

Podravka Group

Erste Bank Investor Conference

19- 20 June 2008, Cavtat

Content

Overview

Sales

Business results

Share performances

Strategy 2008 - 2011

Overview

♥ SAD

One of the largest branded food companies in the region

- large brand portfolio
- international Superbrands

Podravka in Croatia

- the largest food company
- the second pharmaceutical company per MS

Production facilities

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

Strong distribution network

- covering key emerging markets
- distribution agreements with Unilever, Hainz & Deit

6,773 employees



♥ Australia

Strategic Business Areas

Food and beverages 83% of sales		Pharmaceuticals 17% of sales		Strategic Business Area
Food	Beverages	Commercial goods <i>(third parties' goods)</i>	Pharmaceuticals	
<ul style="list-style-type: none"> • Food seasonings • Podravka dishes -soups, fruits, vegetables, ready-made meals, frozen food • Baby food, Sweets & Snack • Meat products & canned fish 	<ul style="list-style-type: none"> • Studena-spring water • Studenac-carbonated water • Lero 	<ul style="list-style-type: none"> • Unilever • Deit • SMS • Kandit • Kraš 	<ul style="list-style-type: none"> • Generic drugs -RX -OTC 	Product group



according to the small participation of 0.2% in total Group's sales SBA Services is not part of this analyse

Business activities in 2007

- organic growth
- marketing activities
- investments
- growth through acquisitions
- new products development
- optimizations of product portfolio
- distribution contract with Nestlé discontinued
- gross margin growth
- business restructuring

Focusing on Podravka's strongest brands



SOUPS, PODRAVKA DISHES,
PROCESSED FRUIT AND VEGETABLE
PRODUCTS, CONDIMENTS, TEA, MEAT,
BAKERY PRODUCTS, FROZEN
PRODUCTS



UNIVERSAL SEASONINGS

Continuous improvements and
investment in R&D activities

Continuous increase of
marketing investment

Return on marketing
investment

Product portfolio optimization



BABY FOOD



CEREALS & SPREAD



PHARMACEUTICALS

✓ HIGHER ORGANIC GROWTH
✓ PROFITABILITY

Investments and acquisitions

TOTAL INVESTMENTS FY 2007

HRK 291.4 mn

- INVESTMENTS

HRK 174.8 mn

THE MOST IMPORTANT INVESTMENTS BY PRODUCT GROUP:

- Pharmaceuticals (registrations and new equipment)
- Baby food & Cream Spread



- BRAND ACQUISITIONS

HRK 116.6 mn



FOOD SEASONINGS



BEVERAGES



TOTAL INVESTMENTS 1Q 2008

HRK 31.0 mn

Acquisition cycle 2006 / 2007

EVA (Croatia, 2006)



revival of the most popular category of canned fish in Croatia and the markets of South-East Europe

category with high growth potential and expanding the range with new products

listing of new products in 1Q 2007

Eva.
From depths of sea.



Warzywko & Perfecta (Poland, 2007)



acquiring Warzywko Podravka strengthened its leader position on the Polish market of food seasonings

acquiring Warzywko Podravka entered "medium price" segment on the Polish market and expanded consumer base

"Warzywko – the maximum of vegetables in the kitchen" - new TV campaign on Polish market



Lero (Croatia, 2007)



expanded Podravka's existing product assortment to category of juices, nectars, syrups and other non-alcoholic beverages

introducing Lero into its existing sales structure, Podravka accomplished costs synergy in sales and distribution

famous local brand, known by high quality products, modern and technologically advanced packaging



