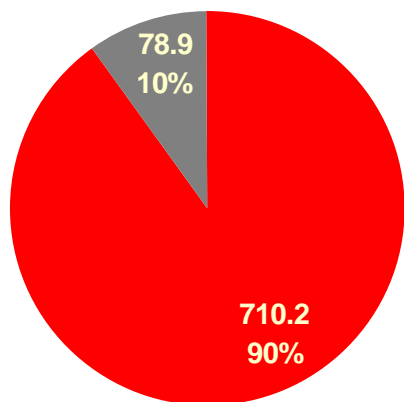
■ Other



SEE market

Sales structure per SBA

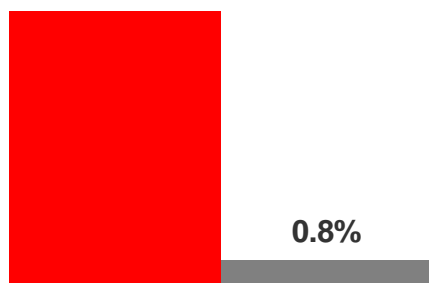
HRK mln



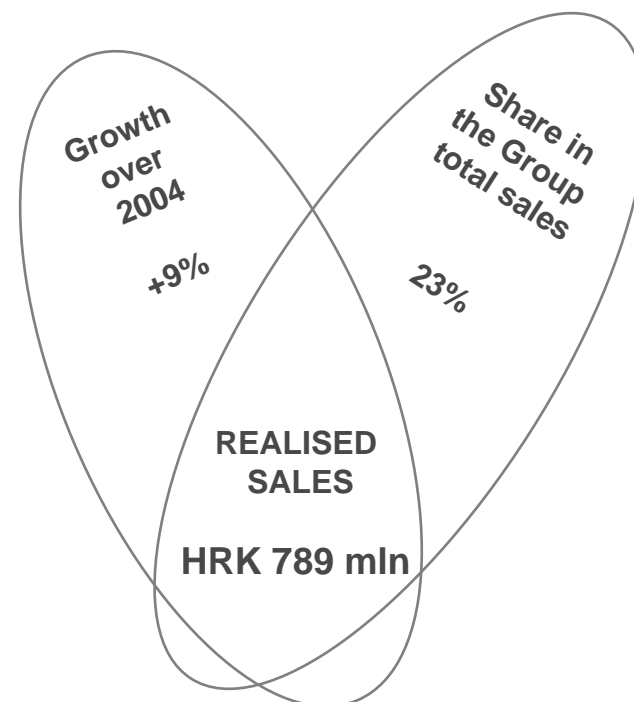
■ Food & Beverages ■ Pharmaceuticals

Sales growth structure per SBA

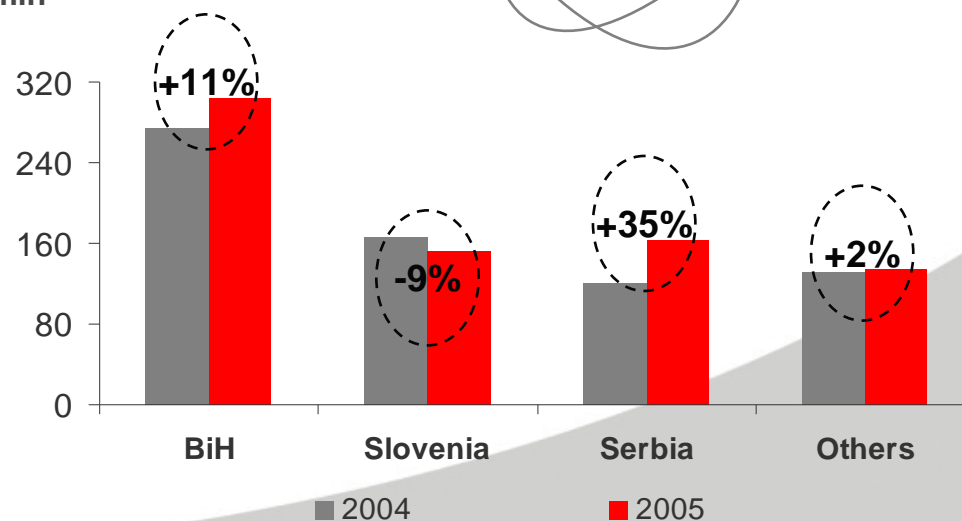
8.3%



■ Food & Beverages ■ Pharmaceuticals

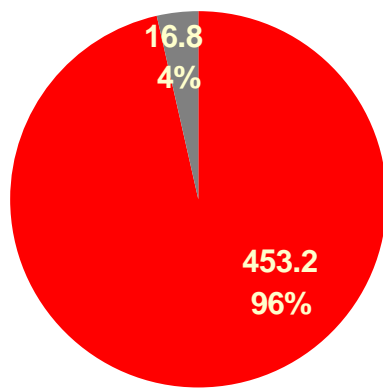


HRK mln



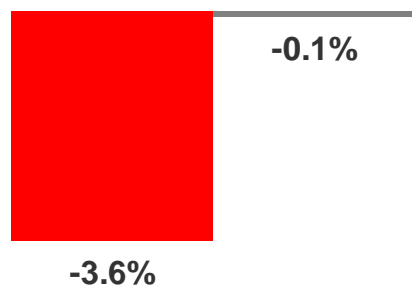
CE market

Sales structure per SBA
HRK mln

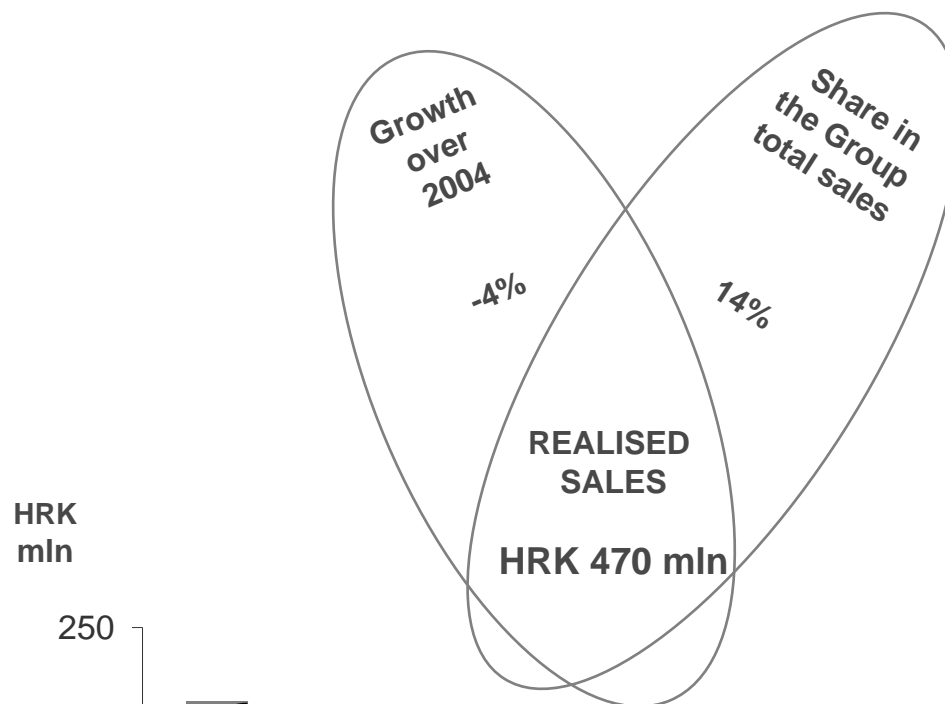


■ Food&Beverages ■ Pharmaceuticals

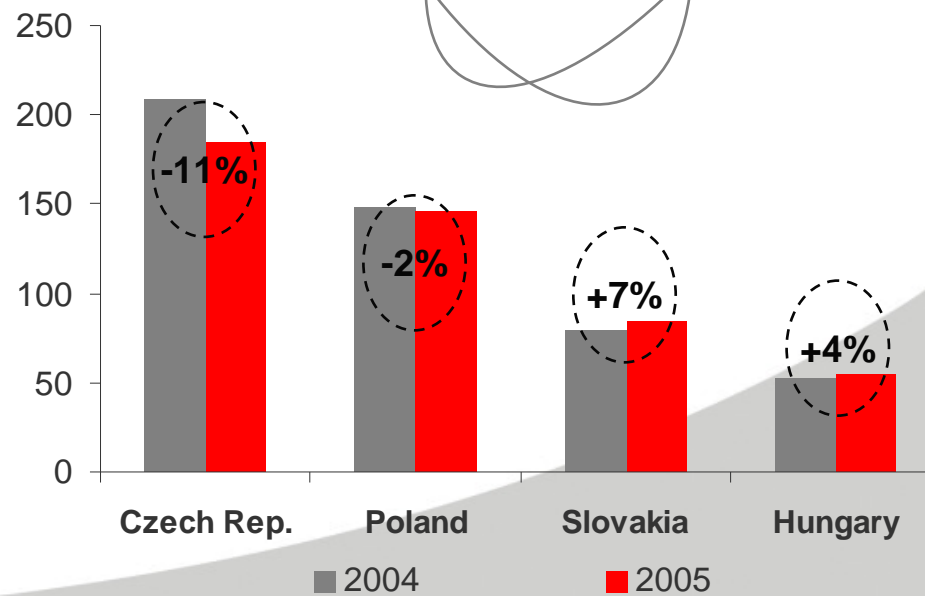
Sales growth structure per SBA



■ Food&Beverages ■ Pharmaceuticals



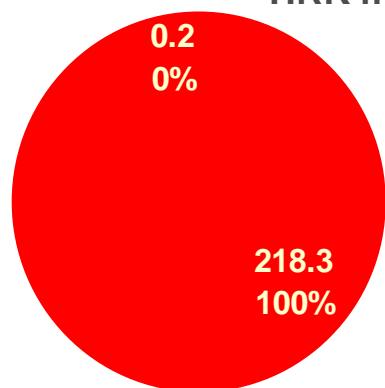
HRK mln



Market of WE, Overseas and Far East

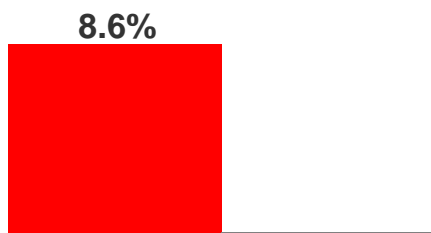
Sales structure per SBA

