

Podravka Group

Always with a heart!

26th March 2015, LSEG CIS & CEE CONFERENCE, London



Podravka Group at a glance



BUSINESS:

- food and pharmaceuticals.



2014 FIGURES:

- EUR 460.9 millions of sales revenues,
- EUR 461.7 millions of total assets,
- 5,341 employees.

YEAR OF ESTABLISHMENT: 1947

- 68 years in food production,
- 43 years in pharma production,
- culinary institution in SEE.



HEADQUARTERS:

- Koprivnica, Croatia.



MAIN MARKETS:

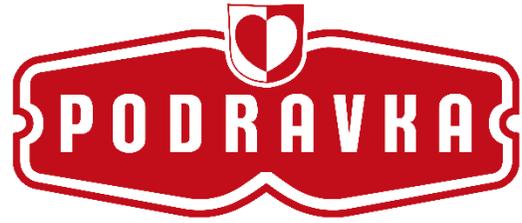
- South East Europe,
- Central Europe,
- Eastern Europe.



SHARE LISTING:

- Zagreb Stock Exchange, Croatia,
- MCap of EUR 213.9 millions*.

Note: All figures in presentation are transferred at EUR/HRK exchange rate of 7.6 to avoid FX differences; *MCap on 23/03/2015.



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Appendix

Long tradition of food and pharmaceutical production



1934

Fruit processing and marmalade workshop by brothers Wolf established



1947

Wolf brothers workshop became publicly owned under Podravka name



1952

Condiments, dried and sterilized vegetables, etc. production established



1957

Famous Podravka soups production established



1958

Production of meat products established



1959

Vegeta, universal seasoning, production established



1970

Baby food production established



1970

Bottling facility for spring water enters Podravka, non-alcoholic beverages production established



1972

Belupo pharmaceutical company established, pharmaceutical production established



1993

Podravka became a joint-stock company, free share trading from 1994



2006

Eva, fish products brand, acquisition

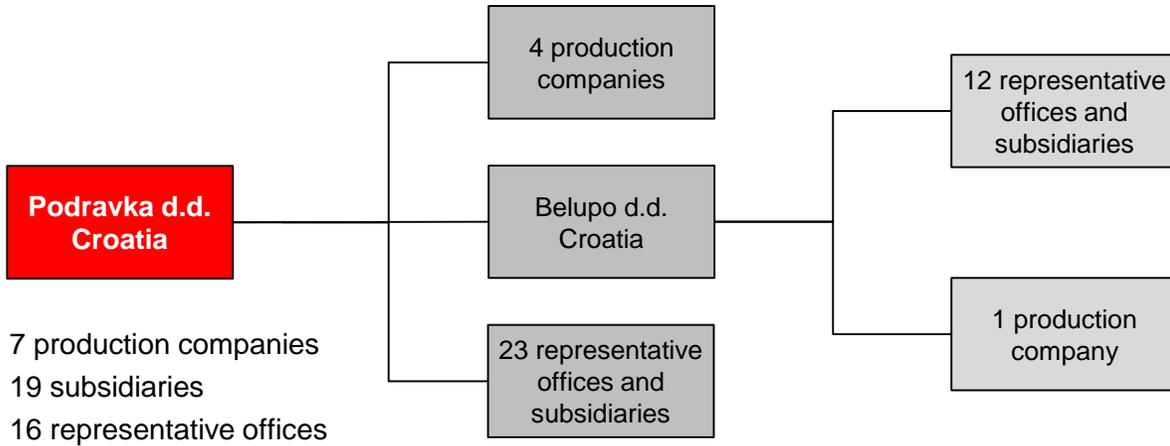


2014

Mirna, fish products producer, enters Podravka

Podravka Group is present in 23 countries with subsidiaries and representative offices

International network of subsidiaries and representative offices



Own distribution network from Adriatic to the Baltic sea

1. Bosnia and Herzegovina
2. Czech
3. Montenegro
4. Croatia
5. Hungary
6. Macedonia
7. Poland
8. Slovakia
9. Slovenia
10. Serbia



Locally based production facilities

- Croatia → 11 facilities
 - Koprivnica (6 food facilities, 1 pharmaceutical)
 - Lipik (non-alcoholic beverages)
 - Umag (vegetables)
 - Varaždin (vegetables)
 - Rovinj (fish products)
- Bosnia and Herzegovina → 1 facility (pharmaceutical)
- Czech Republic → 1 facility (rice, pulses)



Highly qualified management and supervisory board with developed corporate governance

Management board



Zvonimir Mršić

President of MB

- Group strategy,
- mayor of Koprivnica in 3 terms,
- FBA,
- vice-president of Croatian Exporters Association.



Olivija Jakupec

Member of MB

- sales & marketing,
- work experience on the Russian market,
- director of Nexe B&H.



Miroslav Klepač

Member of MB

- finance & IT,
- board member of Allianz Zagreb, Iskon, HT B&H,
- MBA.



Hrvoje Kolarić

Member of MB

- pharmaceuticals,
- director of Bristol Myers Squibb and PharmaSwiss,
- MBA,
- president of Croatian Pharmaceutical Industry Association.

Supervisory board

President:

- Dubravko Štimac → president of MB of PBZ CO OPF

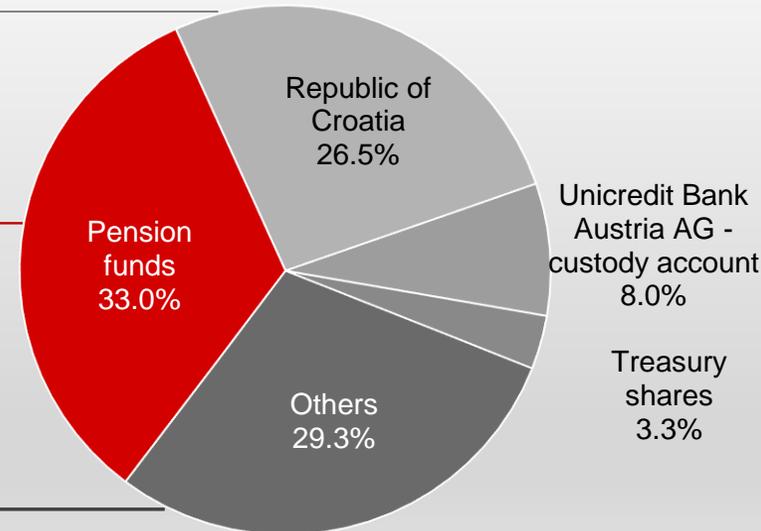
Vice President:

- Mato Crkvenac → ex finance minister

Members:

- Ivana Matovina → ex audit director at KPMG
- Martinka Marđetko Vuković → workers representative
- Ivo Družić → academy professor of economy
- Milan Sojanović → professional manager
- Petar Vlaić → president of MB of Erste Plavi OPF
- Dinko Novoselec → president of MB of Allianz ZB OPF
- Petar Miladin → academy professor of law

Shareholder structure on 31/12/2014



Audit committee

President:

- Dinko Novoselec

Members:

- Petar Vlaić
- Ivana Matovina
- Mato Crkvenac

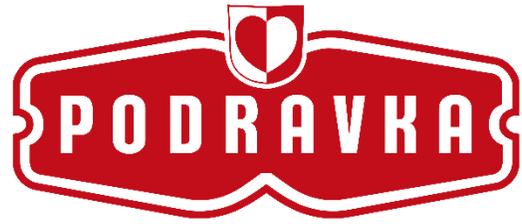
Remuneration committee

President:

- Petar Vlaić

Members:

- Dubravko Štimac
- Milan Stojanović



The Company

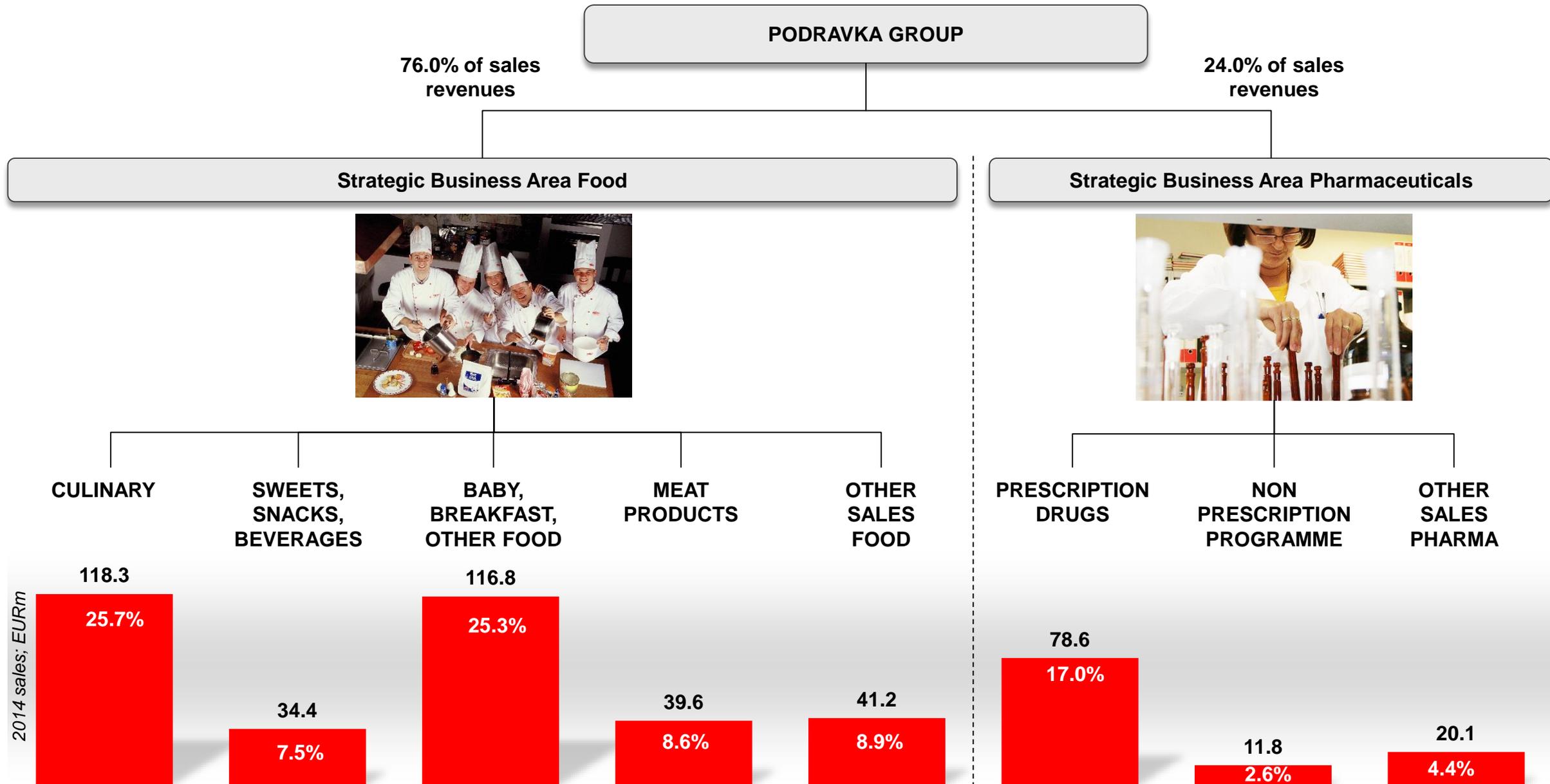
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A well diversified product portfolio divided in two business areas