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Sales

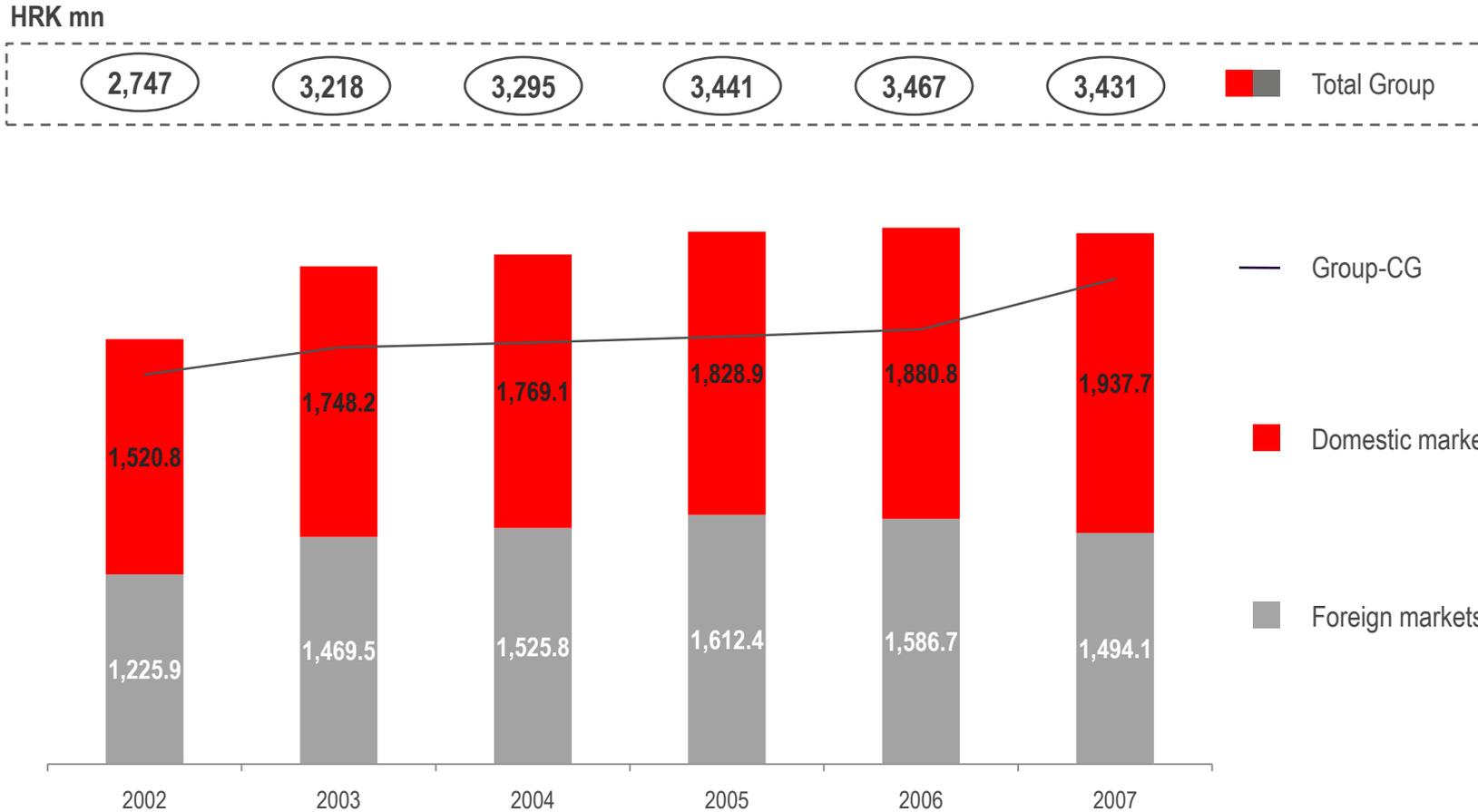
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Sales of the Podravka Group