HRK mln

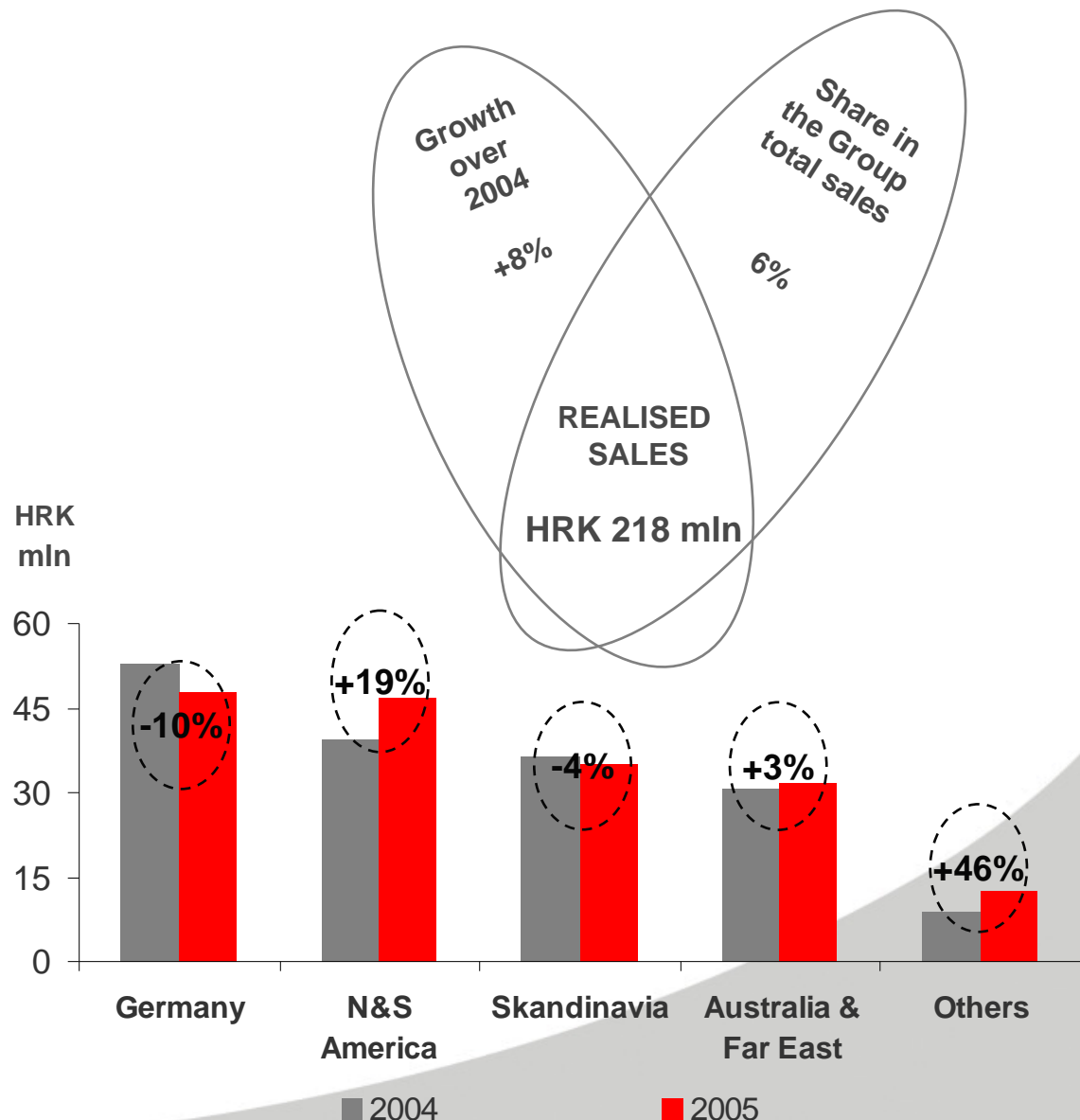


■ Food&Beverages ■ Pharmaceuticals

Sales growth structure per SBA



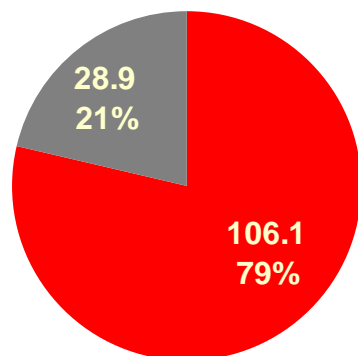
■ Food&Beverages ■ Pharmaceuticals



EE market

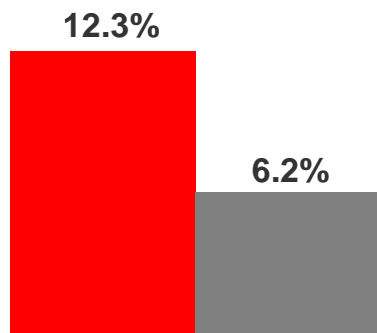
Sales structure per SBA

HRK mln

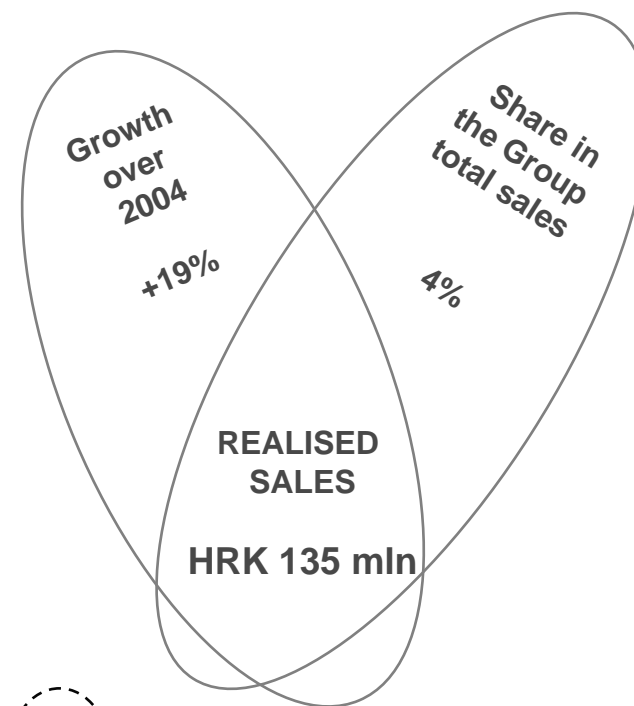


■ Food&Beverages ■ Pharmaceuticals

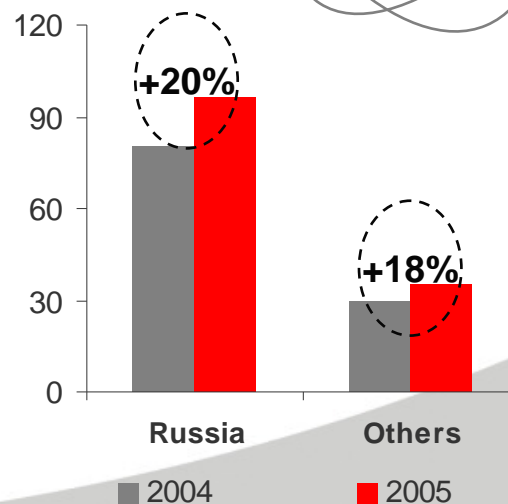
Sales growth structure per SBA



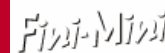
■ Food&Beverages ■ Pharmaceuticals



HRK mln



3 Financial indicators



The Group financial indicators

Podravka Group HRK mln	2005	adjusted 2004	05/04
Sales revenues	3,441.4	3,294.9	4%
Gross profit	1,336.9	1,291.9	3%
EBITDA	308.5	370.3	-17%
EBIT	85.5	140.4	-39%
Net profit	62.6	74.0	-15%
Profit margins			