Culinary category is a cornerstone of food business

Food category products overview	2014 sales; % of total
<p>CULINARY</p> <ul style="list-style-type: none"> seasonings*, bouillons, soups*, semi-finished meals, mixes for meals, sauces. 	<p>EUR 118.3m 25.7%</p>
<p>SWEETS, SNACKS AND BEVERAGES</p> <ul style="list-style-type: none"> powdered sweets*, salted snack, non-alcoholic beverages. 	<p>EUR 34.4m 7.5%</p>
<p>BABY, BREAKFAST AND OTHER FOOD</p> <ul style="list-style-type: none"> dehydrated baby food*, cereals, spreads, condiments, vegetables, fish products*, tomato based products. 	<p>EUR 116.8m 25.3%</p>
<p>MEAT PRODUCTS</p> <ul style="list-style-type: none"> ready to eat meals and meat sauces, sausages, pâtés, frozen meat. 	<p>EUR 39.6m 8.6%</p>
<p>OTHER SALES</p> <ul style="list-style-type: none"> private labels, service production, trade goods, other. 	<p>EUR 41.2m 8.9%</p>

*Strategic products with international potential.

Prescription drugs category is a cornerstone of pharmaceutical business

Pharmaceutical category products overview

2014 sales; % of total

PRESCRIPTION DRUGS

- for skin disorders*
- for hearth and blood vessels,
- for central nervous system,
- for 8 more areas.



EUR 78.6m 17.0%

NON-PRESCRIPTION PROGRAMME

- OTC medicine,
- dietary products,
- natural products.



EUR 11.8m 2.6%

OTHER SALES

- trade goods,
- services.



EUR 20.1m 4.4%

*Strategic products with international potential.

High-quality brands with exceptional recognisability and strong international potential



VEGETA

- universal seasoning, category synonym in SEE,
- for years No. 1 FMCG brand in CRO and in the top 3 in the region,
- number 1 brand in Europe in seasoning category,

- Superbrand award in more than 15 European countries,
- Laur consumenta award in Poland for 2004-2014 period.

Vol. MS	CRO	SLO	B&H	POL	CZE	RUS
Vegeta	1	1	1	3	2	2



PODRAVKA SOUPS

- dehydrated instant soups,
- sold in 20 countries around the world,
- most sold SKU on regional markets,

- Quadal (Quality Medal) award in Croatia,
- Best Buy award in Croatia and B&H.

Vol. MS	CRO	SLO	B&H	RUS
Soups	1	2	1	5



LINO

- dehydrated baby food; umbrella brand,
- category synonym in SEE countries,
- sold in more than 20 countries around the world,

- Trusted brand award and Best Buy award winner in Croatia,
- Superbrand awards winner in Croatia, Slovenia and B&H.

Vol. MS	CRO	SLO	B&H
Lino	1	1	1



DOLCELA

- powdered product for preparation of sweets,
- No. 1 or strong No. 2 brand in SEE,

- Quadal (Quality Medal) award in Croatia,
- Best Buy award in Croatia and B&H.

Vol. MS	CRO	SLO	B&H
Dolcela	1	2	1



EVA (MEDITERRANEAN ASSORTMENT)

- one of the most recognisable brands in canned fish category
- flagship of Mediterranean cuisine,

- Quadal (Quality Medal) award and Superior taste award in Croatia,
- Best Buy award in Croatia and B&H.

Vol. MS	CRO	SLO	B&H
Eva	2	4	1



BELUPO

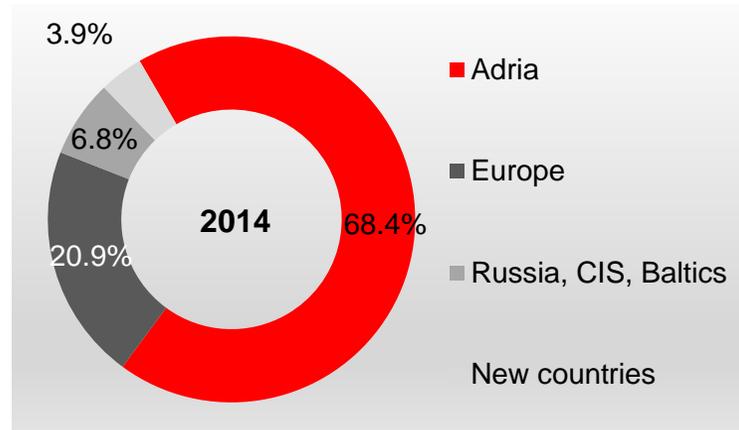
- pharmaceutical brand,
- strong position in niche markets, especially in dermatology segment.

Vol. MS	CRO	RUS	CZE	SLO	B&H	SER	MAC	SLR
D07*	1	5	2	2	1	2	1	1

D07* - Corticosteroids for the treatment of skin disorder

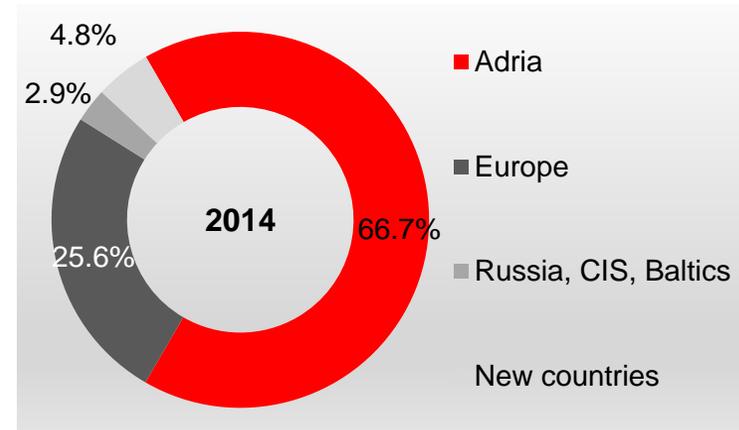
Southeast Europe still dominant market in terms of sales revenues

Podravka Group sales split by regions



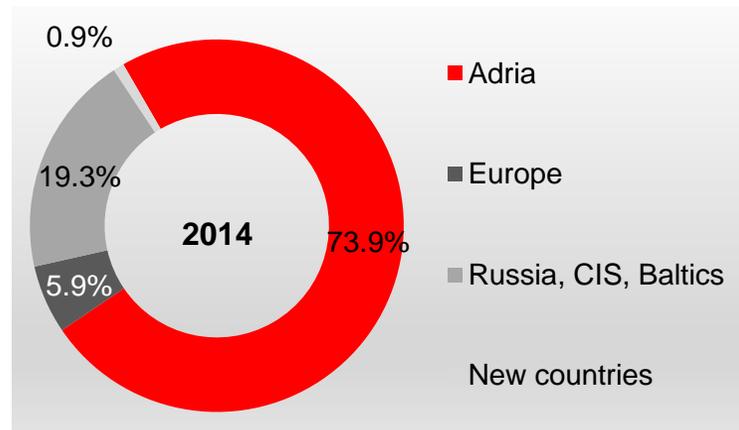
Country	EURm	%
Croatia	189.1	41.0%
B&H	59.7	13.0%
Russia	27.0	5.9%
Poland	25.5	5.5%
Slovenia	23.4	5.1%
Other c.	136.2	29.5%
Group	460.9	100.0%

SBA Food sales split by regions



Country	EURm	%
Croatia	137.9	39.1%
B&H	36.2	10.3%
Poland	23.6	6.7%
Slovenia	21.4	6.1%
Czech	19.9	5.7%
Other c.	111.3	32.1%
SBU	350.3	100.0%

SBA Pharmaceuticals sales split by regions



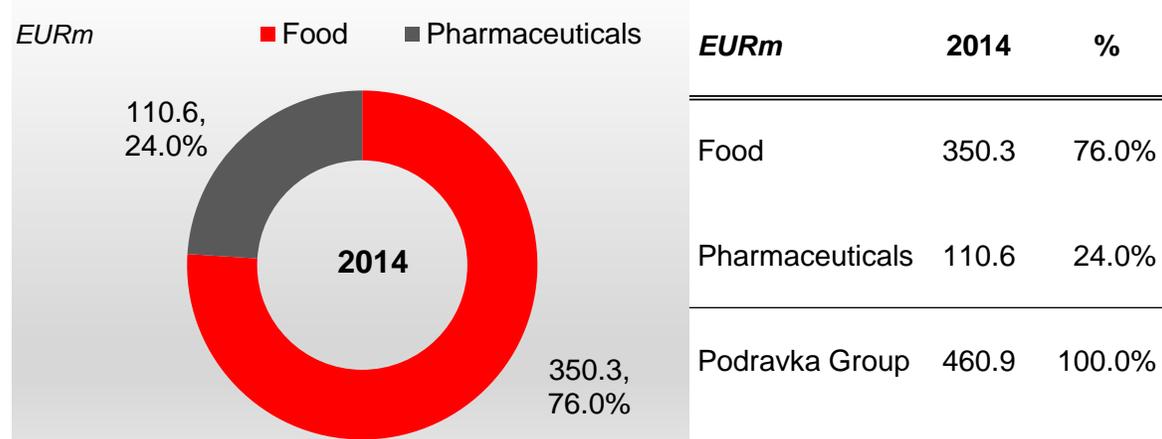
Country	EURm	%
Croatia	52.1	47.1%
B&H	23.5	21.2%
Russia	19.6	17.7%
Slovakia	2.4	2.2%
Czech	2.0	1.8%
Other c.	11.0	10.0%
SBU	110.6	100.0%