Sales growth on domestic and foreign markets
2002 – 2007



CAGR*
2002 – 2007

3.8 %

3.7 %

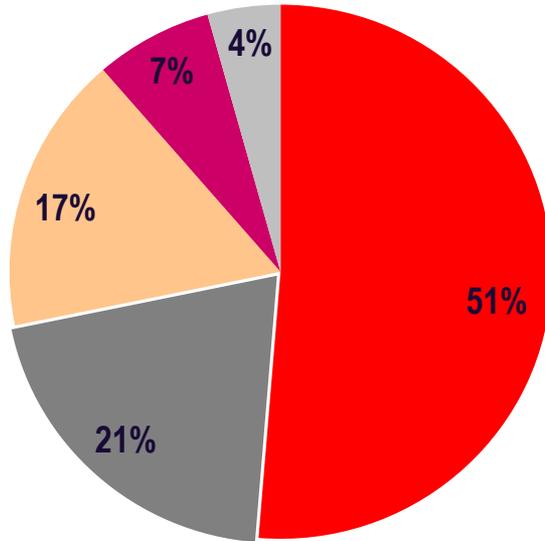
4.1 %

3.3 %

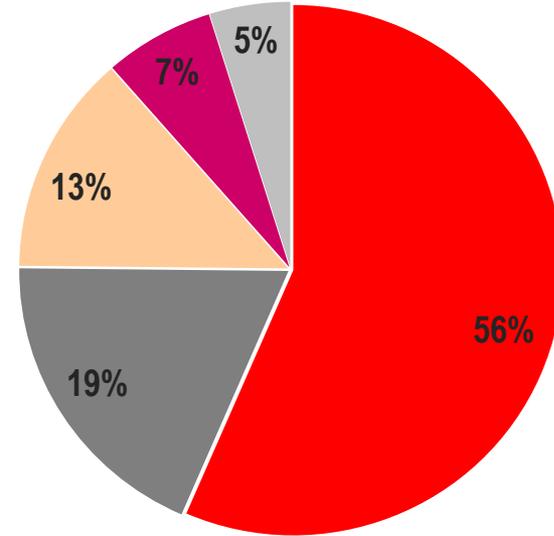
* Compound Annual Growth Rate

Sales structure per markets

Sales structure per markets 1Q 2008



Sales structure per markets 2007



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

Sales per strategic business areas 1Q 2008

SALES PERFORMANCE

Podravka Group

Group sales HRK 784 mn
Change (08/07) **+9%**

Organic growth

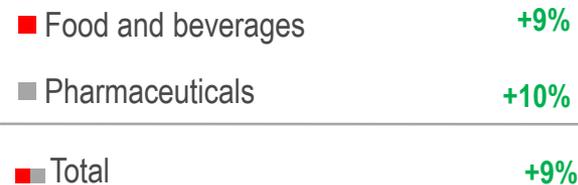
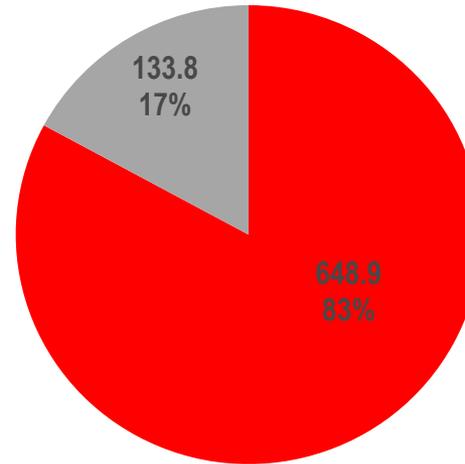
Food & beverages – CG HRK 621 mn
Change (08/07) **+19%**

Pharmaceuticals HRK 134 mn
Change (08/07) **+10%**

Commercial goods

Commercial goods HRK 28 mn
Change (08/07) **-62%**

Sales structure per SBA



total decrease of Commercial goods in amount of HRK 44.9 mn completely was replaced by high Podravka brands sales that increased for HRK 79.9 mn