Gross margin %	38.8	39.2	-36 bp
EBITDA margin %	9.0	11.2	-227 bp
EBIT margin %	2.5	4.3	-178 bp
Net margin %	1.8	2.2	-43 bp

Results overview 2005*

Podravka Group			
HRK mln	2005	2004	05/04
Sales revenues	3,441.4	3,294.9	4%
Gross profit	1,340.0	1,306.6	3%
EBITDA	385.5	384.2	0%
EBIT	162.5	154.3	5%
Net profit	124.8	84.2	48%
Operating expenses			
COGS	2,097.3	1,988.3	5%
G&A	305.4	337.6	-10%
S&D	885.4	849.0	4%
Profit margins			
Gross margin %	38.9	39.7	-72 bp
EBITDA margin %	11.2	11.7	-46 bp
EBIT margin %	4.7	4.7	4 bp
Net margin %	3.6	2.6	107 bp

* business results

Business results by SBA

SBA	Food & Beverages			Pharmaceuticals		
	<i>adjusted</i>			<i>adjusted</i>		
HRK mln	2005	2004	05/04	2005	2004	05./04
Sales revenues	2,820.0	2,688.9	5%	611.1	594.7	3%
Gross profit	985.3	942.3	5%	354.0	352.4	0%
EBITDA	186.9	244.5	-24%	118.2	123.0	-4%