Company regions

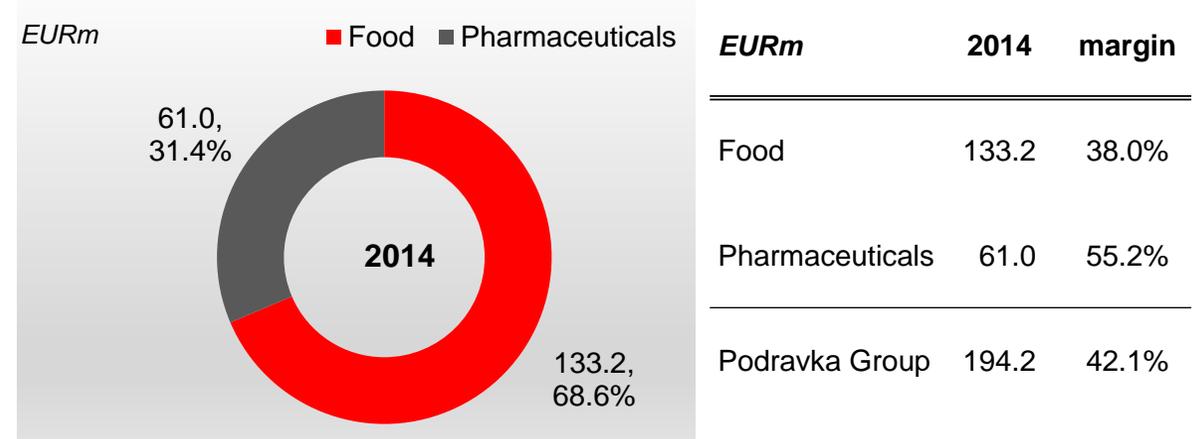
- | <u>Adria region:</u> | <u>Europe region:</u> | <u>Russia, CIS, Baltics:</u> | <u>New countries:</u> |
|----------------------|-----------------------|---------------------------------------|-----------------------|
| ▪ Croatia, | ▪ Poland, | ▪ Russia, | ▪ Australia, |
| ▪ B&H, | ▪ Czech, | ▪ Commonwealth of Independent States, | ▪ USA, |
| ▪ Slovenia, | ▪ Slovakia, | ▪ Latvia, | ▪ Canada, |
| ▪ Serbia, | ▪ Germany, | ▪ Lithuania, | ▪ MENA, |
| ▪ Macedonia, | ▪ Hungary, | ▪ Estonia, | ▪ Southeast Africa |
| ▪ Montenegro, | ▪ Austria, | | ▪ China, |
| ▪ Kosovo, | ▪ Romania, | | ▪ other countries. |
| ▪ Albania, | ▪ Scandinavia, | | |
| ▪ Greece. | ▪ other countries. | | |

Food segment generates the majority of sales revenues, while pharmaceuticals has higher margins

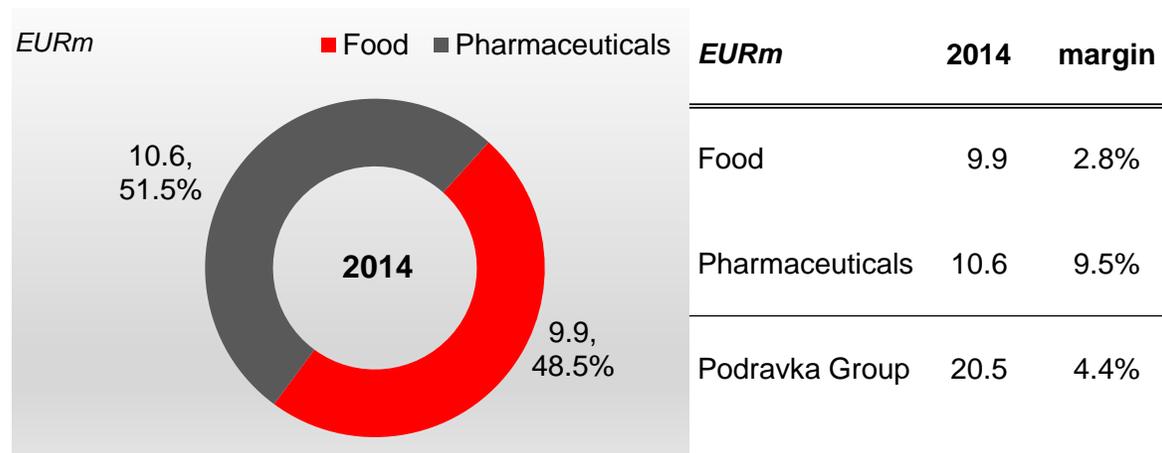
Sales revenues by strategic business areas



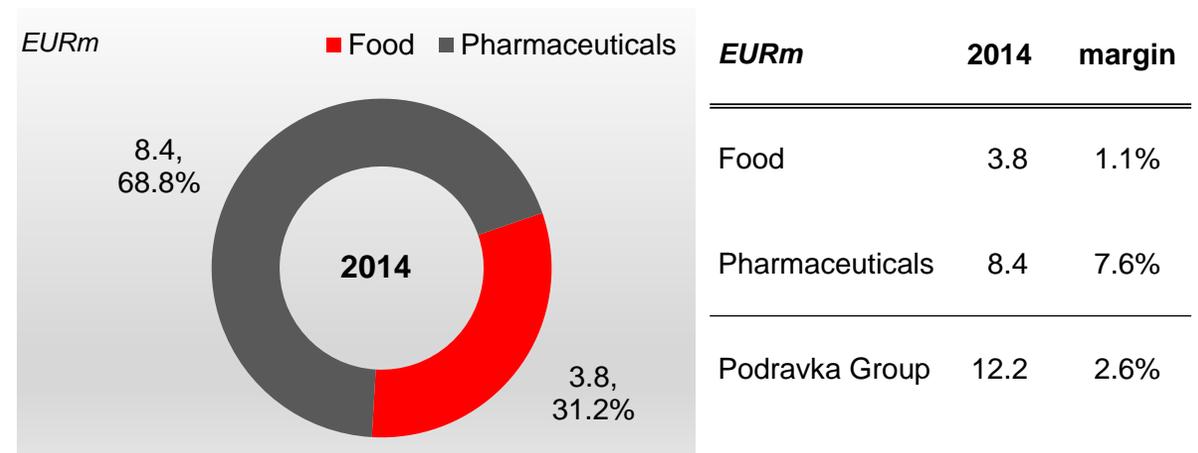
Reported gross profit by strategic business areas

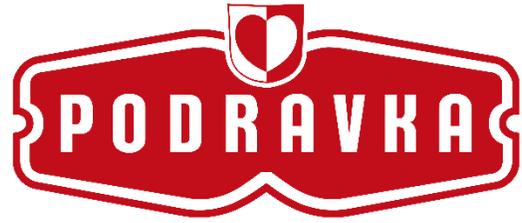


Reported operating profit (EBIT) by strategic business areas



Reported net profit by strategic business areas





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Past situations slowed down company's development

Significant political influence

- high employment,
 - sales per employee 80% lower than peer group in Food, 20-25% in Pharma,
- non-profitable business segments creating loss,
- eroded profitability margins:
 - gross and EBITDA margins in both Food and Pharma 500 bp lower than peer group,
- slow pace of restructuring.

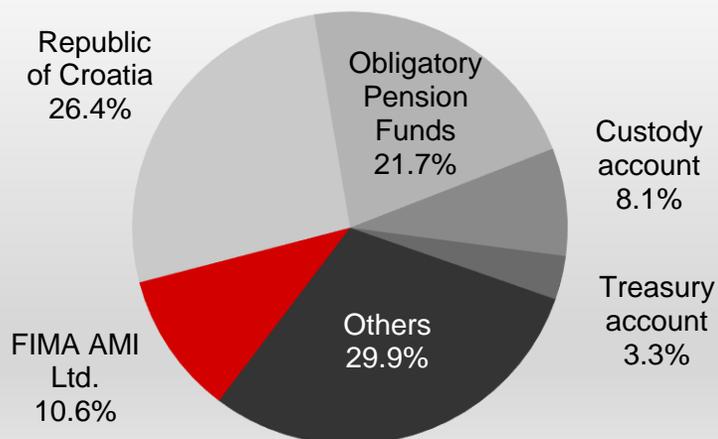
Irresponsible investments

- acquisitions to boost sales revenues, but without added value:
 - non-profitable business segments,
 - write-offs in the later course of time,
 - increased indebtedness → e.g. Net debt/EBITDA of 4.6 in 2009,
- at the same time, investments in non-current assets were continuously lower than D&A.

Management

- lack of clear strategy for markets, assortment, cost management...,
- centralized decision making with limited autonomy on the lower levels,
- „Spice” affair resulted with:
 - 7 former managers charged in 2010,
 - change in ownership,
 - EUR 50.1 million of net loss in 2009.

