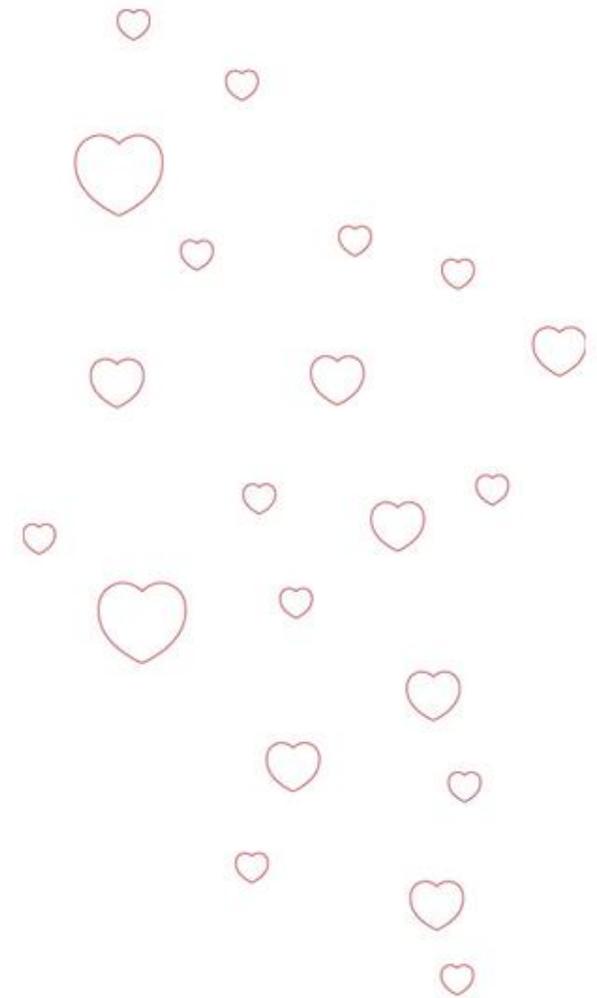


# Podravka Group

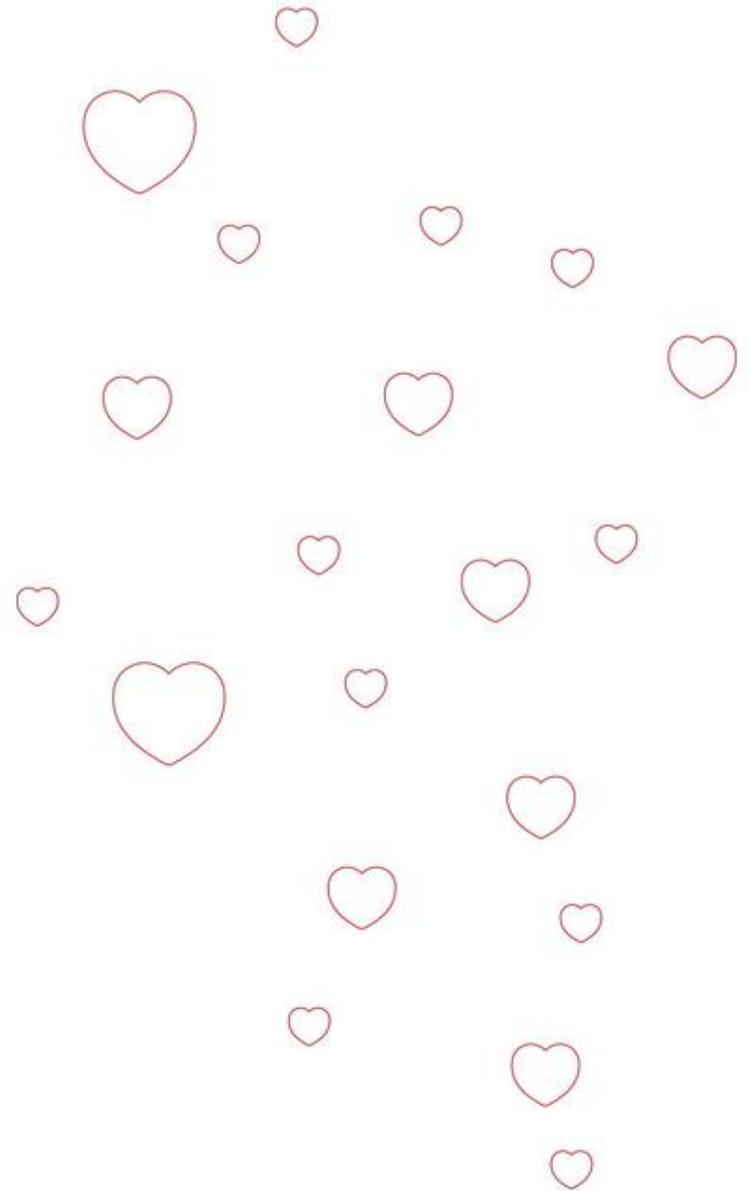
*Erste Group Investor Conference*

*Stegersbach, October 2013*



# Content

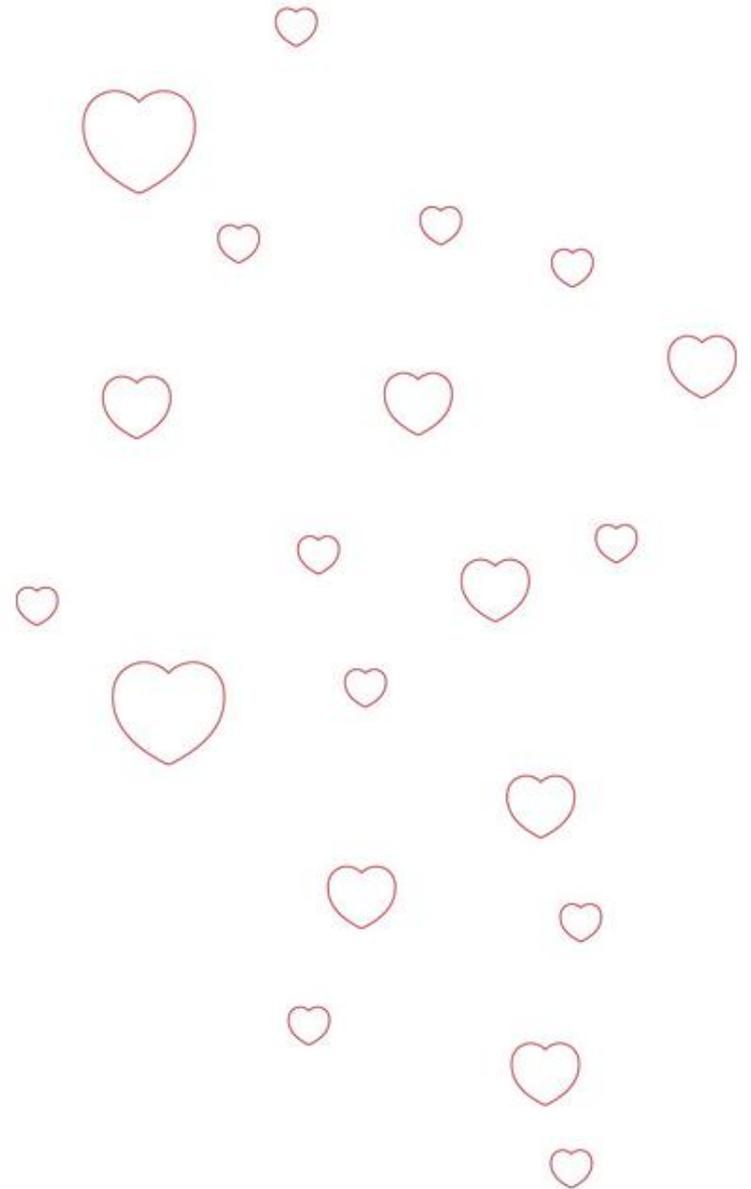
About Podravka Group  
Overview of key events  
Sales  
Business results  
Share