EBIT	8.5	53.1	-84%	76.4	87.2	-12%
Net profit	10.6	19.4	-45%	51.4	54.4	-6%
Gross margin %	34.9	35.0	-10 bp	57.9	59.3	-133 bp
EBITDA margin %	6.6	9.1	-247 bp	19.3	20.7	-134 bp
EBIT margin %	0.3	2.0	-167 bp	12.5	14.7	-216 bp
Net margin %	0.4	0.7	-35 bp	8.4	9.1	-74 bp



March 2006

Podravka Group condensed Balance sheet

Podravka Group mln HRK	31 Dec 2005	31 Dec 2004
Cash	126.2	65.2
Inventory	569.1	568.9
Total current assets	1,619.4	1,519.1
Total assets	3,412.8	3,413.5
Long-term debt	515.4	684.5
Short-term debt	130.9	123.0
Current part of LTD	186.8	148.8
Owner's equity	1,921.2	1,879.4
Total liabilities	3,412.8	3,413.5
ROE	3.3%	3.9%
ROA	1.8%	2.2%
ROC	3.6%	4.8%

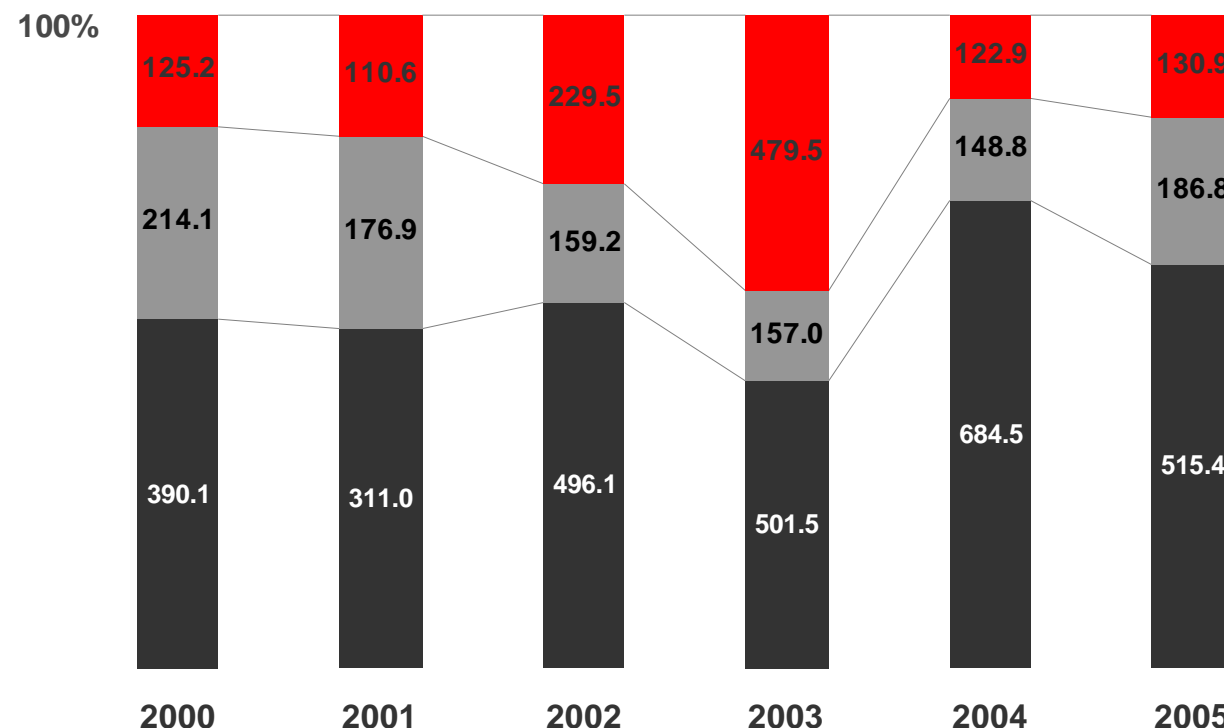
	31 Dec 2005	31 Dec 2004
Cash ratio	0.15	0.10
Quick ratio	1.09	1.09
Current ratio	1.68	1.81