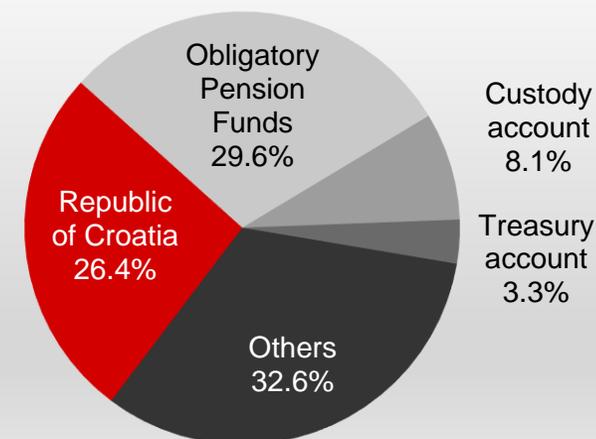
Shareholder structure on 15/07/2011



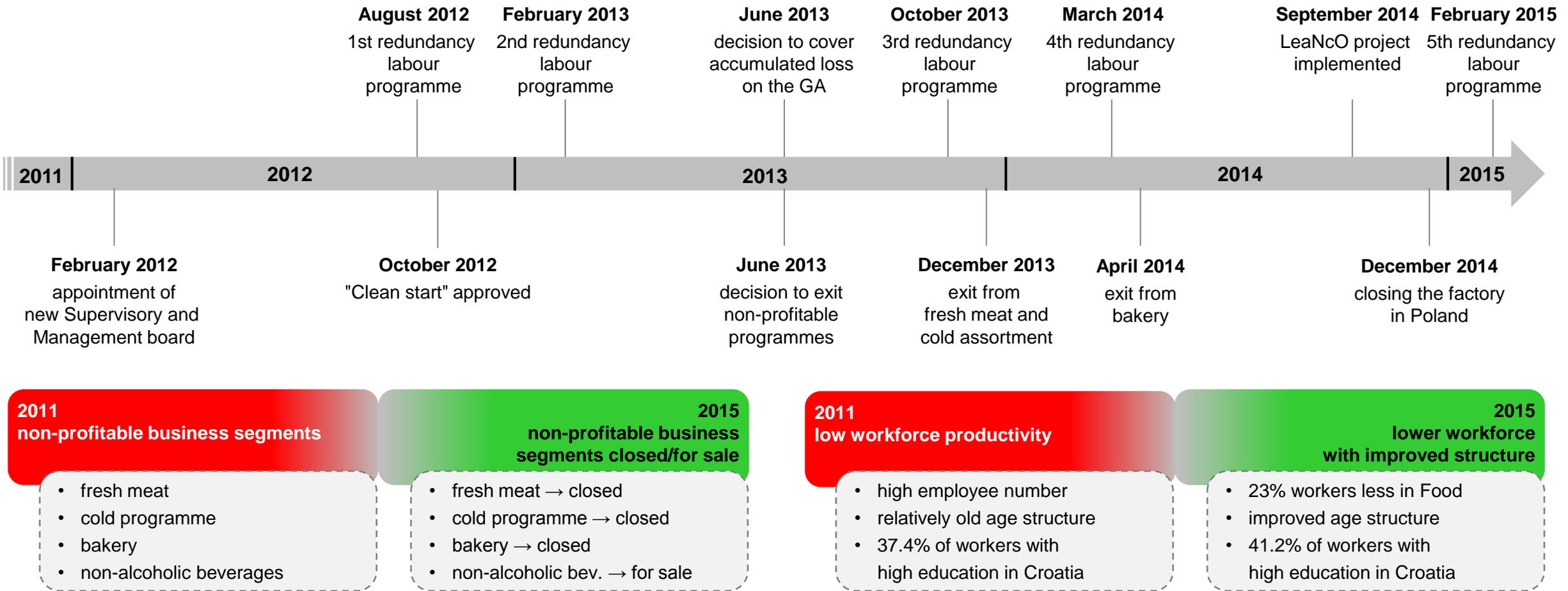
Eroded shareholders value

- ROCE was 30% lower than WACC which eroded shareholders value:
 - EUR 118.4 million of estimated loss for shareholders in 2007-2011 period,
- reputation → the company was being perceived as non-transparent.

Shareholder structure on 22/07/2011



Start of new management → „cleaning up the house” and making prerequisites for a new start



- **October 2012** – approved ordered assessment of the Company's position made by KPMG as base for further steps,
- **June 2013** – the decision has been made on the General Assembly to reduce nominal value of shares from HRK 300.00 to HRK 200.00 to cover accumulated losses and to make prerequisites for future dividend payment,
- **September 2014** – LeaNcO programme aimed to improve efficiency of finance, administration and reporting successfully implemented.

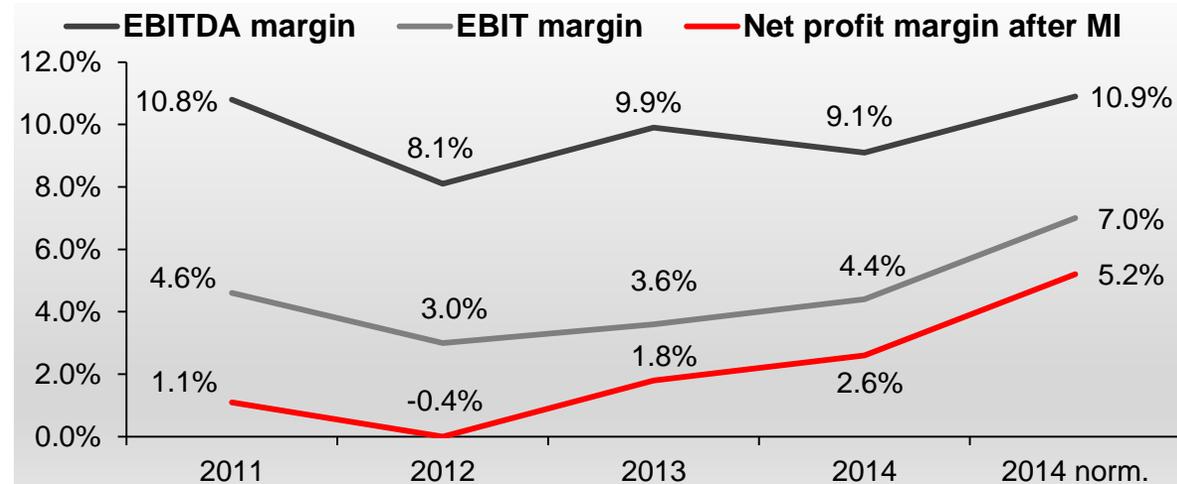
Dedication to restructuring resulted in higher profitability levels and better indicators

One-off items burdened profitability in the past

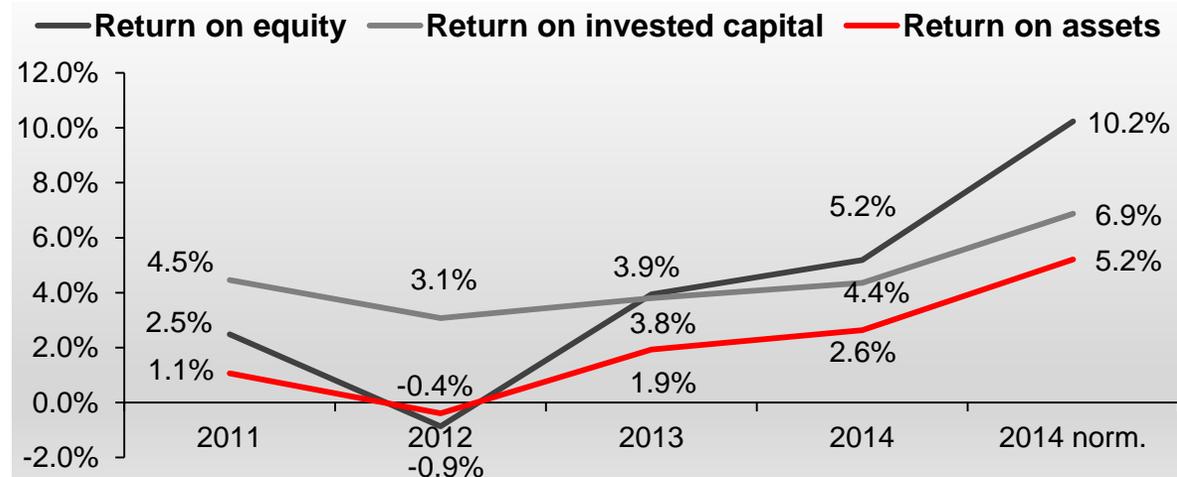
(EURm)	2009	2010	2011	2012	2013	2014	2015 E
Value adjustments	(48.1)	(4.4)	(0.9)	(4.9)	(10.6)	(3.8)	0.0
Severance payments	(3.0)	(1.6)	(1.1)	(6.6)	(7.5)	(9.4)	0.0
Other	0.0	(2.8)	5.0	(5.9)	0.6	1.3	0.0
Total net one-off items	(51.1)	(8.8)	3.0	(17.3)	(17.6)	(11.9)	0.0

- restructuring efforts and past mistakes took its toll on profitability,
- 2015 will be the first year without one-off items adding to the business model stability.

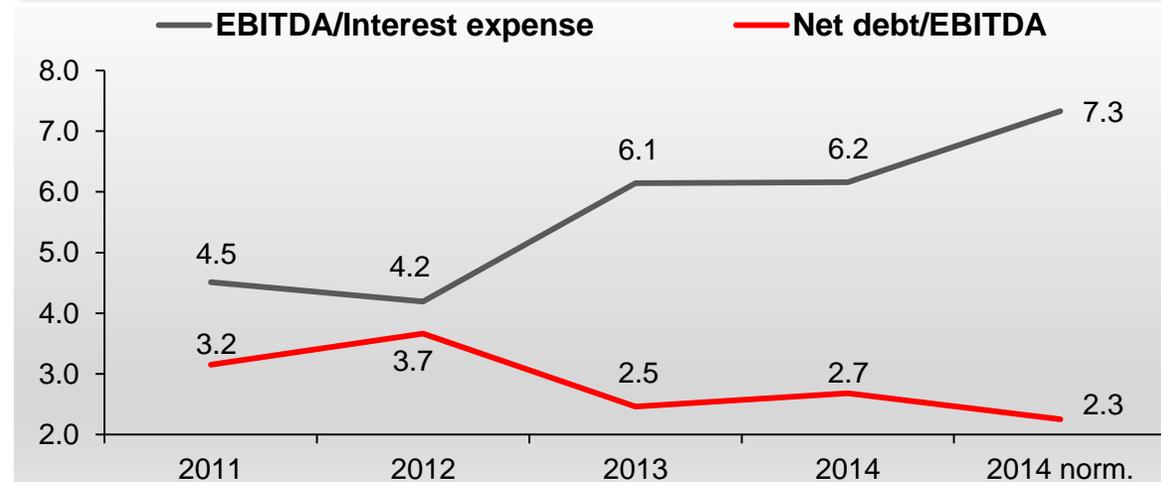
Improvement in profitability margins



Return rates on a higher level



Debt level lowered



Note: Figures for 2011 - 2014 period on the reported level, figures for 2014 norm. are on the normalized level; Interest expense includes banking fees.

Positive movements in 2014 on various levels

Significant improvement in profitability

(EURm)	Group reported profitability in 2014		
Gross profit	194.2		(1.8%)
EBITDA	42.1		(11.2%)
EBIT	20.5		18.8%
Net profit after MI	12.2		38.8%
Gross margin	42.1%		+69 bp
EBITDA margin	9.1%		-80 bp
EBIT margin	4.4%		+83 bp
Net profit margin after MI	2.6%		+80 bp

Positive impact of refinancing in July 2014

(EUR 000)	Debt levels in 2014		
Net debt	112,733		(3.4%)
Interest expense	5,729		(17.7%)
Net debt / EBITDA	2.7		8.9%
EBITDA / Interest expense	7.3		7.9%
Net debt / Normalized EBITDA	2.3		7.6%
Normalized EBITDA / Interest expense	8.7		9.2%
Equity to total assets ratio	50.9%		+197 bp

Operating expenses lower on all levels*

(EURm)	Reported operating expenses in 2014		
Cost of goods sold	266.7		(4.5%)
General and administrative expenses	44.5		4.9%
Selling and distribution costs	61.7		(7.0%)
Marketing expenses	59.5		(2.5%)
Other expenses	9.6		(19.4%)
Total	442.1		(4.1%)

*Normalized general and administrative expenses excluding consulting services related to business development recorded drop of 2.0%.