## ***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.

## About Podravka Group

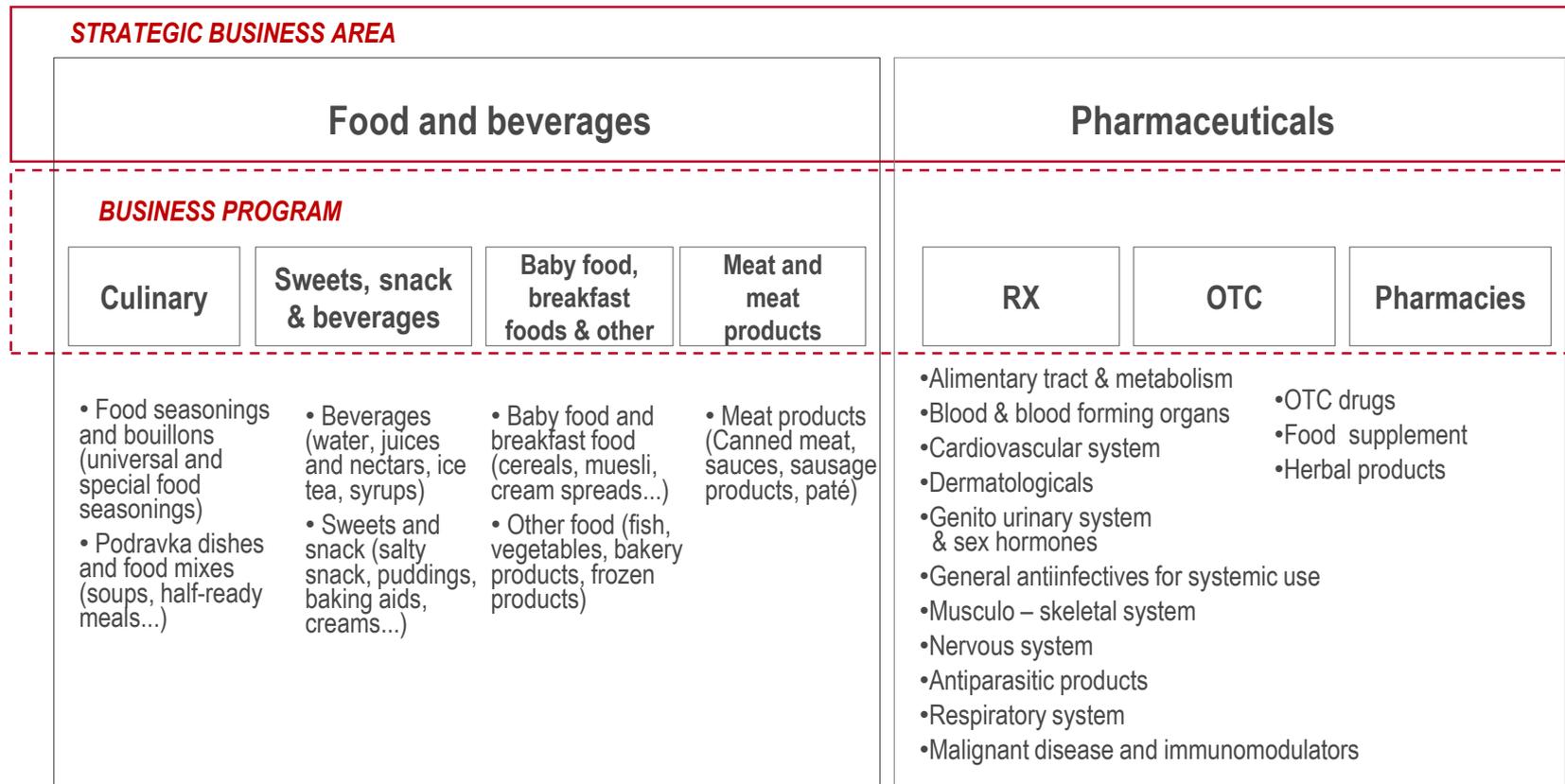


# Podravka is well known branded food company

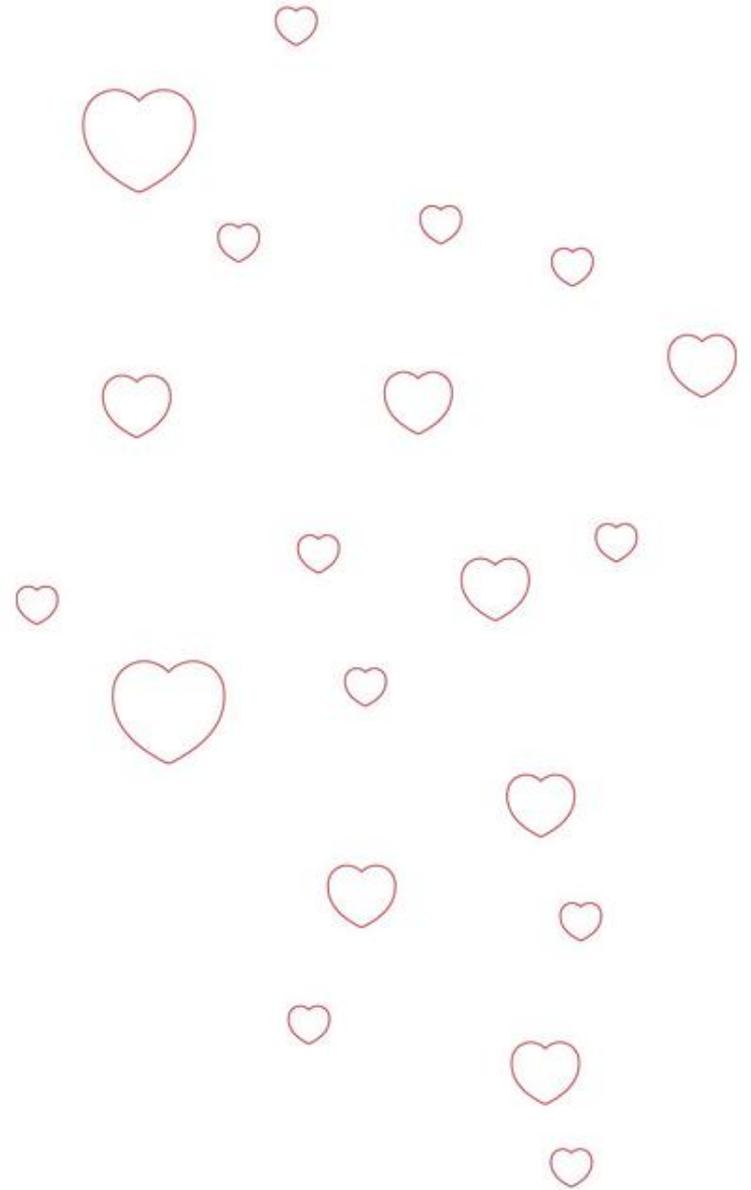
- Podravka is one of the largest branded food companies in the region
- Podravka owns Belupo, the second pharmaceutical company per MS in Croatia
- we have companies in 20 countries, production facilities mostly in Croatia, and also in Czech Republic and Poland (food), Bosnia&Herzegovina (drugs)
- strong distribution network in ten European countries
- 5,920 employees