	31 Dec 2005	31 Dec 2004
D/E	43.4%	50.9%
Neto dug	706.9	891.1
Senior net Debt/EBITDA	2.3	2.4
Pokriće kamate	2.2	2.6

Podravka Group indebtedness movement

Trend of indebtedness in Podravka Group

2000 - 2005



Debt structure

31 Dec 2005

STD	15.7 %
Current part of LTD	22.4 %
LTD	61.9 %

HRK
mln

729.4

598.5

884.8

1,138.0

956.2

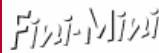
833.1

Total debt

-12.9%

indebtedness
in relation to
31 Dec 2004

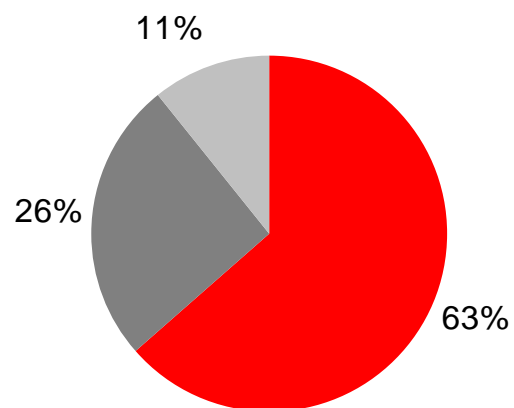
4 Costs



Structure of operating expenses

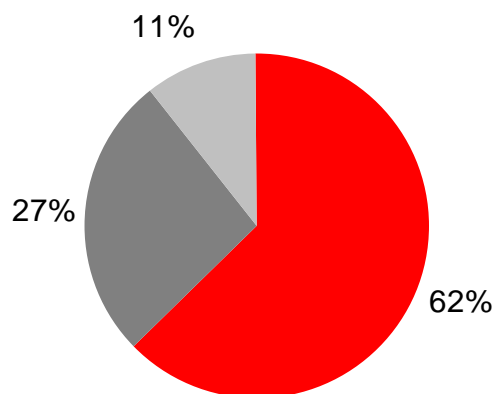
adjusted
2004

HRK 3,154.9 mln



2005

HRK 3,363.1 mln



■ COGS
■ S&D
■ G&A

6.6% growth of operating expenses
over the same period in the previous year

	share in sales	05/04