Improvement in return rates and EPS

(EUR)	Reported return rates in 2014		
Return on equity	5.2%		+145 bp
Return on invested capital	4.4%		+60 bp
Return on assets	2.6%		+71 bp
Earnings per share	2.2		38.8%

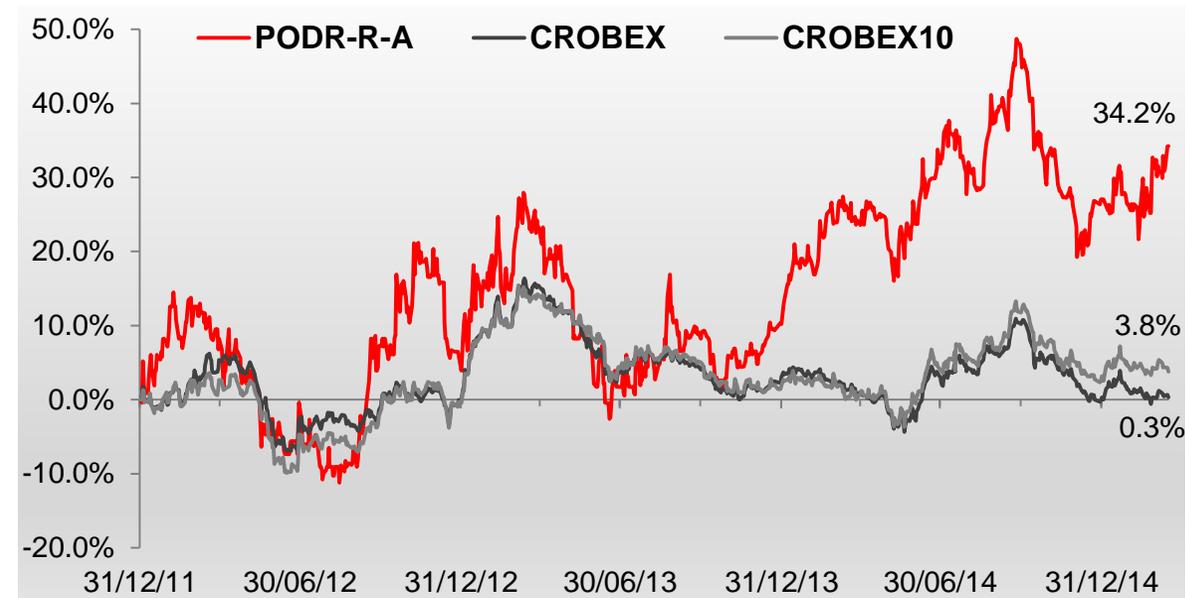
- Normalized Earnings per share in 2014 is EUR 4.4 and 97.4% higher than reported earnings per share → indication of company's potential without extraordinary effects.

Podravka's share is being traded below peer group level

(EUR; units)	2014		% change
Average daily price	39.0		16.3%
Average daily number of transactions	13		39.6%
Average daily volume	1,562		105.4%
Average daily turnover	60,980.4		134.2%
Earnings per share	2.2		38.8%

- 6th most liquid share on the ZSE in 2014.

Analysts	Recommendation	Target price	Potential
InterCapital	Strong buy	EUR 49.0	23.0%
FIMA	Under revision	n/a	n/a
HYPO ALPE ADRIA	Buy	EUR 47.9	20.1%
Raiffeisen BANK	Buy	EUR 45.3	13.5%
ERSTE Group	Buy	EUR 48.2	20.8%
UniCredit	Buy	EUR 52.5	31.7%



Peer group multiples*	EV/Sales	EV/EBITDA	EV/EBIT	P/E
Weighted average peer group	2.1	11.8	16.9	21.4
Weighted adj. average peer group	2.1	11.8	17.7	21.8
Podravka Group reported	0.7	7.9	16.2	17.6
Podravka Group normalized***	0.7	6.6	10.3	8.9

*Multiples obtained from Bloomberg on 23.03.2015; **Calculated excluding maximal and minimal values; ***Calculated excluding one-off items.

II phase of internationalization started in 2015 – new markets as key growth generator

Africa

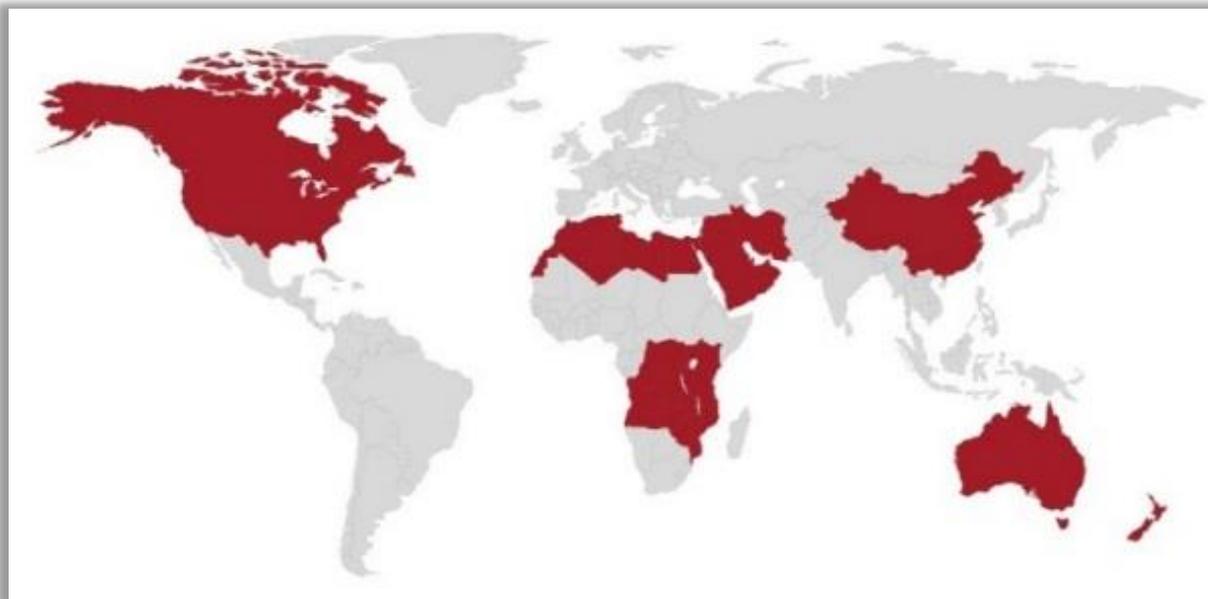
- population → 239 millions,
- BDP per capita → USD 223 – 7,244,
- subsidiary VEGETA PODRAVKA LIMITED established,
- planned assortment:
 - culinary.

MENA

- population → 303 millions,
- BDP per capita → USD 3,200 – 97,900,
- subsidiary PODRAVKA GULF FZE established,
- planned assortment:
 - culinary,
 - sweets, snacks and beverages,
 - baby, breakfast and other food.

China

- population → 1.36 billions,
- BDP per capita → USD 4,000,
- representative office Croatia PODRAVKA Inc established,
- planned assortment:
 - culinary,
 - sweets, snacks and beverages,
 - baby, breakfast and other food.



New countries region:

- Australia,
- USA,
- Canada,
- MENA,
- Southeast Africa
- China,
- other countries.

2015 capital expenditures

New pharmaceutical production facilities

Project

- production facility for solid oral forms,
- production facility for semi solid and liquid forms,
- end of project → April 2017.

Reasoning

- insufficient capacities, Pharma volume growth 10.6% in 2014.

Financials

- total value of investment EUR 51.3 million,
- EUR 40.0 million loan, EUR 11.3 million own funds,
- EUR 20.0 million incentive from government through income tax benefits.



Upgrade of automated warehouse

Project

- upgrade of automated warehouse in Koprivnica,
- end of project → end of 2015.

Reasoning

- central warehouse department has storage capacities on 7 locations:
 - locations weren't built for that purpose and lack energy standards,
 - operating inefficiency, more employees needed, higher rental expenses.

Financials

- total value of investment EUR 6.7 million,
- 67% loan from Croatian Bank for Reconstruction and Development, 33% own funds.



Transformation of Podravka Group



-  We're becoming restructured company with efficient internal processes, optimized workforce and product portfolio
-  With further internalization we're aiming to generate 2/3 of sales revenues from international markets
-  Our key strategic goal is to come to the peer group level in food and pharmaceutical business
-  With further modernization we'll be more efficient and able to follow key trends in FMCG and Pharma industry
-  The leading producer of branded products and recognisable pharmaceutical producer on strategic markets

Why to invest in Podravka?

SIGNIFICANT GROWTH POTENTIAL:

- plenty of room for further rationalization,
- KPI's still below peer group level,
- haven't reached our full potential.



CURRENTLY LOW VALUATION:

- market still doesn't reflect improvements and our potential,
- Podravka is traded below peer group level.



BETTER FINANCIAL PERFORMANCE:

- higher margins,
- lower debt levels and interest expenses,
- stable cash flow.



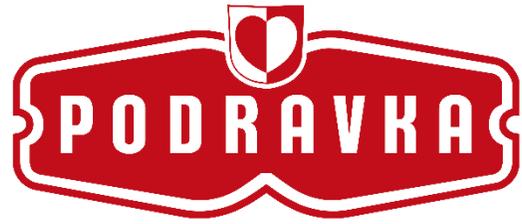
STRONG BRANDS:

- long tradition of high-quality brands,
- significant international potential,
- foundation for future growth.



HIGHLY MOTIVATED MANAGEMENT:

- ambitious management team with track record in restructuring,
- high standards of corporate governance and investor relations.



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Key factors effecting business results in 2014

Programmes under restructuring in food business → EUR 12.5 million of negative impact on sales revenues:

- end of 2013 → exit from fresh meat and frozen programme,
- early April 2014 → exit from bakery programme,
- beverage segment → for sale and the scope of operations is reduced, 20% higher EBITDA than in 2013.



Foreign exchange differences → EUR 5.4 million of negative net impact on sales revenues:

- EUR -1.8 million of net impact on food business, primarily the effect of Czech koruna and Australian dollar,
- EUR -3.6 million of net impact on pharmaceutical business, primarily the effect of Russian rouble.