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Podravka Group business results for 2007

in millions of HRK

	Podravka Group			SBA Food & beverages			SBA Pharmaceuticals		
	2007	2006	07/06	2007	2006	07/06	2007	2006	07/06
Sales	3,431.8	3,467.5	-1%	2,810.6	2,852.0	-1%	614.3	605.1	2%
Gross profit	1,415.9	1,351.2	5%	1,038.4	1,000.3	4%	377.5	350.5	8%
EBITDA	255.8	327.5	-22%	106.2	143.0	-26%	149.6	184.2	-19%
EBIT	92.3	126.2	-27%	-23.6	-14.0	-69%	115.9	139.9	-17%
Net profit	18.3	60.4	-70%	-60.5	-40.6	-49%	78.9	100.7	-22%
Gross margin %	41.3	39.0	230 bp	36.9	35.1	180 bp	61.5	57.9	360 bp
EBITDA margin %	7.5	9.4	-190 bp	3.8	5.0	-120 bp	24.4	30.4	-600 bp
EBIT margin %	2.7	3.6	-90 bp	-0.8	-0.5	-30 bp	18.9	23.1	-420 bp
Net margin %	0.5	1.7	-120 bp	-2.2	-1.4	-80 bp	12.8	16.6	-380 bp

Structure of operating costs

OPERATING COSTS

HRK 752.3 mn

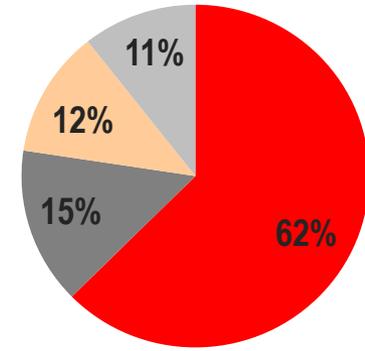
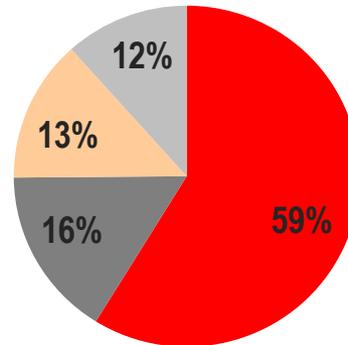
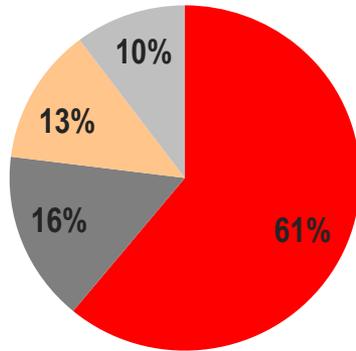
HRK 3,428.3 mn

HRK 3,381.5 mn

1Q 2008

2007

2006



1Q2008 / 1Q2007

2007 / 2006

+9%	■ Cost of goods sold	-5%
+5%	■ Selling and distribution expenses	+10%
+22%	■ Marketing expenses	+14%
0%	■ General and administrative expenses	+11%*
+9%	■ Total	+1%

* without restructuring costs and effect of legal case that Belupo won, general and administration expenses would have recorded decrease by 2%

Podravka Group business results for 1Q 2008

in millions of HRK

	Podravka Group			SBA Food & beverages			SBA Pharmaceuticals		
	1Q 2008	1Q 2007	08/07	1Q 2008	1Q 2007	08/07	1Q 2008	1Q 2008	08/07
Sales	784.1	716.6	9%	648.9	593.0	9%	133.8	121.7	10%
Gross profit	325.2	295.5	10%	245.4	225.3	9%	79.7	70.1	14%
EBITDA	71.2	76.4	-7%	49.2	54.7	-10%	22.0	21.7	1%
EBIT	34.1	30.5	12%	20.3	18.8	8%	13.9	11.7	18%
Net profit	15.8	15.0	6%	7.4	8.1	-8%	8.4	6.9	22%
Gross margin %	41.5	41.2	30 bp	37.8	38.0	-20bp	59.6	57.6	200bp
EBITDA margin %	9.1	10.7	-160 bp	7.6	9.2	-160bp	16.5	17.9	-140 bp
EBIT margin %	4.4	4.3	10 bp	3.1	3.2	-10bp	10.4	9.6	80 bp
Net margin %	2.0	2.1	-10 bp	1.1	1.4	-30bp	6.3	5.6	70 bp