COGS	61.2%	+40 bp
S&D	26.1%	+140 bp
G&A	10.4%	+10 bp

Advertising
& promotion costs

growth 05/04
+21%

intensified
marketing
activities in
all markets

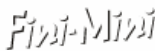
Marketing activities in 2005



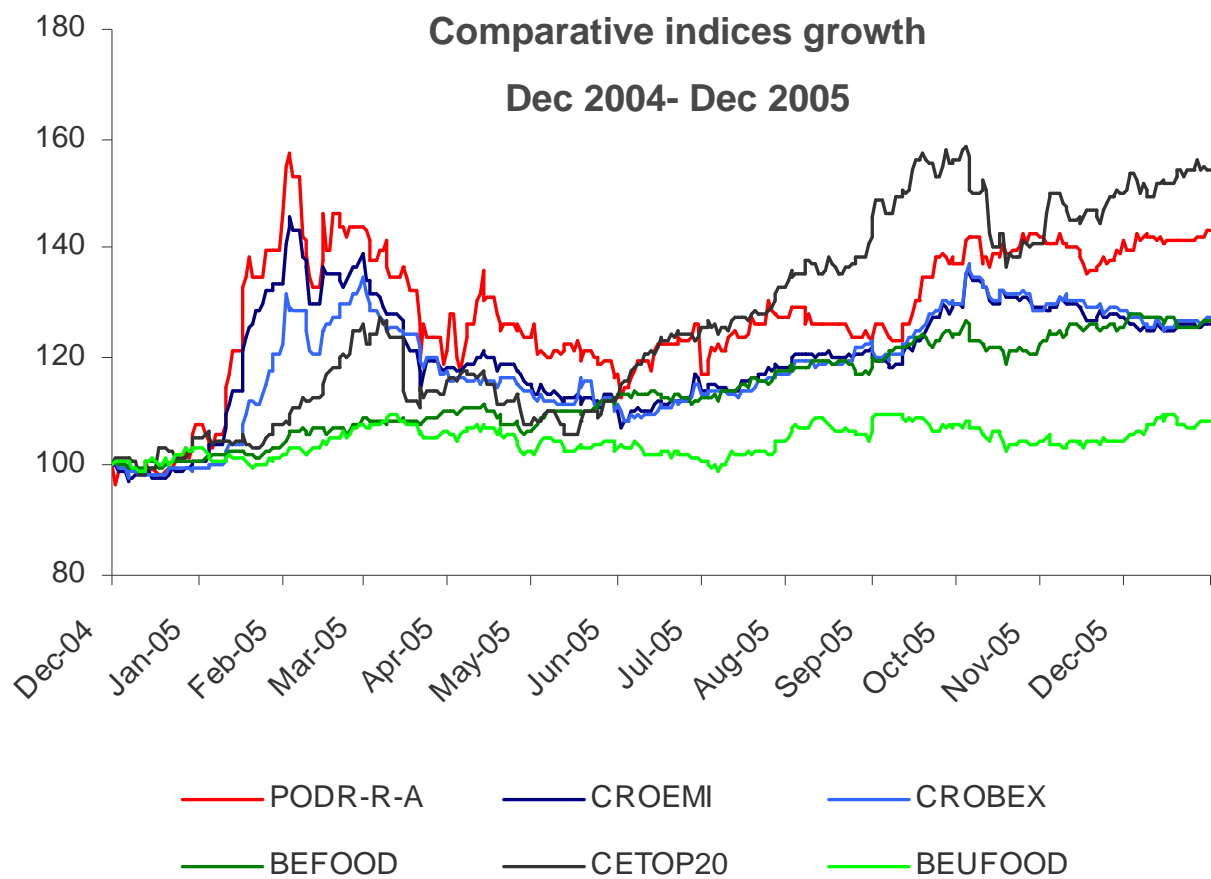
BLAGI ILI **LJUTI?**



5 Information for shareholders



Comparative indices growth in 2005



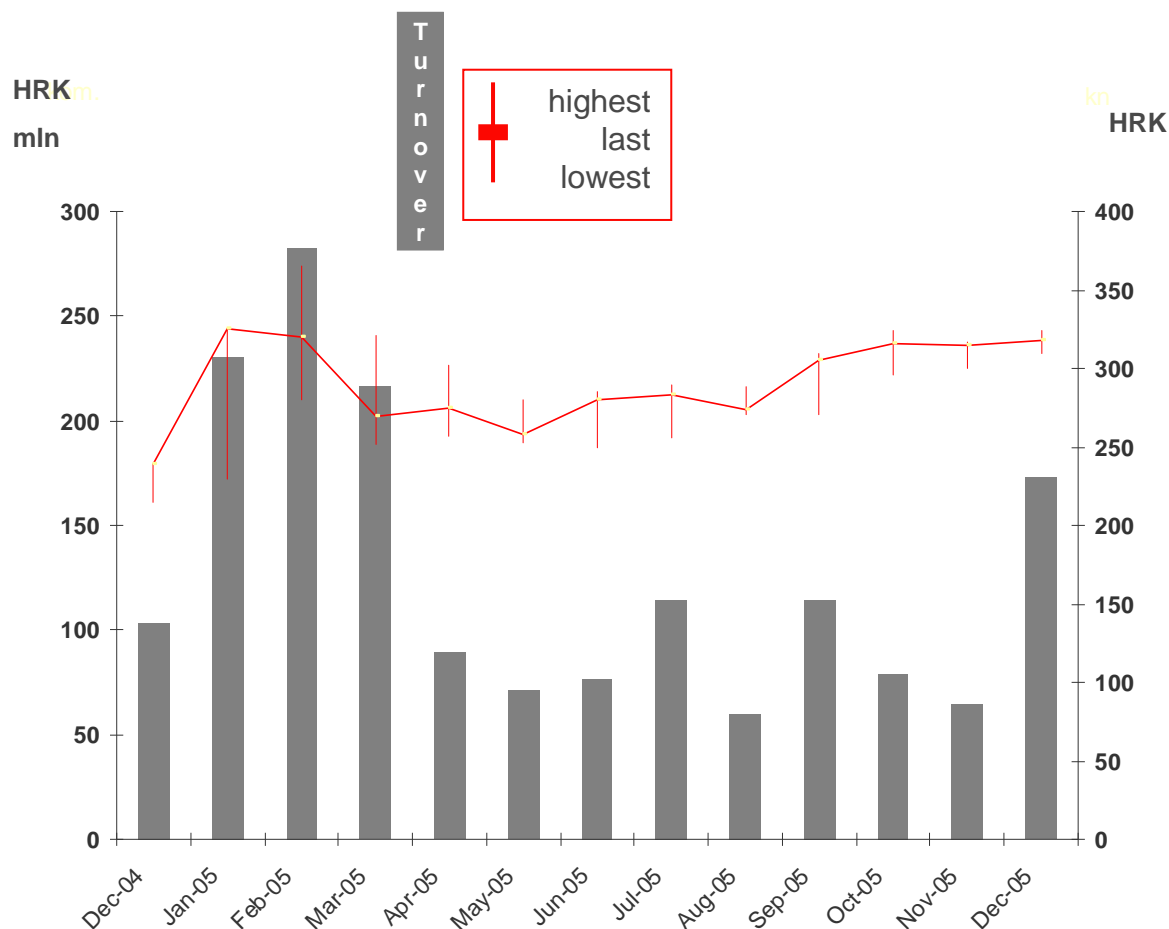
RECOMMENDATIONS

ERSTE
FIMA
HAAB
RBA

ACCUMULATE
HOLD
HOLD
HOLD

Izvor: Bloomberg

Share price and turnover



31 Dec 2005

Last price (HRK/EUR)	318 / 43.1
Market capitalization (HRK/EUR mln)	1,723.6 / 233,7
12 months max / min (EUR)	49.5 / 31,0
12 months turnover (HRK/EUR mln)	465.2 / 63.1
Average daily turnover (HRK/EUR mln)	1.85 / 0.25
Free float (%)	72