Croatian Health Insurance Fund (CHIF) → estimated EUR 7.5 million of negative impact on sales revenues:

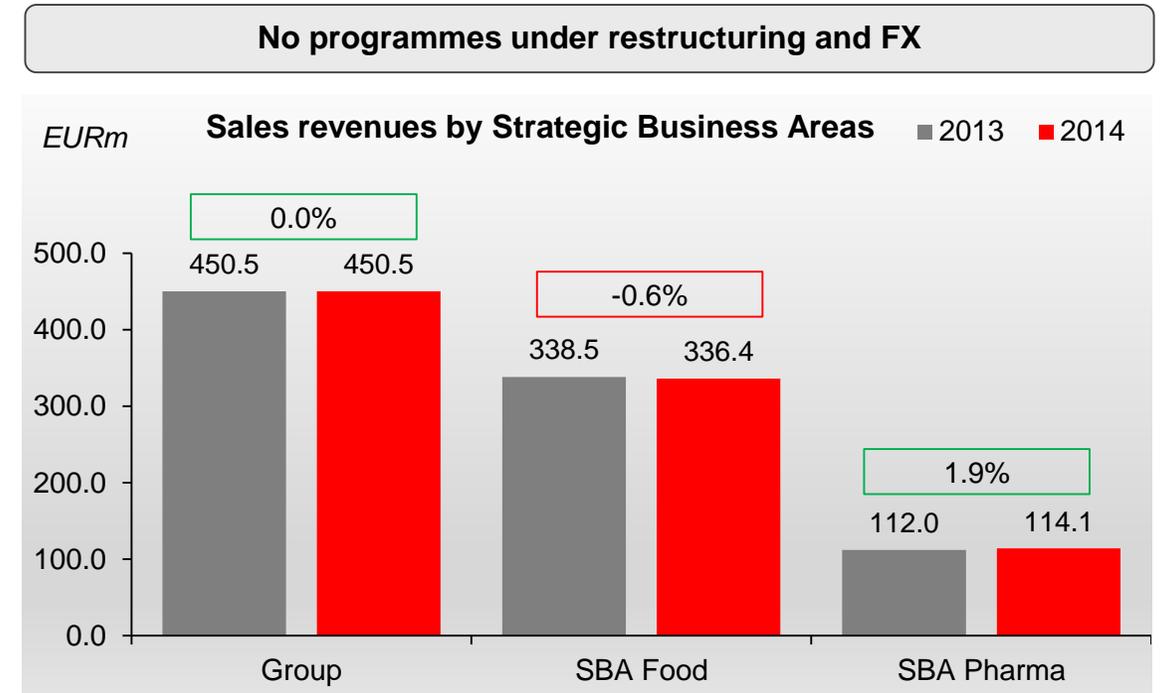
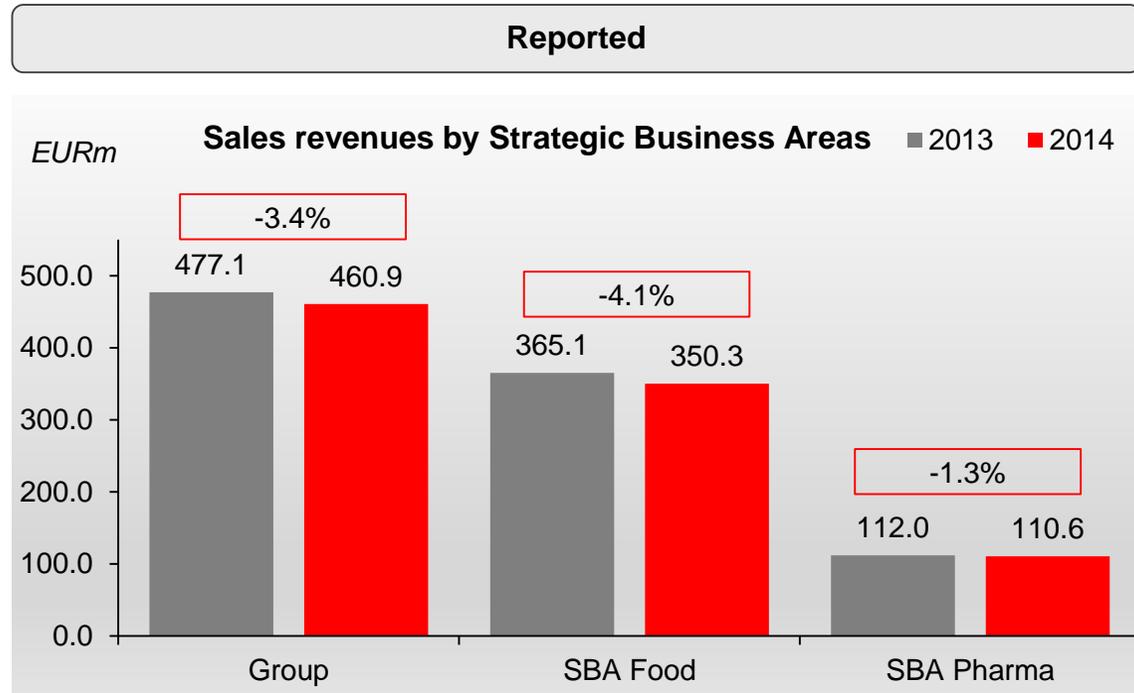
- prescribed a decrease in prices of a large portion of prescription drugs on the market of Croatia,
- nevertheless, gross margin in Croatia has improved.



Restructuring efforts showing result:

- lower personnel expenses, costs in logistics,
- supply chain efficiency in SBA Pharmaceuticals.

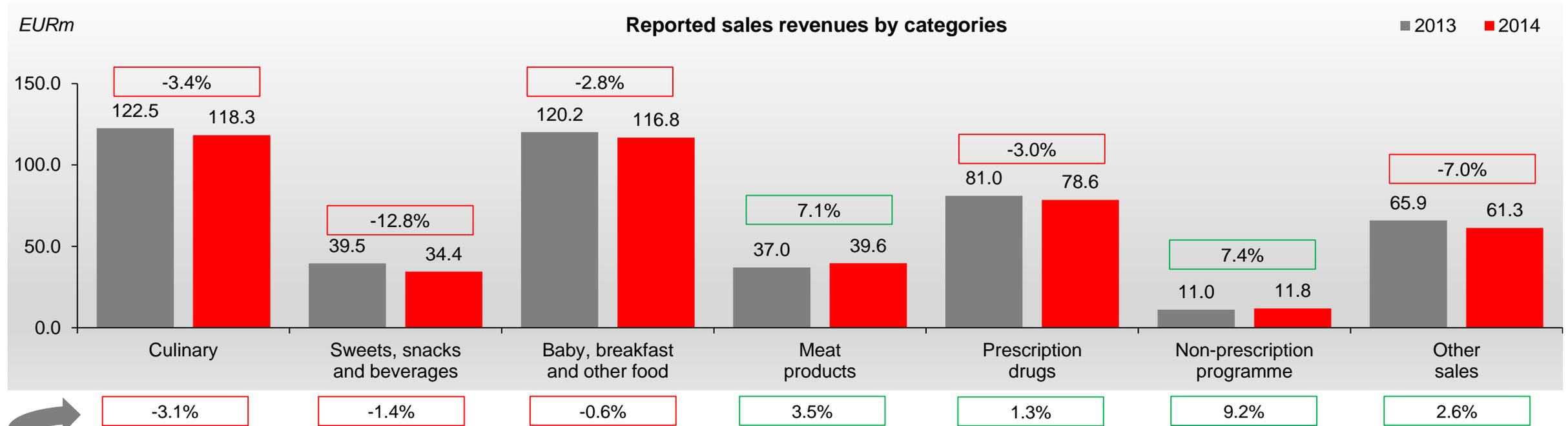
Significant influence of external and restructuring factors on sales revenues



The biggest impacts on sales revenues:

- EUR -12.5 million → lower sales revenues from programmes under restructuring that were not (fully) present in 2014,
- EUR -5.4 million → negative impact of net foreign exchange differences (FX) EUR; -1.8 million on Food; EUR -3.6 million on Pharmaceuticals,
- EUR -7.5 million → estimated negative impact from the decision of the Croatian Health Insurance Fund to reduce purchase prices of prescription drugs in May 2013 and February 2014,
- EUR -2.6 million → lower sales revenues of beverages in 3Q 2014 yoy because of exceptionally unfavourable weather conditions.

Healthy growth on the market of Western Europe in main-stream retail channels

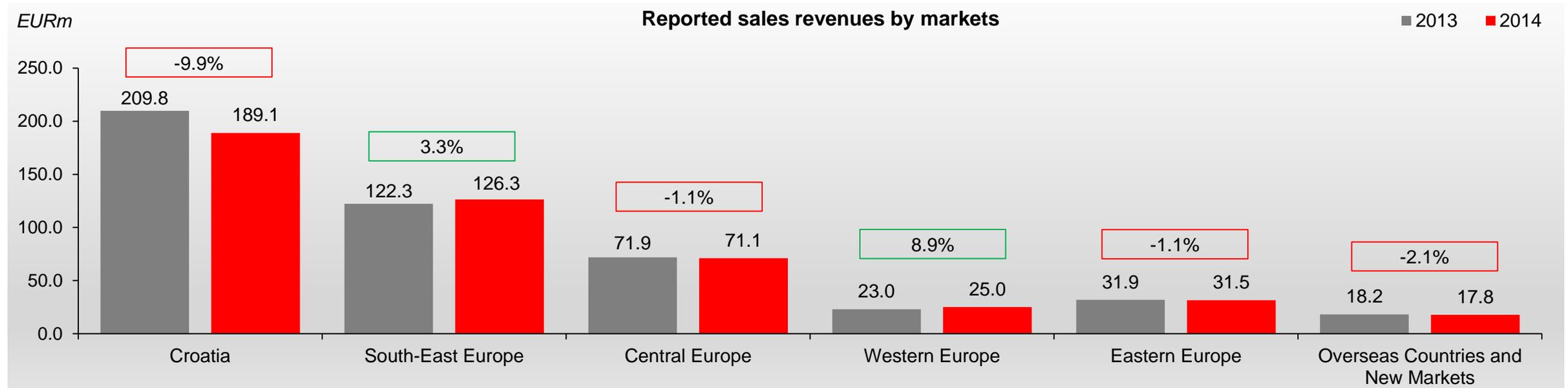


➤ sales revenues by categories without programmes under restructuring, acquisition of a portion of the PIK product range and foreign exchange differences

Key highlights:

- culinary → negative impact of the markets of Croatia and Poland, sales growth in Western Europe following stronger shift from ethnic to main-stream retail channels,
- sweets, snacks and beverages → EUR 2.6 million lower sales of beverages in 3Q 2014 affected by unfavourable weather conditions, intentionally lower sales to high-risk customers,
- baby, breakfast and other food → healthy growth in the Mediterranean food subcategory, intentionally lower sales to customers with potentially high collection risks,
- meat products → double digit growth of the sausage products subcategory in the Croatian market,
- prescription drugs (RX) → negative impact from price reduction on the market of Croatia and from FX rates; volume growth on the markets of Croatia and Russia,
- non-prescription programme → strong growth of OTC subcategory in the Croatian and Russian markets.

International markets grew 1.7%, without programmes under restructuring and FX growth was 3.9%



Key highlights:

- Croatia → negative effect of programmes under restructuring, price reduction in prescribed drugs category, deflation of 2.2% in food prices and pressure from competition,
- South-East Europe → sales revenues growth was recorded in all markets except Slovenia, growth in Mediterranean food subcategory, and double-digit growth of Pharma in B&H,
- Central Europe → Czech koruna negative FX impact, double-digit growth of Mediterranean food assortment, high single digit growth of Pharma in Czech Republic,
- Western Europe → all product categories recorded growth, especially Culinary, strong move from ethnic to main-stream retail channels and positions,
- Eastern Europe → negative impact of Russian rouble, double digit growth of Podravka soups sales in Russia, 25.0% Food volume growth, 14.0% Pharma volume growth in Russia,
- Overseas Countries & New Markets → negative FX impact from Australian dollar, distribution model change on the market of Australia, distributor replacement on the market of USA.