# Compound of two Strategic Business Areas (SBA)



## Overview of key events



# 1H 2013 main highlights

## Podravka Group

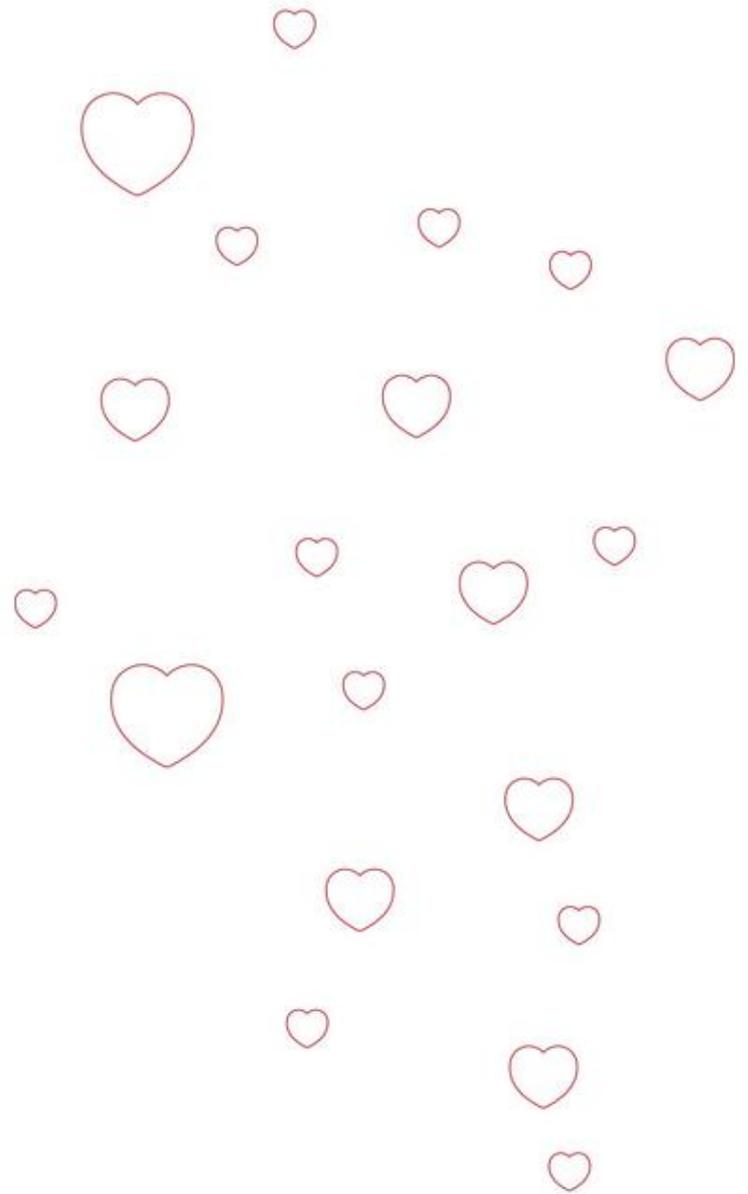
- **The corrected net profit** for first six months of 2013 is HRK 80.1 million, which is an increase of 72% compared to the net profit of the first six months of the year 2012, presented in a comparable manner.
- **All levels of corrected profitability** of the Podravka Group have recorded growth, and non-recurrent items for which reported result is corrected amounted HRK 41.2 million and are entirely related to severance payments. The restructuring process has continued in the first six months of 2013 and the redundancy programme was thus conducted accordingly with the payment of incentive severance payments.
- **The total costs** are 1% lower and if the total expenses were to be corrected for the amount of severance payments, the drop would be 3%.
- **The gross profit** of the Podravka Group is 5% higher and amounts to HRK 691.3 million and the gross margin in the observed period is at the level of 40.8% and has recorded an increase of 250bp, respectively.
- **The corrected operating profit** is HRK 107.4 million, which is a growth of 18% compared to the operating profit of the same period of the year before, presented in a comparable manner, while the EBIT margin is 6.3% and is higher by 100bp than for the same period last year.
- **The total sales** of the Podravka Group in the first six months of the year 2013 were HRK 1,695.2 million, which represents a sales drop of 1%. Sales of the Strategic Business Area (SBA) Food and Beverages amounted to HRK 1,293.0 million and were 3% lower than in the same period of the year before while sales of the SBA Pharmaceuticals were HRK 402.2 million, which is a 4% increase of sales.

# 1H 2013 main highlights

## Podravka Group

- **The General Assembly of Belupo** d.d passed the resolution to increase its share capital from the realised profit, thus the share capital has increased by the HRK 50 million and is now HRK 204.03 million.
- **At the General Assembly of Podravka d.d.**, held on 20 June 2013, draft resolutions of both the Management Board and the Supervisory Board were accepted. The main changes refer to the Articles of Associations, are:
  - ➡ the Government is no longer able to directly nominate two members of the Supervisory Board;
  - ➡ possible increase of the company capital in a manner that the Management Board, with an approval by the Supervisory Board, would be able to pass a resolution on Company recapitalization, to the amount of half of the share capital;
  - ➡ reducing the company share capital in the amount of HRK 542 million in order to cover accumulated losses from previous periods. The reduction of company share capital shall be performed by reducing the nominal amount of regular shares from HRK 300.00 to HRK 200.00 per share. This also creates presuppositions for shareholders to make future decisions on the distribution of profit (dividend payment, retaining profit, increase of share capital and similar);
- **Podravka continues with the already started restructuring process** and has announced the divesting of the business programmes Beverages, Bakery and a part of the Frozen programme, accordingly.

Sales

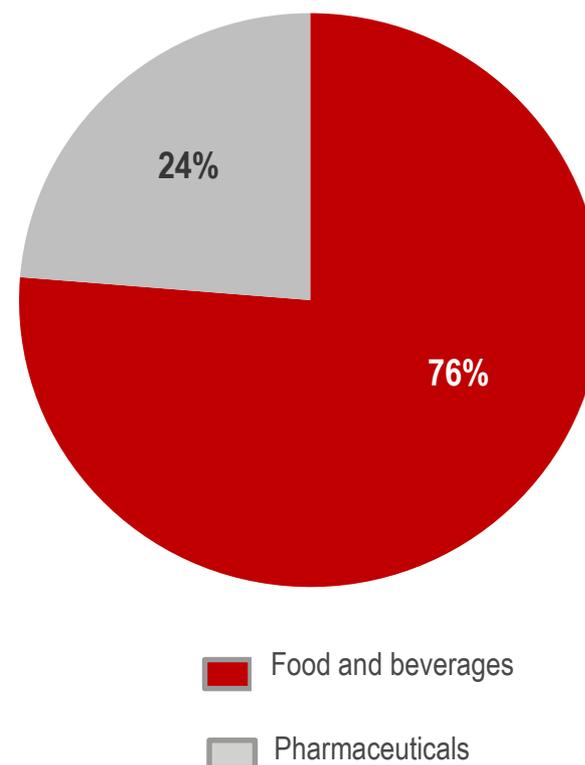


# The increase in sales of SBA Pharmaceuticals compensate lower sales in SBA F&B

Sales structure for the period Jan-Jun 2013

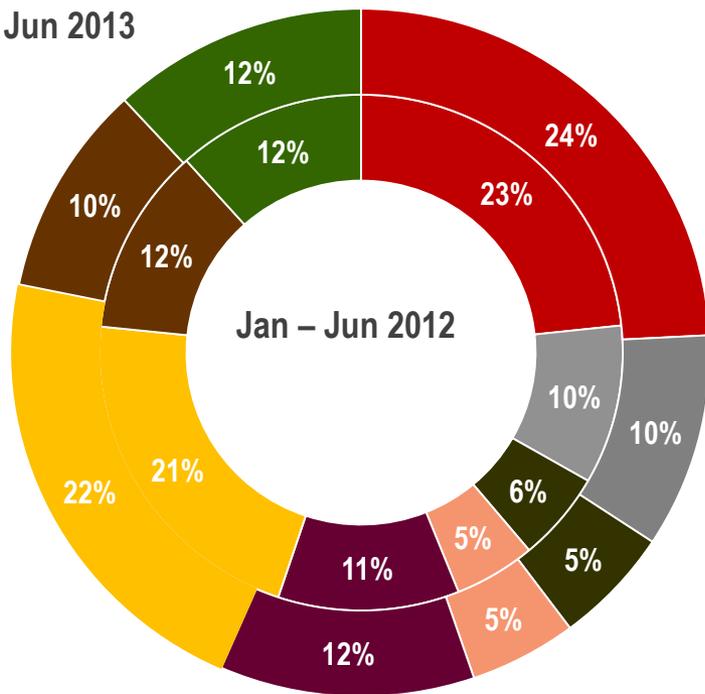
## Podravka Group Jan-Jun 2013

Total sales	HRK 1,695.2 mn	-1%
Food and beverages	HRK 1,293.0 mn	-3%
• Culinary		0%
• Sweets, snack and beverages		-4%
• Baby food, breakfast foods and other food		-1%
• Meat and meat products		-18%
Pharmaceuticals	HRK 402.2 mn	+4%
• Ethical drugs		+5%
• Non-prescription drugs		-6%



# Sales structure of SBA Food & Beverages per product group

Jan – Jun 2013



change  
Jan – Jun 2013 / Jan – Jun 2012

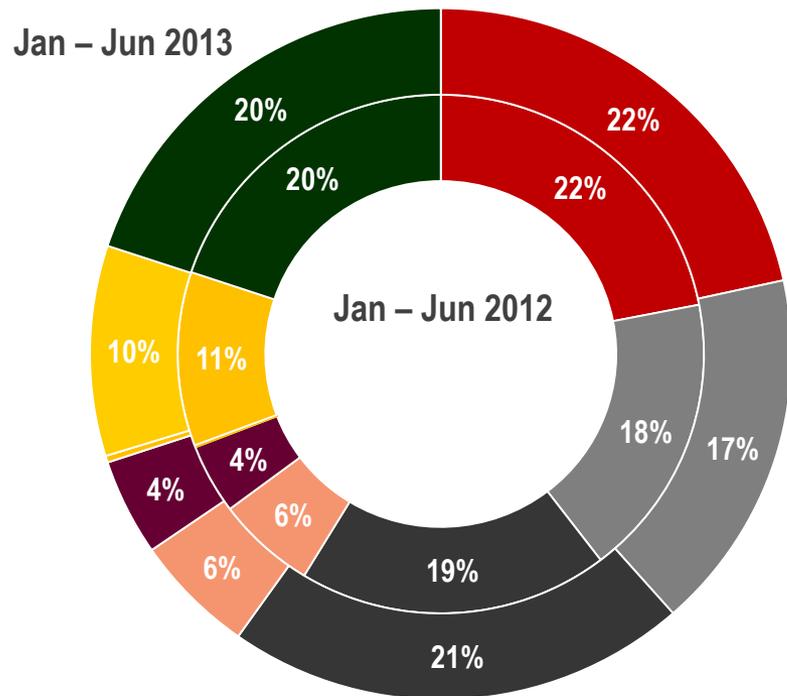
Food seasonings and bouillons	+1%
Podravka dishes and food mixes	-2%
Beverages	-5%
Sweets and snack	-4%
Baby food and breakfast food	+2%
Other food (fish, vegetables, bakery products...)	-2%
Meat and meat products	-18%
Other (non organic)	-1%