INDICATORS

	2004	2005
P/E	17.02	27.09
P/CF	0.93	0.50
EPS	14.04	11.74
P/BV	0.69	0.90
P/S	0.39	0.50

	2005	2004	05/04
WACP	296.69	198.04	+ 49.8 %

Shareholder structure on 31 Dec 2005

Shareholder structure

31 Dec 2005

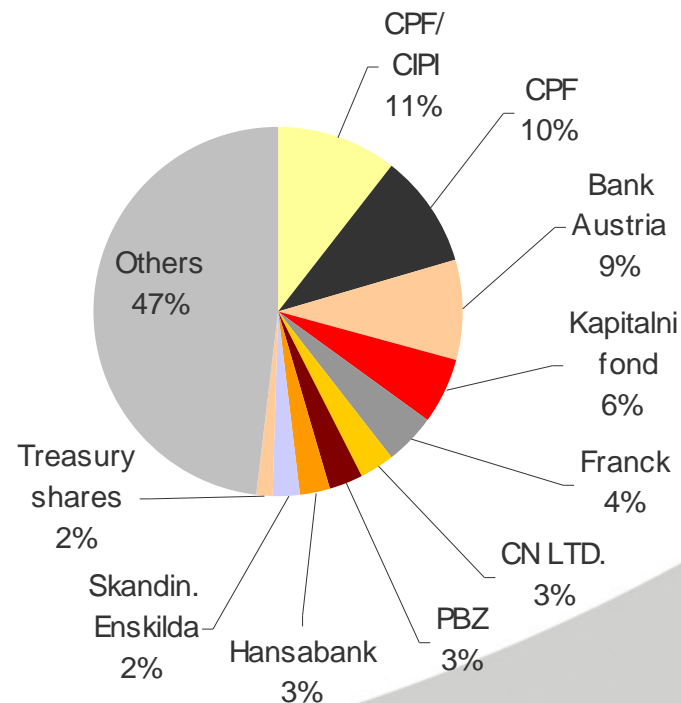
SHAREHOLDER	No. OF SHARE
Croatian Privatization Fund /CIPF	575,598
Croatian Institute for Pension Insurance	534,201
Bank Austria Creditanst. AG	469,626
Kapitalni fond d.d.	321,804
Franck d.d.	229,630
CN LTD.	175,165
PBZ D.D.	163,517
Hansabank clients account	137,048
Skandinaviska enskilda banken	132,185
Treasury shares	82,156
Others	2,599,073
TOTAL	5,420,003

- 10 major shareholders
- other natural and legal persons

%

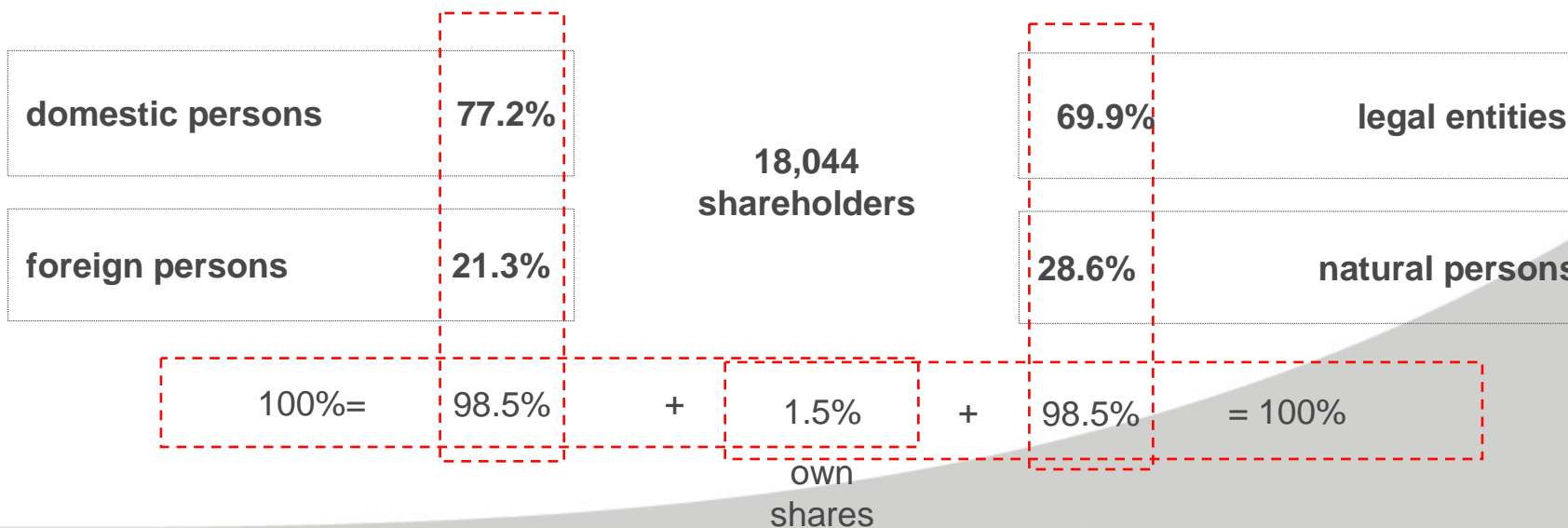
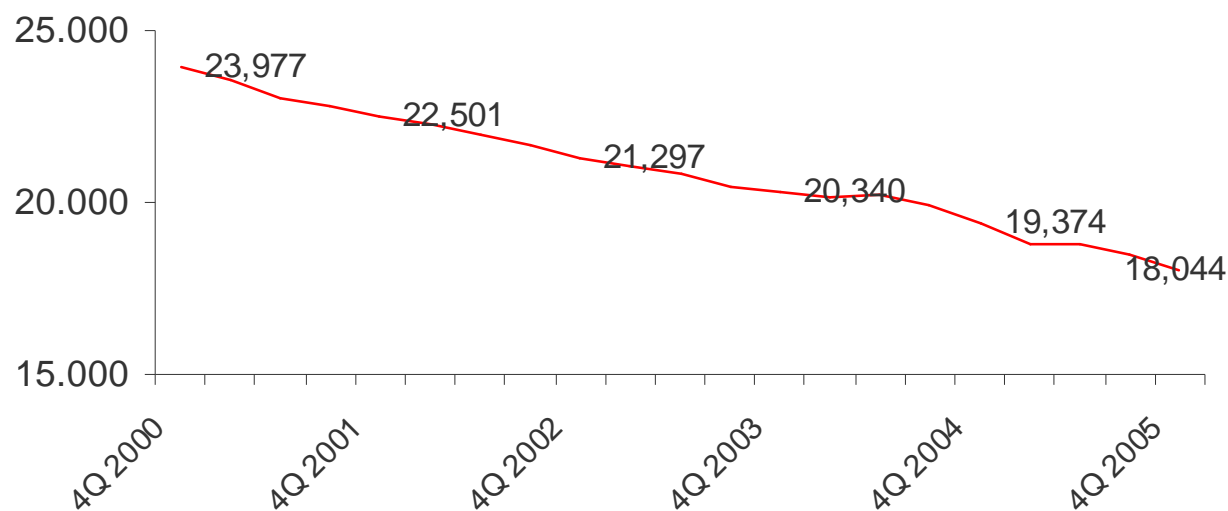
53