Podravka Group reported profitability improved in 2014

2014 (EURm)	Food	Pharmaceuticals	Group
Sales revenues	350.3  (4.1%)	110.6  (1.3%)	460.9  (3.4%)
Gross profit	133.2  (0.6%)	61.0  (4.3%)	194.2  (1.8%)
EBITDA	26.0  6.2%	16.1  (29.9%)	41.2  (11.2%)
EBIT	9.9  450.1%	10.6  (31.6%)	20.5  18.8%
Net profit after MI	3.8  100.0%	8.4  (29.4%)	12.2  38.8%

2014 (% of sales)	Food	Pharmaceuticals	Group
Gross margin	38.0%  +132 bp	55.2%  -171 bp	42.1%  +69 bp
EBITDA margin	7.4%  +72 bp	14.5%  -591 bp	9.1%  -80 bp
EBIT margin	2.8%  +234 bp	9.5%  -423 bp	4.4%  +83 bp
Net profit margin	1.1%  n/a	7.6%  -301 bp	2.6%  +80 bp

Key highlights:

Food:

- profitability margin improvement on all levels as a result of successfully executed restructuring process that resulted in decrease of expenses.

Pharmaceuticals:

- negative effect of Russian rouble on sales revenues and profitability as a sole culprit of lower results.

Podravka Group:

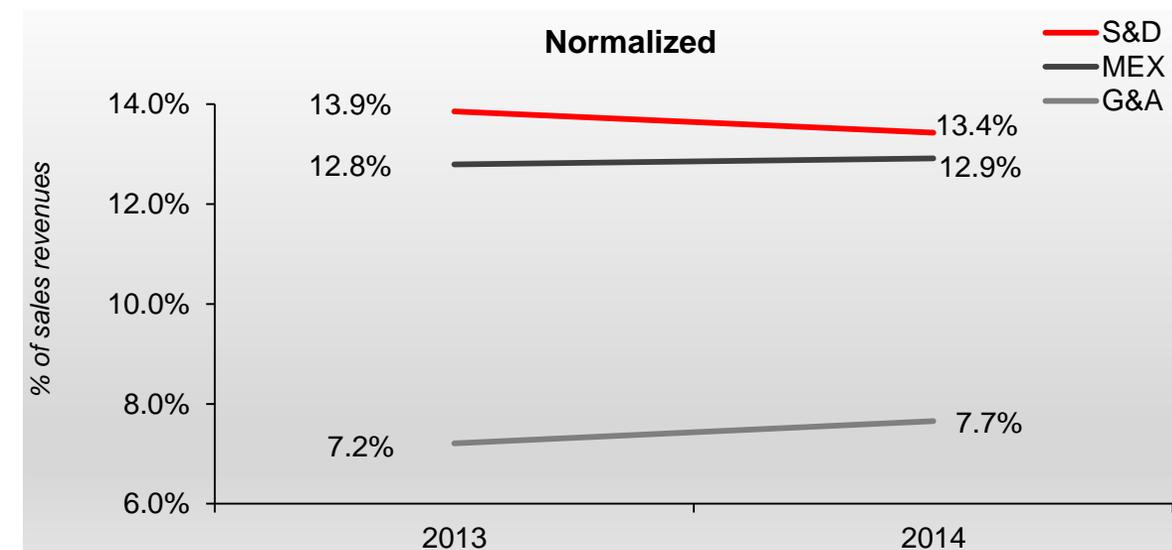
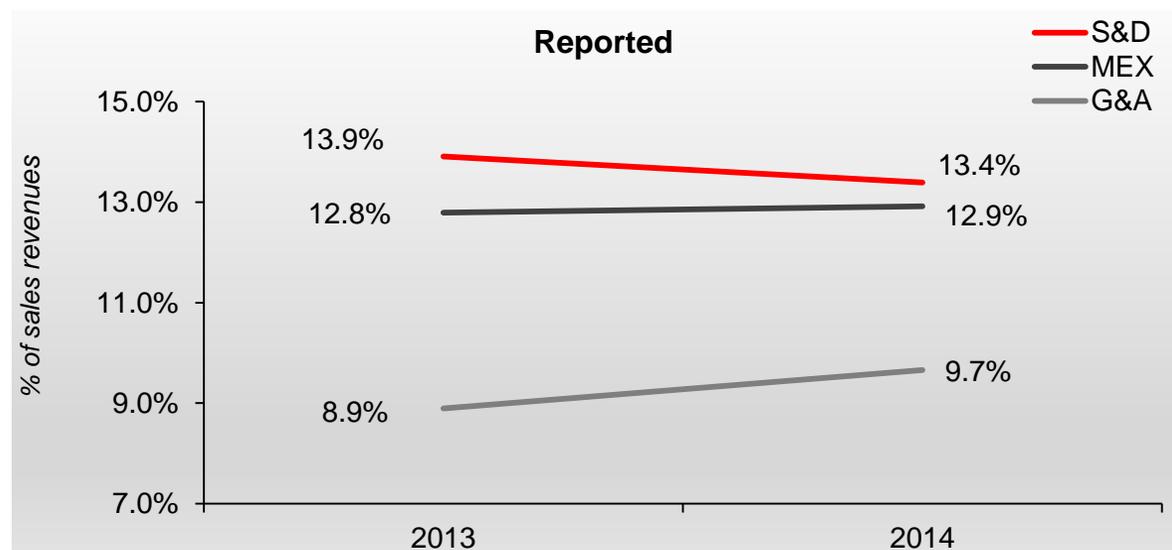
- profitability improvement of food segment, despite negative impact of Russian rouble, resulted in profitability margin improvement of Podravka Group.

Significant reduction in operating expenses

Operating expenses	Reported	Normalized
Cost of goods sold	(4.5%)	(4.4%)
General and administrative expenses	4.9%	2.5%
Selling and distribution costs	(7.0%)	(6.4%)
Marketing expenses	(2.5%)	(2.5%)
Other expenses	(19.4%)	336.1%
Total	(4.1%)	(2.8%)

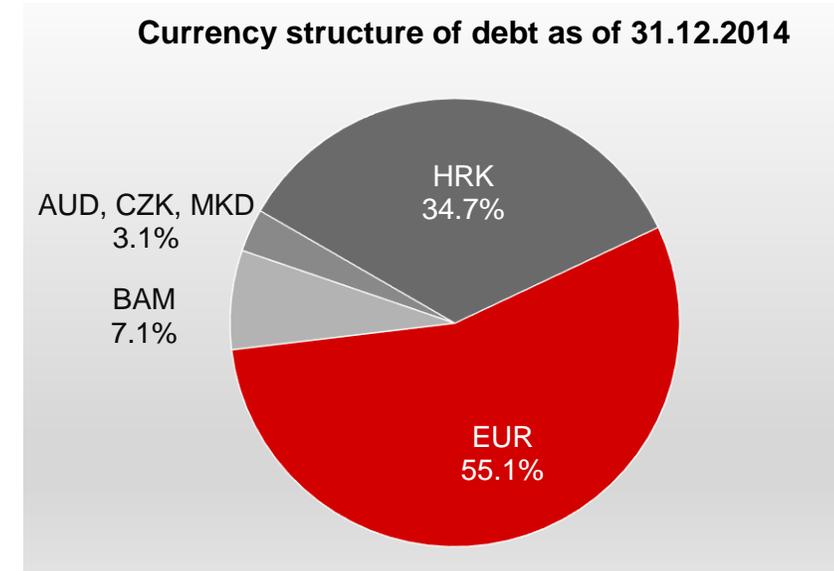
Key highlights:

- decrease of operating expenses,
- G&A expenses excluding consulting services related to business development recorded drop of 2.0%,
- other expenses increased on the normalized level on account of 3.8x higher net realized FX differences.



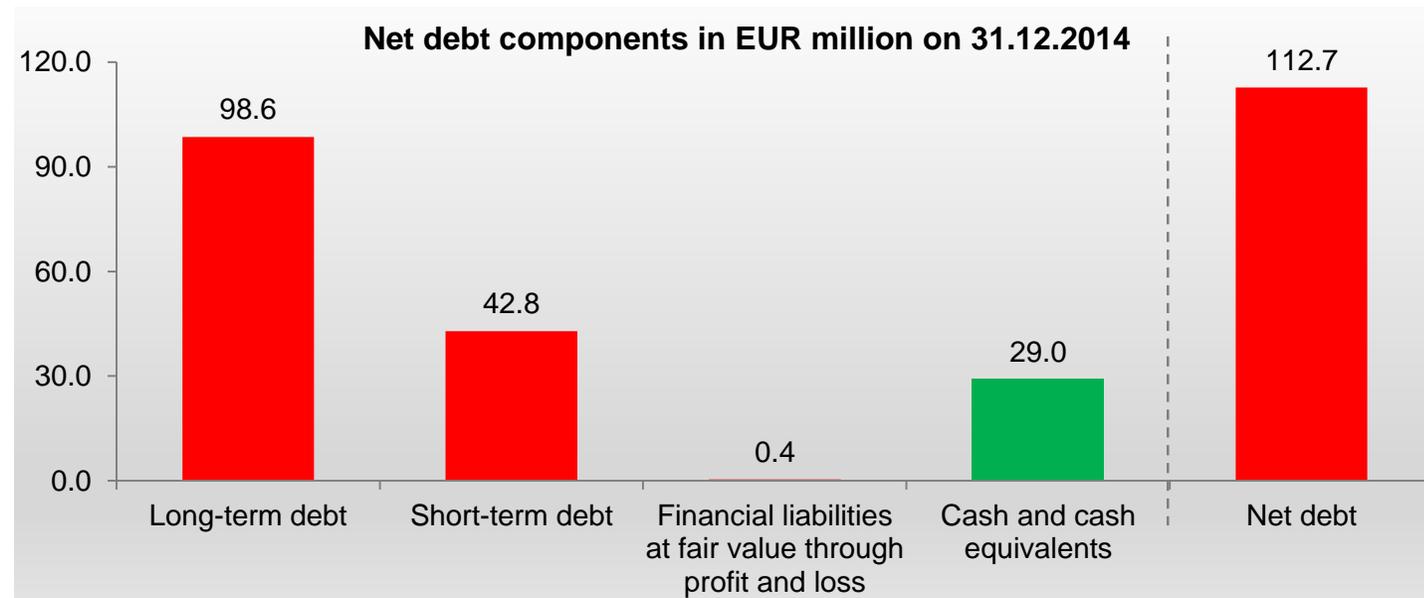
Lower debt level with improvement in financing terms

(EUR 000)	2014	2013	% change
Net debt	112,733	116,649	(3.4%)
Interest expense	5,729	6,964	(17.7%)
Net debt / Normalized EBITDA	2.3	2.1	7.6%
Normalized EBITDA / Interest expense	8.7	8.0	9.2%
Equity to total assets ratio	50.9%	48.9%	+197 bp



Key highlights:

- decrease of net debt → higher cash and cash equivalents,
- decrease of interest expense → refinancing under more favourable terms and repayment of a portion of borrowings,
- **weighted average cost of debt:**
 - on 31.12.2014 → 3.4%,
 - on 31.12.2013 → 4.3%,
 - improvement by 94 bp.