Sales of SBA Food & Beverages in Jan-Jun 2013 **HRK 1,293.0 mn**

Sales of SBA Food & Beverages in Jan-Jun 2012 **HRK 1,332.4 mn**

**-3%**

# Sales structure of SBA Pharmaceuticals according product group



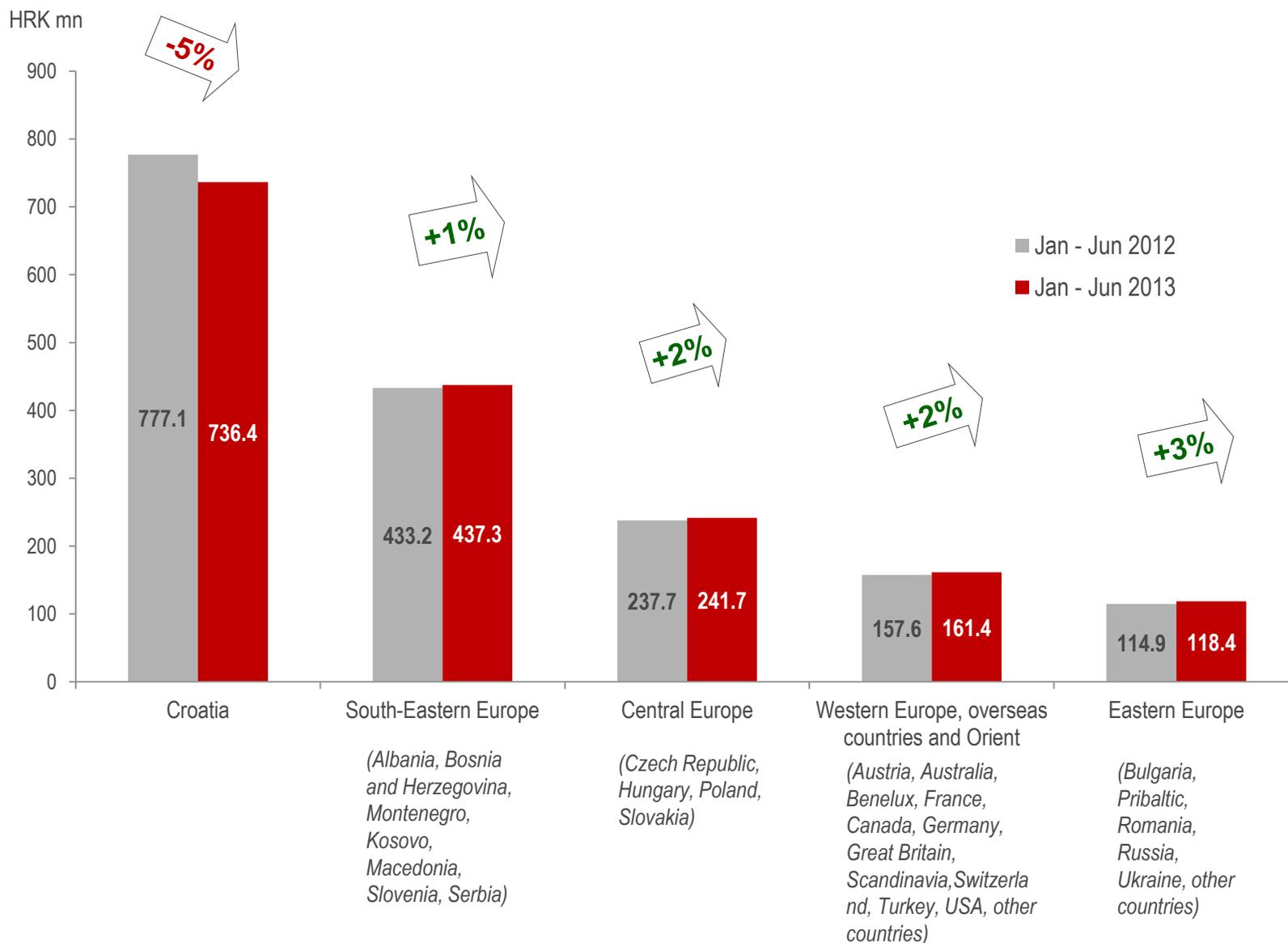
	change Jan – Jun 2013 / Jan – Jun 2012
■ Blood & Blood forming organs, Heart & Cardiovascular system	+2%
■ Musculoskeletal & Nervous system	-1%
■ Dermatologicals	+16%
■ General anti-infectives & Antiparasitic Medicines	-5%
■ Respiratory, Digestive & Genitourinary system	+8%
■ OTC	-6%
■ Other	+4%

Sales of SBA Pharmaceuticals in Jan-Jun 2013 **HRK 402.2 mn**

Sales of SBA Pharmaceuticals in Jan-Jun 2012 **HRK 388.1 mn**

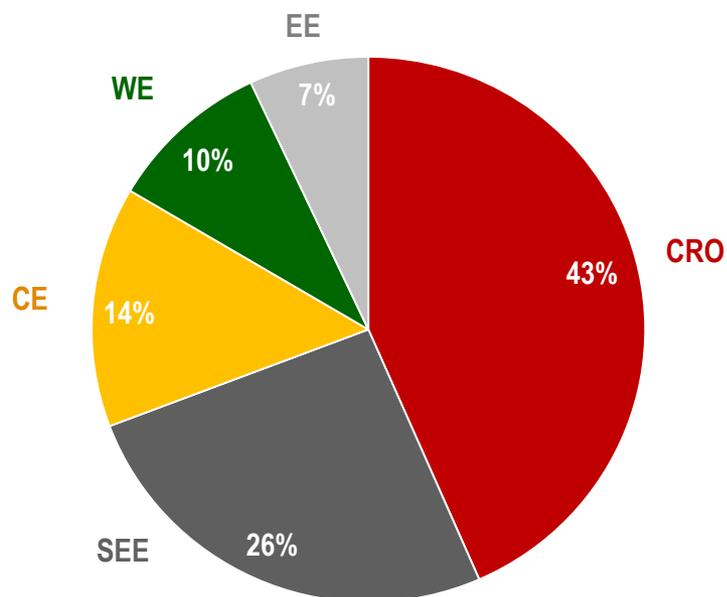


# Sales growth in all foreign markets



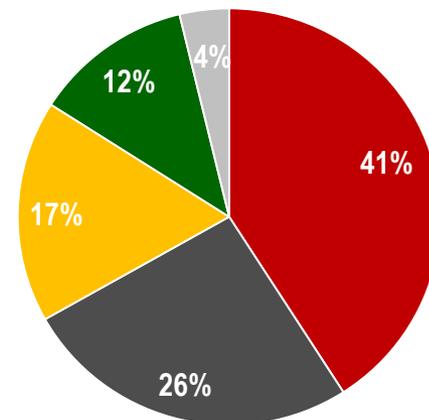
# Sales structure per markets for Jan – Jun 2013

Sales structure of Podravka Group per markets

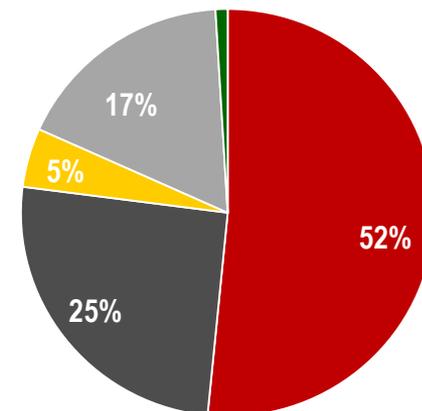


- Croatia
- South-East Europe (Albania, Bosnia and Herzegovina, Montenegro, Kosovo, Macedonia, Slovenia, Serbia)
- Central Europe (Czech Republic, Hungary, Poland, Slovakia)
- Western Europe, overseas countries & the Orient (Austria, Australia, Benelux, France, Canada, Germany, Great Britain, Scandinavia,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