47



Number of shareholders

No. of
shareholders



The Zagreb Stock Exchange 2005

Most Active Shares by Turnover

HRK mln

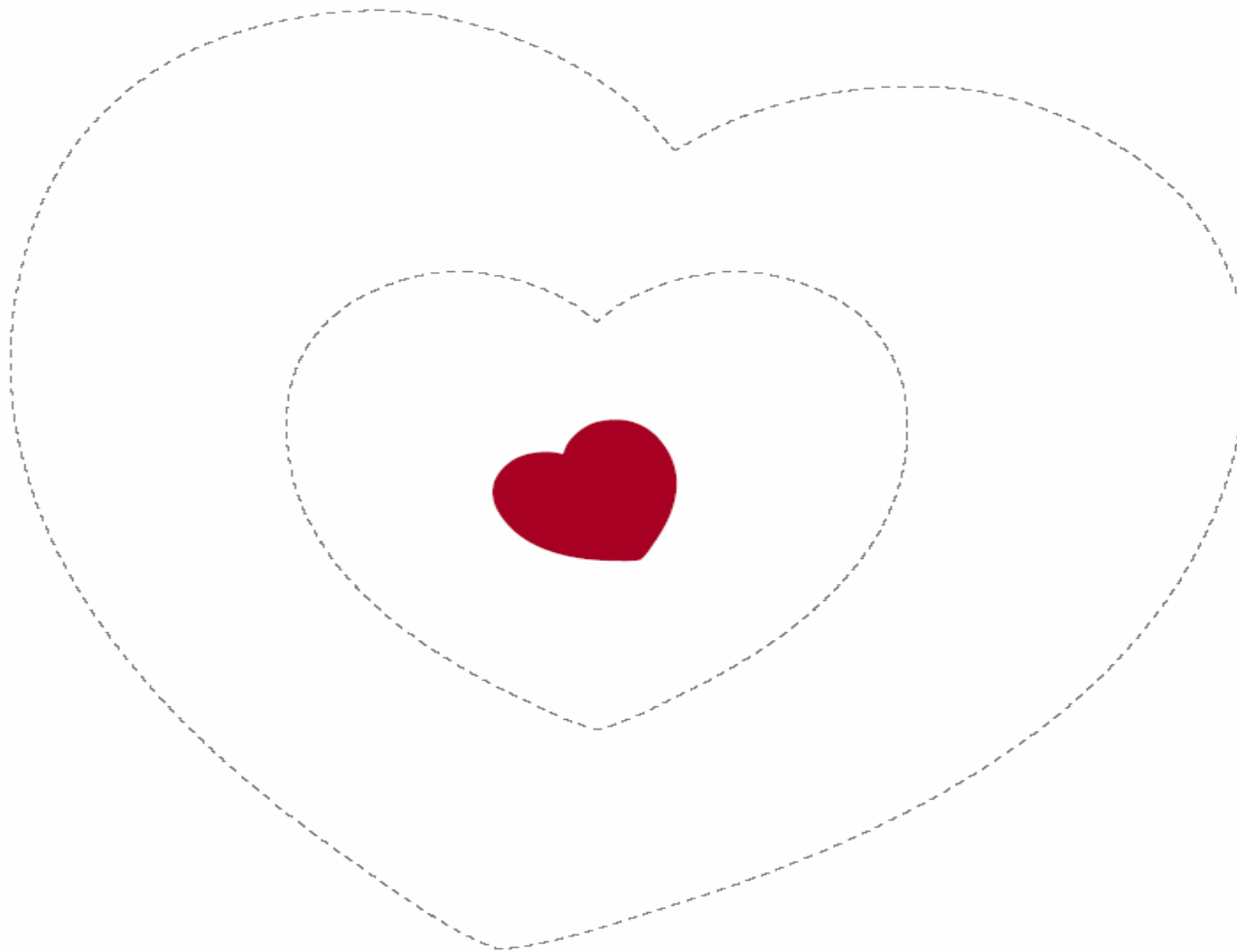
Companies	Turnover	Turnover %	Cumulatively
Adris Grupa	957.4	20.2	20.2
Pliva	649.1	13.7	34.0
Podravka	465.2	9.8	43.8
Atlantska plovdba	414.9	8.8	52.6
Tankerska plovdba	195.4	4.1	56.7
Končar elektroindustrija	185.3	3.9	60.6
Petrokemija	134.8	2.8	63.5
IGH	129.3	2.7	66.2
Dalekovod	108.2	2.3	68.5
Kraš	107.0	2.3	70.8
Others	1,383.3	29.2	100.0
TOTAL	4,729.9	100.0	

Source: Trading Summary, 2005, ZSE

INDICATORS

Podravka	HRK mln
Market capitalization	1,723.6
Turnover	465.2
Turnover/Mar.cap.(%)	27.0

ZSE	HRK mln
Market capitalization	80,724.5
Turnover	4,729.9
Turnover/Mar.cap.(%)	5.9



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Fax: + 385 1 489 19 99

E-mail: irena.kos@podravka.hr

The company with a heart