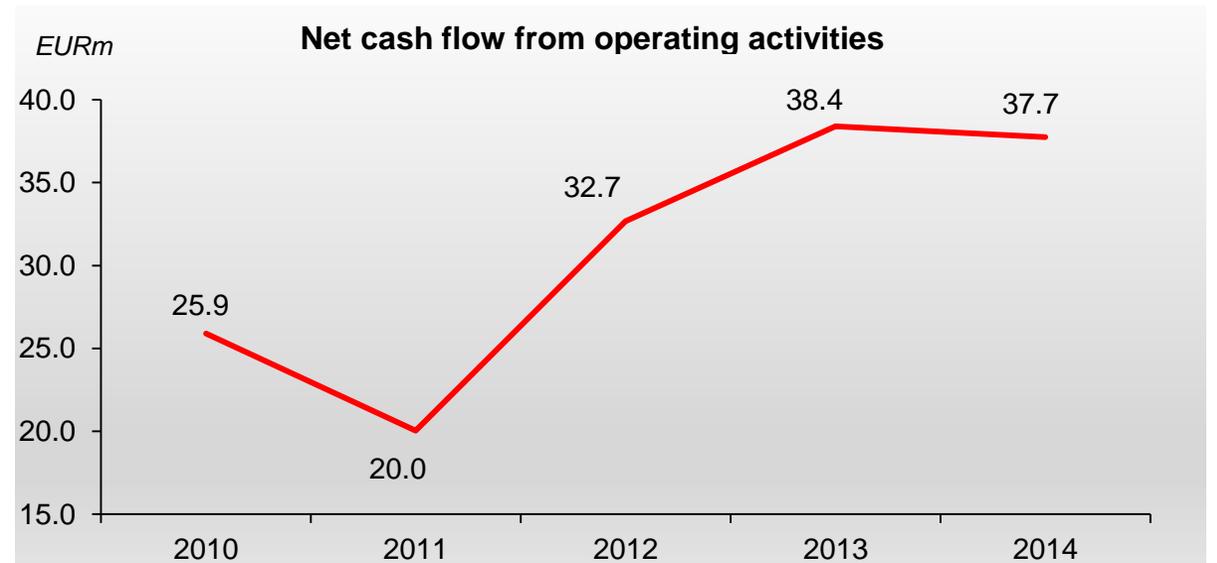


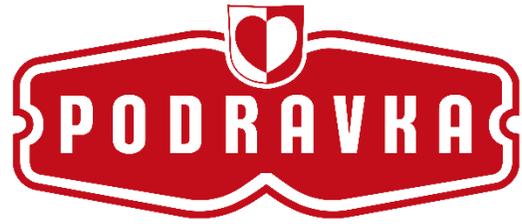
Stabile net cash flow from operating activities

Working capital movement	End of 2014 vs. end of 2013	Influence
Inventories	 4.6%	<ul style="list-style-type: none"> ▪ purchase of a large amount of raw materials, ▪ takeover of inventories of canned fish, ▪ introduction of new products.
Trade and other receivables	 (10.0%)	<ul style="list-style-type: none"> ▪ more efficient collection in food segment, ▪ settlement of a portion of the Croatian Health Insurance Fund liabilities.
Trade and other payables	 (9.2%)	<ul style="list-style-type: none"> ▪ further harmonization of payment terms to suppliers.

Key highlights:

- net cash flow from operating activities → stable,
- net cash flow from investing activities → higher CAPEX by 69.1%, investment in modernization,
- net cash flow from financing activities → proceeds and repayments of borrowings almost equal,
- in 2015 CAPEX is expected to be at a level of HRK 500-550 million.





The Company

Business

Podravka story

2014 business results

Appendix

P&L Group figures by years

Podravka Group	REPORTED					EXCLUDING ONE-OFF ITEMS				
(EURm)	2011	2012	2013	2014	CAGR 11-14	2011	2012	2013	2014	CAGR 11-14
Sales revenues	477.0	477.2	477.1	460.9	(1.1%)	477.0	477.2	477.1	460.9	(1.1%)
Gross profit	187.5	186.3	197.7	194.2	1.2%	187.5	186.3	198.4	194.3	1.2%
EBITDA	51.6	38.8	47.4	42.1	(6.6%)	51.2	47.1	55.7	50.1	(0.8%)
EBIT	22.1	14.3	17.2	20.5	(2.5%)	30.2	26.9	36.2	32.3	2.3%
Net profit after MI	5.3	(1.9)	8.8	12.2	31.7%	13.4	14.8	26.3	24.0	21.4%
Gross profit margin	39.3%	39.0%	41.4%	42.1%	+9 bb	39.3%	39.0%	41.6%	42.2%	+10 bb
EBITDA margin	10.8%	8.1%	9.9%	9.1%	-6 bb	10.7%	9.9%	11.7%	10.9%	+1 bb
EBIT margin	4.6%	3.0%	3.6%	4.4%	-1 bb	6.3%	5.6%	7.6%	7.0%	+2 bb
Net profit margin after MI	1.1%	(0.4%)	1.8%	2.6%	+5 bb	2.8%	3.1%	5.5%	5.2%	+8 bb

P&L Strategic Business Area Food figures by years

SBA Food	REPORTED					EXCLUDING ONE-OFF ITEMS				
(EURm)	2011	2012	2013	2014	CAGR 11-14	2011	2012	2013	2014	CAGR 11-14
Sales revenues	372.4	368.6	365.1	350.3	(2.0%)	372.4	368.6	365.1	350.3	(2.0%)
Gross profit	129.8	125.9	134.0	133.2	0.9%	129.8	125.9	134.7	133.3	0.9%
EBITDA	30.4	16.0	24.5	26.0	(5.1%)	29.8	23.6	31.9	33.1	3.6%
EBIT	7.1	(1.1)	1.8	9.9	11.6%	14.7	9.4	18.1	20.9	12.4%
Net profit after MI	(3.9)	(12.9)	(3.1)	3.8	(198.8%)	3.6	1.6	11.8	14.7	59.5%
Gross profit margin	34.8%	34.2%	36.7%	38.0%	+11 bp	34.8%	34.2%	36.9%	38.1%	+11 bp
EBITDA margin	8.2%	4.3%	6.7%	7.4%	-3 bp	8.0%	6.4%	8.7%	9.5%	+5 bp
EBIT margin	1.9%	(0.3%)	0.5%	2.8%	+3 bp	3.9%	2.6%	4.9%	6.0%	+7 bp
Net profit margin after MI	1.1%	(3.5%)	(0.8%)	1.1%	0 bp	1.0%	0.4%	3.2%	4.2%	+11 bp

P&L Strategic Business Area Pharmaceuticals figures by years

SBA Pharmaceuticals	REPORTED					EXCLUDING ONE-OFF ITEMS				
(EURm)	2011	2012	2013	2014	CAGR 11-14	2011	2012	2013	2014	CAGR 11-14
Sales revenues	104.6	108.6	112.0	110.6	1.9%	104.6	108.6	112.0	110.6	1.9%
Gross profit	57.7	60.4	63.7	61.0	1.8%	57.7	60.4	63.7	61.0	1.8%
EBITDA	21.2	22.7	22.9	16.1	(8.9%)	21.4	23.6	23.8	17.0	(7.4%)
EBIT	14.9	15.4	15.4	10.6	(11.0%)	15.5	17.5	18.2	11.5	(9.5%)
Net profit after MI	9.3	11.1	11.8	8.4	(3.3%)	9.8	13.2	14.6	9.3	(1.8%)
Gross profit margin	55.2%	55.6%	56.9%	55.2%	0 bp	55.2%	55.6%	56.9%	55.2%	0 bp
EBITDA margin	20.3%	20.9%	20.4%	14.5%	-19 bp	20.4%	21.7%	21.3%	15.3%	-17 bp
EBIT margin	14.3%	14.2%	13.8%	9.5%	-16 bp	14.8%	16.1%	16.2%	10.4%	-15 bp
Net profit margin after MI	8.9%	10.2%	10.6%	7.6%	-4 bp	9.4%	12.1%	13.0%	8.4%	-3 bp

BS figures, CF figures and ratios by years

<i>(EURm)</i>	31.12.2011	31.12.2012	31.12.2013	31.12.2014	CAGR 11-14
Total assets	498.4	476.0	455.0	461.7	(2.5%)
Total equity	214.4	214.2	222.6	234.9	3.1%
Cash and cash equivalents	19.2	15.6	23.6	29.0	14.7%
Financial debt	182.0	157.6	140.3	141.8	(8.0%)
Net debt	162.8	142.1	116.6	112.7	(11.5%)
<i>(EURm)</i>	2011	2012	2013	2014	CAGR 11-14
Net cash flow from operating activities	20.0	32.7	38.4	37.8	23.5%
Capital expenditures	13.4	12.5	12.7	21.4	16.8%
Free cash flow	6.6	20.2	25.7	16.3	35.2%
Interest expenses (including bank fees)	11.4	9.3	7.7	6.8	(15.8%)
ROA	1.1%	(0.4%)	1.9%	2.6%	+5 bp
ROE	2.5%	(0.9%)	3.9%	5.2%	+9 bp
ROIC	4.5%	3.1%	3.8%	4.4%	0 bp
EBITDA / Interest expenses	4.5	4.2	6.1	6.2	10.9%
Net debt / EBITDA	3.2	3.7	2.5	2.7	(5.3%)
ROA normalized	2.7%	3.1%	5.8%	5.2%	+8 bp
ROE normalized	6.3%	6.9%	11.8%	10.2%	+13 bp
ROIC normalized	6.1%	5.8%	8.0%	6.9%	+3 bp
Normalized EBITDA / Interest expenses	4.5	5.1	7.2	7.3	17.9%
Net debt / Normalized EBITDA	3.2	3.0	2.1	2.3	(10.9%)

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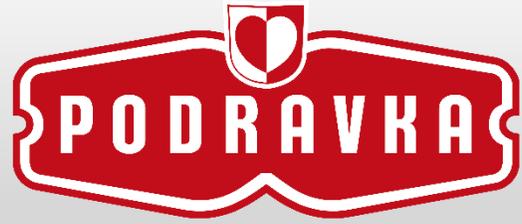
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Podravka Group

Always with a heart!

26th March 2015, LSEG CIS & CEE CONFERENCE, London