Sales structure of SBA F&B per markets



Sales structure of SBA Pharmaceuticals per markets

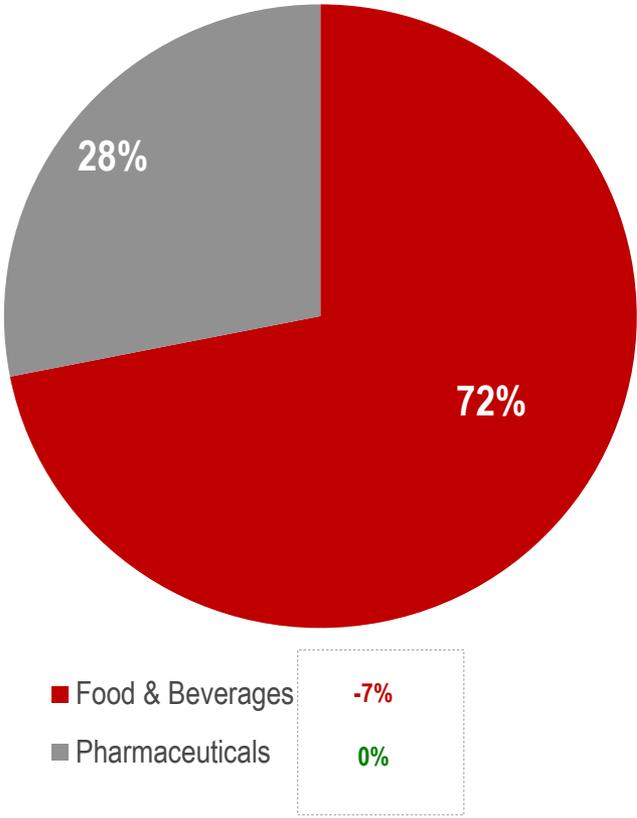


# Croatian market

## Market characteristics

total sales	HRK 736.4 mn
decrease of total sales	-5%
unfavorable macroeconomic trends in Croatia	
decrease of F&B partly due to targeted reduce of sales of fresh meat, characterised by low profitability	

Sales per SBA



# South-East Europe market

## Market characteristics

total sales HRK 437.3 mn

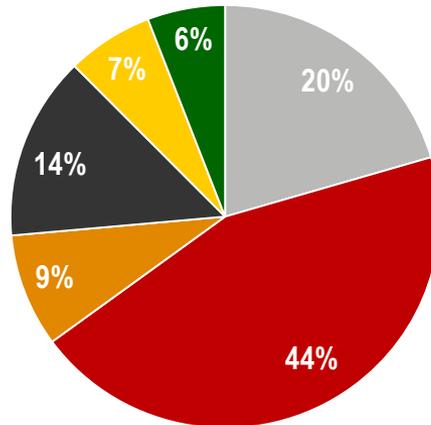
increase of total sales +1%

B&H: sales drop of SBA F&B

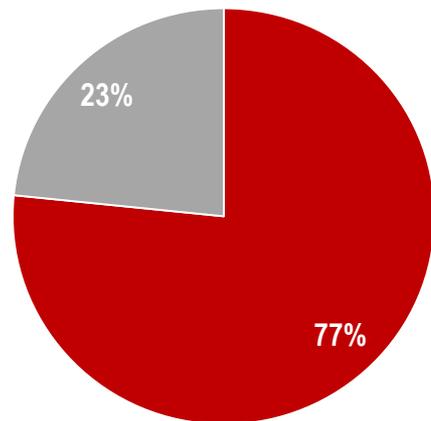
Slovenia: lower sales of SBA Pharma

Serbia: higher sales of SBA F&B

Sales per countries



Sales per SBA



## change

■ Slovenia	-1%
■ B&H	-3%
■ Macedonia	+3%
■ Serbia	+5%
■ Kosovo	+35%
■ Montenegro	+3%
■ Food & beverages	+1%
■ Pharmaceuticals	+1%

SEE: Albania, Bosnia and Herzegovina, Montenegro, Kosovo, Macedonia, Slovenia, Serbia

# Central Europe market

## Market characteristics

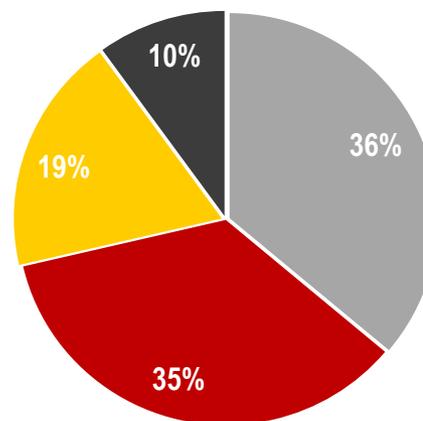
total sales HRK 241.7 mn

total sales increase **+2%**

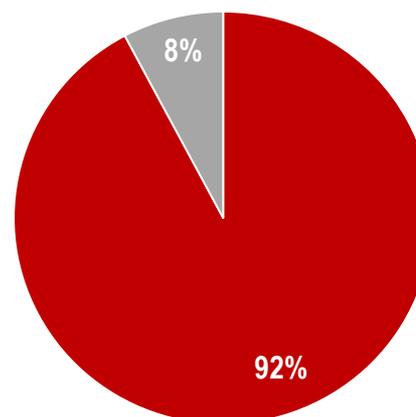
Poland: significant sales growth of food seasonings

Czech Republic: sales drop of SBA F&B

Sales per countries



Sales per SBA



### change

■ Czech Republic	<b>-7%</b>
■ Poland	<b>+7%</b>
■ Slovakia	<b>+5%</b>
■ Hungary	<b>+14%</b>

■ Food & beverages	<b>+1%</b>
■ Pharmaceuticals	<b>+4%</b>

# Western Europe, Overseas countries & the Orient

## Market characteristics

total sales HRK 161.4 mn

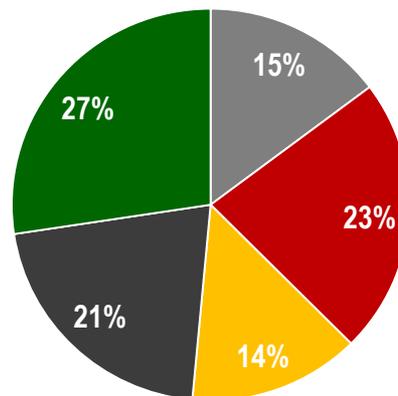
total sales growth **+2%**

Australia: unfavorable exchange rate movements

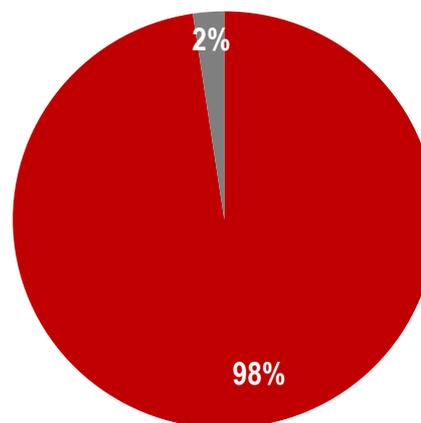
Germany: sales growth of food seasonings

good sales in Scandinavia, Turkey

Sales per countries



Sales per SBA



	change
Austria	+15%
Australia	-3%
USA	+2%
Germany	+2%
Other countries	+2%

Food & beverages	+1%
Pharmaceuticals	+121%

WE, OC & the Orient: Austria, Australia, Benelux, France, Canada, Germany, Great Britain, Italy, Scandinavia, Switzerland, Turkey, USA, other countries of WE

## Market characteristics

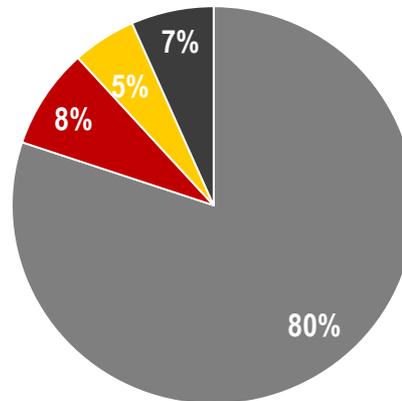
total sales HRK 118.4 mn

total sales growth **+3%**

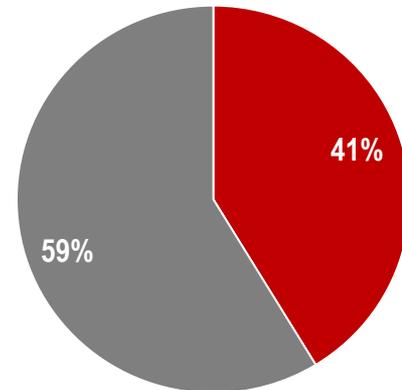
Russia: significant sales growth of SBA Pharmaceuticals

Romania: sales drop of food seasonings

Sales per countries



Sales per SBA



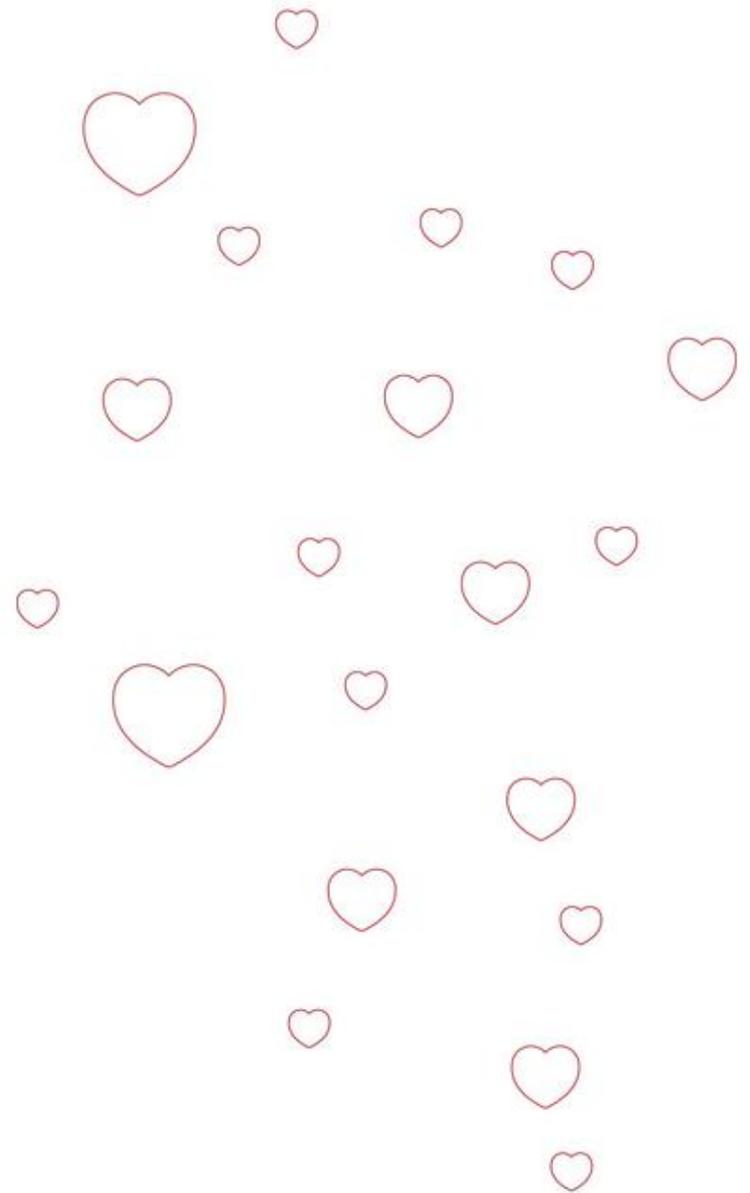
## change

Russia	+6%
Romania	-31%
Pribaltic countries	+16%
Other countries	+34%

Food & beverages	-11%
Pharmaceuticals	+16%

EE: Pribaltic, Romania, Russia, Ukraine, other countries of EE

Business results



# Profitability of the Podravka Group

in HRK million

PODRAVKA GROUP	REPORTED RESULTS		CORRECTED RESULTS		change (reported results)	change (corrected results)
	Jan – Jun 2013	Jan – Jun 2012	Jan – Jun 2013	Jan – Jun 2012	Jan-Jun 2013 / Jan-Jun 2012	Jan-Jun 2013 / Jan-Jun 2012
Sales revenue	1.695.2	1.720.5	1,695.2	1,720.5	-1%	-1%
Gross profit	691.3	658.6	691.3	658.6	5%	5%
EBITDA	142.0	160.3	183.2	167.7	-11%	9%
EBIT	66.2	83.8	107.4	91.1	-21%	18%
Net profit	38.9	39.1	80.1	46.5	-1%	72%
<i>Profit margins%</i>						
Gross margin	40.8	38.3	40.8	38.3	250bp	250bp
EBITDA margin	8.4	9.3	10.8	9.7	-90bp	110bp
EBIT margin	3.9	4.9	6.3	5.3	-100bp	100bp
Net margin	2.3	2.3	4.7	2.7	0bp	200bp

# Profitability of SBA Food & Beverages

in HRK million

SBA Food & Beverages	REPORTED RESULTS		CORRECTED RESULTS		change (reported results)	change (corrected results)
	Jan – Jun 2013	Jan – Jun 2012	Jan – Jun 2013	Jan – Jun 2012	Jan-Jun 2013 / Jan-Jun 2012	Jan-Jun 2013 / Jan-Jun 2012
Sales revenue	1,293.0	1,332.4	1,293.0	1,332.4	-3%	-3%
Gross profit	470.4	453.2	470.4	453.2	4%	4%
EBITDA	67.9	87.9	102.9	95.0	-23%	8%
EBIT	14.7	34.5	49.7	41.6	-57%	19%
Net profit	7.5	8.5	42.5	15.5	-12%	174%
<i>Profit margins %</i>						
Gross margin	36.4	34.0	36.4	34.0	240bp	240bp
EBITDA margin	5.3	6.6	8.0	7.1	-130bp	90bp
EBIT margin	1.1	2.6	3.8	3.1	-150bp	70bp
Net margin	0.6	0.6	3.3	1.2	0bp	210bp

# Profitability of SBA Pharmaceuticals

in HRK million

SBA Pharmaceuticals	REPORTED RESULTS		CORRECTED RESULTS		change (reported results)	change (corrected results)
	Jan – Jun 2013	Jan – Jun 2012	Jan – Jun 2013	Jan – Jun 2012	Jan-Jun 2013 / Jan-Jun 2012	Jan-Jun 2013 / Jan-Jun 2012
<b>Sales revenue</b>	402.2	388.1	402.2	388.1	4%	4%
<b>Gross profit</b>	220.9	205.4	220.9	205.4	8%	8%
<b>EBITDA</b>	74.0	72.4	80.2	72.7	2%	10%
<b>EBIT</b>	51.5	49.3	57.7	49.6	4%	16%
<b>Net profit</b>	31.4	30.6	37.6	30.9	2%	22%
<b>Profit margins %</b>						
<b>Gross margin</b>	54.9	52.9	54.9	52.9	200bp	200bp
<b>EBITDA margin</b>	18.4	18.7	20.0	18.7	-30bp	130bp
<b>EBIT margin</b>	12.8	12.7	14.3	12.8	10bp	150bp
<b>Net margin</b>	7.8	7.9	9.3	8.0	-10bp	130bp

# Better debt ratios and profitability ratios

PODRAVKA GROUP BALANCE SHEET HRK mn	30 June 2013	31 December 2012	30 June 2012
<b>Non-current assets</b>	<b>1,674.4</b>	<b>1,721.1</b>	<b>1,863.8</b>
<b>Current assets</b>	<b>1,839.8</b>	<b>1,896.5</b>	<b>1,963.1</b>
<i>Inventories</i>	612.5	631.1	687.6
<i>Trade and other receivables</i>	959.9	1,074.6	1,095.5
<i>Cash and cash equivalents</i>	177.7	118.2	120.1
<i>Other current assets</i>	89.7	72.6	59.9
<b>TOTAL ASSETS</b>	<b>3,514.2</b>	<b>3,617.7</b>	<b>3,826.8</b>
<b>Shareholders' equity*</b>	<b>1,624.6</b>	<b>1,595.8</b>	<b>1,706.2</b>
Non-controlling interests	32.3	32.0	33.1
<b>Non-current liabilities</b>	<b>678.5</b>	<b>780.3</b>	<b>832.3</b>
<i>Long-term borrowings</i>	620.0	727.3	792.2
<i>Other non-current liabilities</i>	58.5	53.1	40.1
<b>Current liabilities</b>	<b>1,178.9</b>	<b>1,209.5</b>	<b>1,255.2</b>
<i>Trade and other liabilities</i>	644.6	720.1	752.5
<i>Short-term borrowings</i>	514.1	470.6	496.1
<i>Other current liabilities</i>	20.2	18.8	6.6
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,514.2</b>	<b>3,617.7</b>	<b>3,826.8</b>

\* attributable to the equity holders of the parent

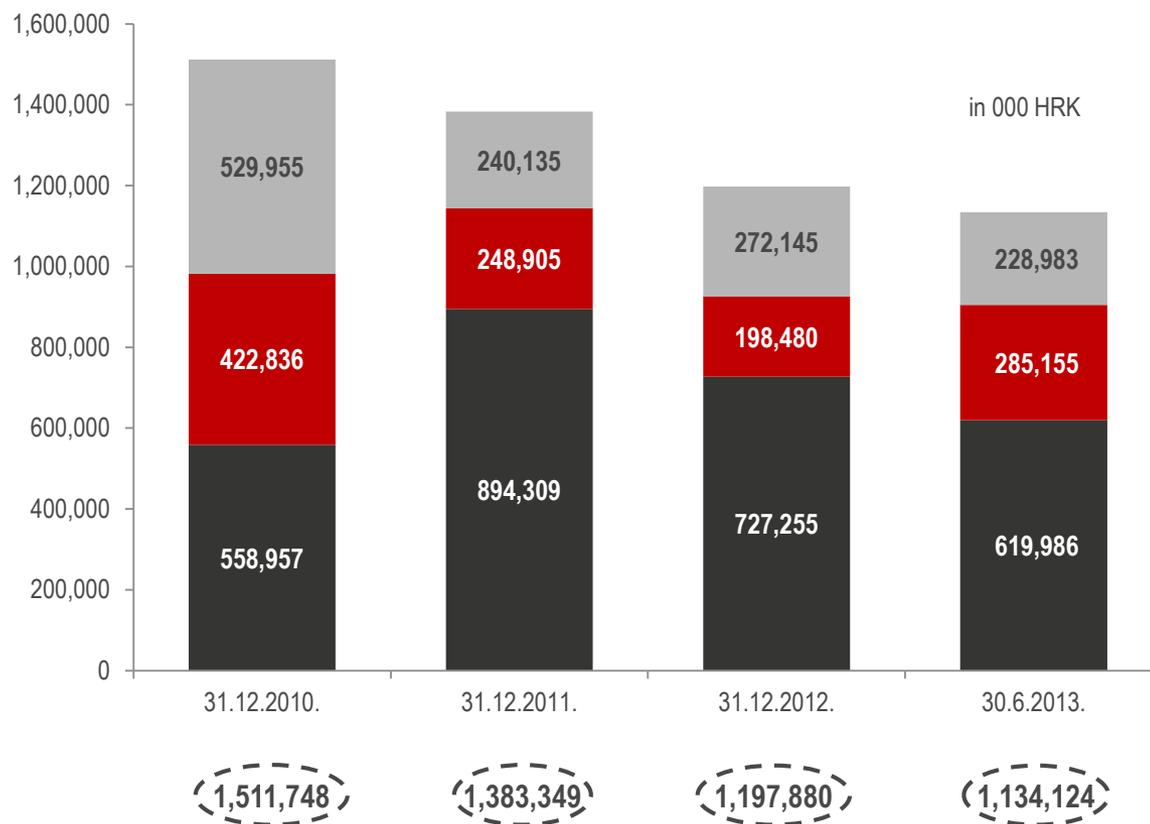
\*\* ratios are annualised and calculated based on corrected results (without one offs)

DEBT RATIOS	30 June 2013	31 Dec 2012	30 June 2012
Debt / equity*	70%	75%	76%
Debt / assets	32%	33%	34%
Net debt	956.4	1,079.7	1,168.2
Net debt / corr. EBITDA**	2.71	3.18	3.38

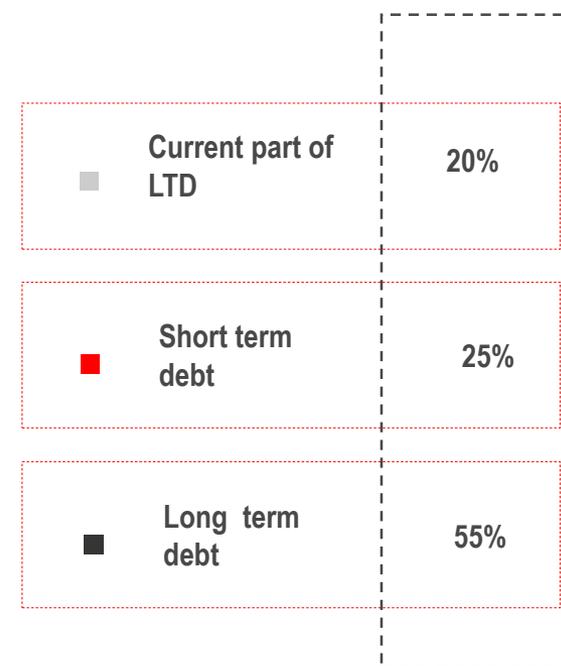
LIQUIDITY RATIOS	30 June 2013	31 Dec 2012	30 June 2012
Cash ratio	0.15	0.10	0.10
Quick ratio	1.04	1.05	1.02
Current ratio	1.56	1.57	1.56

PROFITABILITY RATIOS	30 June 2013	31 Dec 2012	30 June 2012
Corr. ROE**	9.0%	7.1%	5.6%
Corr. ROA**	4.2%	3.1%	2.5%

# Decreasing indebtedness in 1H2013 for HRK 63.8 mn



Debt structure 30 June 2013

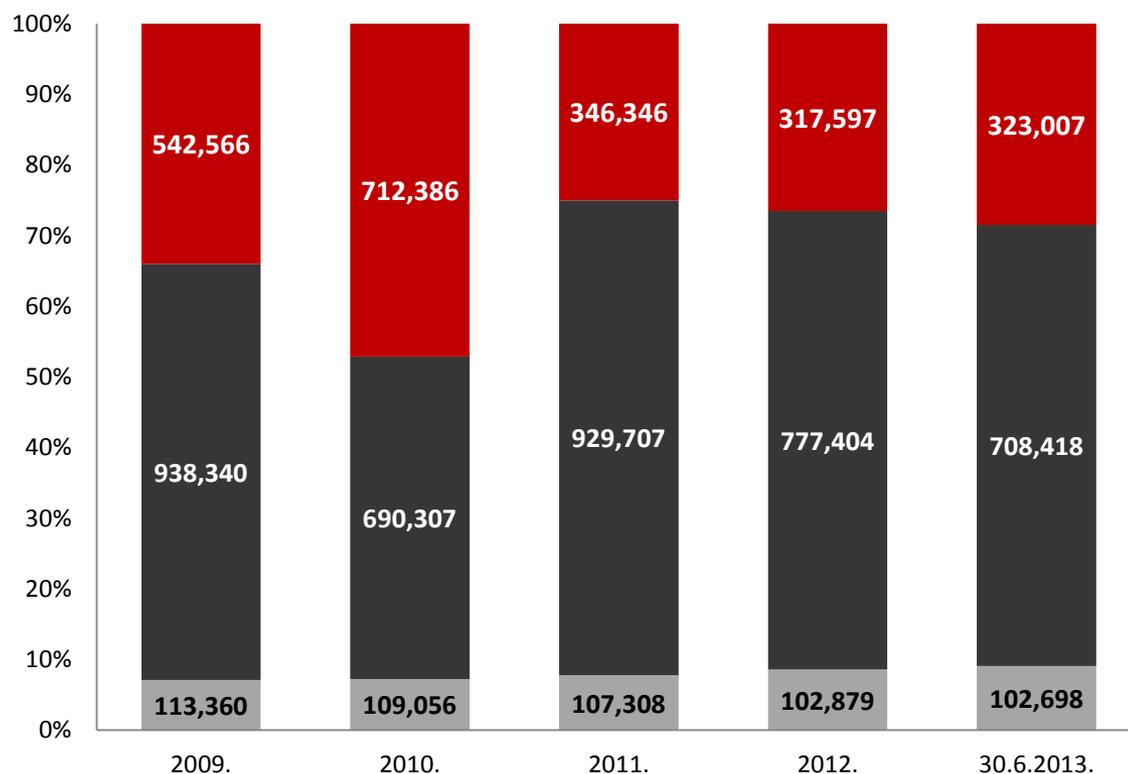


Decreasing indebtedness for HRK 63.8 mn

# Currency structure of the Group's debt

2009 – 30/06/2013

in 000 HRK



	Debt structure per currency on 30/06/2013	change (30/06/2012 to 31/12/2012)
■ HRK	28%	+1%
■ EUR	62%	-3%
■ other currencies	10%	+ 1%

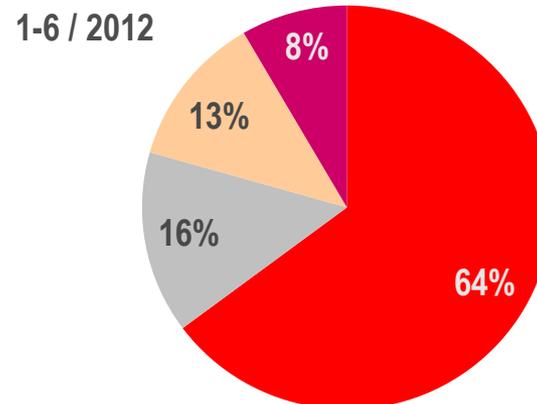
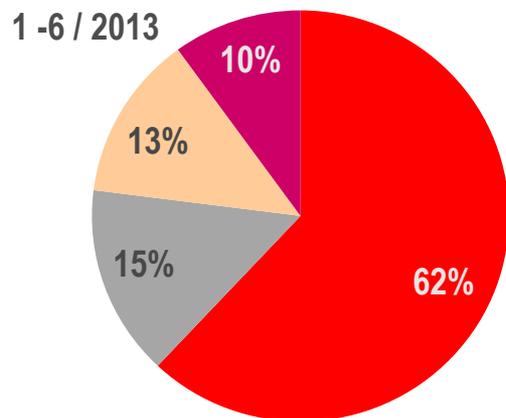
# The increase in general and administrative expenses due to severance paid to employees who left the company

HRK 1,623.1 mn

HRK 1,638.3 mn

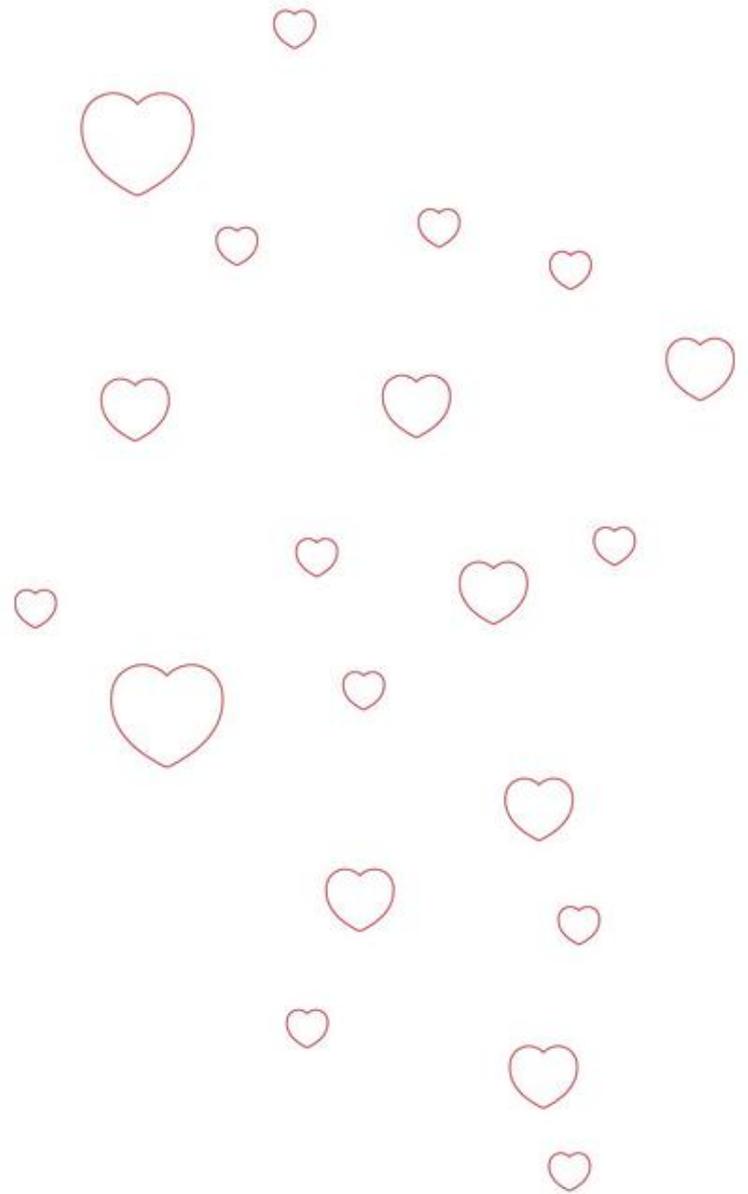
OPERATING COSTS

## Structure of operating costs



	change 2013 / 2012	% of sales 1-6 / 2013	% of sales 1-6 / 2012
■ Cost of goods sold	-5%	59%	62%
■ Selling & distribution costs	0%	14%	14%
■ Marketing expenses	+3%	12%	12%
■ General & administrative expenses	+26%	10%	8%
■ ■ ■ ■ Total	-1%	96%	95%

Share



# CROBEX and price of PODR-R-A movement

January 2012 – September 2013

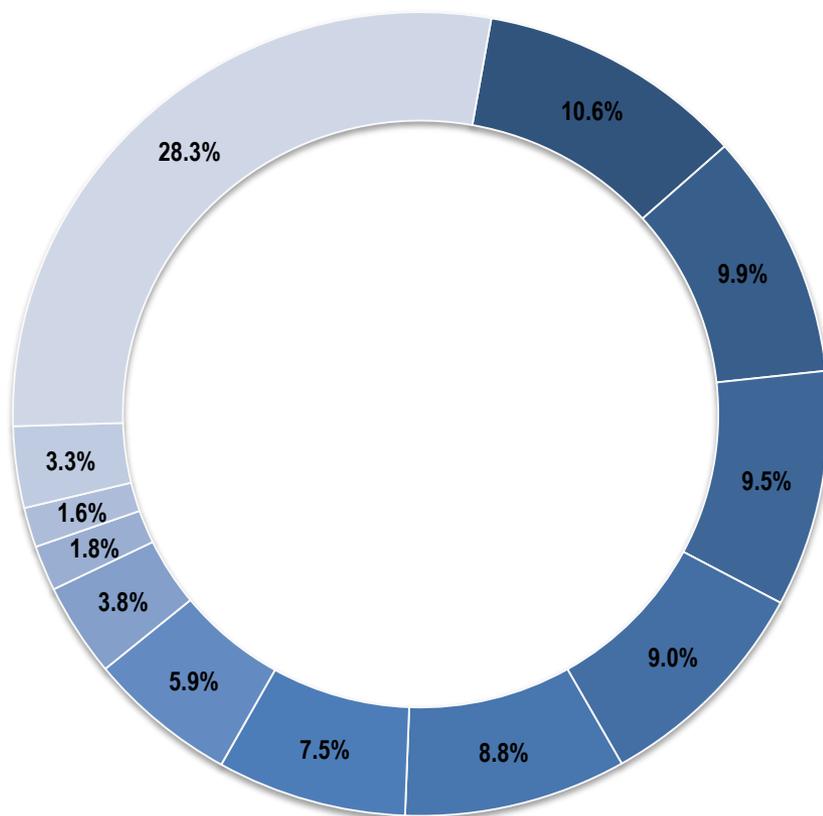


Close price on 2 October 2013  
Market capitalization

HRK 252.50  
HRK 1,368.6 mn



# Shareholders structure as of 27 September 2013



▶	TOP 10	68.5%
▶	other legal and natural persons	31.5%

■ GAMA / CIPI	575,598
■ GAMA / Republic of Croatia	535,857
■ Erste plavi MPF	514,863
■ AZ MPF	488,106
■ PBZ Croatia osiguranje MPF	477,957
■ Unicredit Bank Austria AG *	407,664
■ Kapitalni fond d.d.	321,804
■ Raiffeisen MPF	203,266
■ PBZ d.d.*	98,891
■ PBZ d.d. / State street client account	86,596
■ Treasury account	177,511
Other	1,531,890
<b>Total</b>	<b>5,420,003</b>

GAMA (Government Asset Management Agency), CIPI (Croatian Institute for Pension Insurance), MPF (Mandatory Pension Fund)

\*omnibus custody account

Always with a heart



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[www.podravka.com](http://www.podravka.com)