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Podravka's share

listed on the Official Market of Shares of the Zagreb Stock Exchange since 1998

the most liquid share of the Zagreb Stock Exchange

included in the Croatian indices CROBEX and CROEMI

included in the SETX (South-East Europe Traded Index) of the Vienna Stock Exchange since February 2006

included in the CROX (Croatian Traded Index) new index of the Vienna Stock Exchange since June 2006

ZAGREB STOCK EXCHANGE

PODR-R-A

BLOOMBERG

PODRR CZ

REUTERS

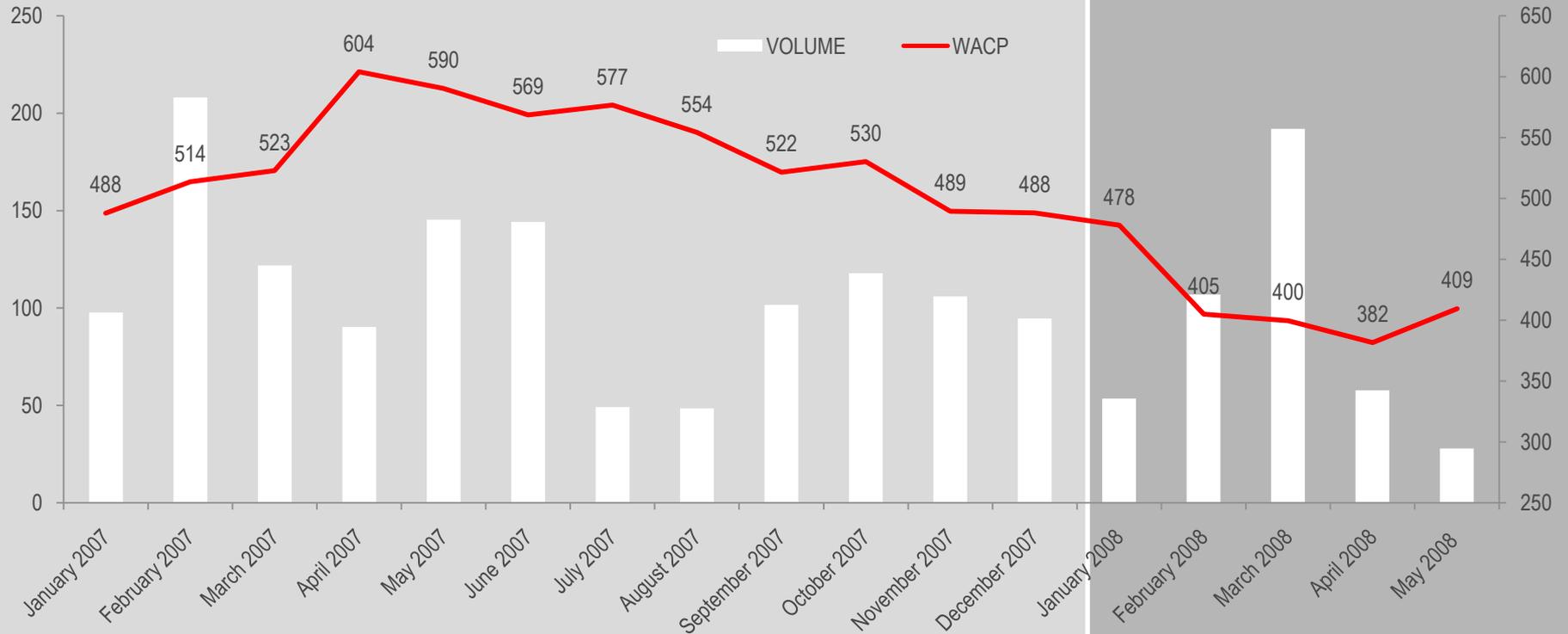
PODR.ZA



Share price and volume movement

'000 pieces

HRK



	2007	2006
EPS	3.43	11.24
P/E	148.63	41.83
BVPS	358.9	322.3
P/B	1.4	1.5
P/S	0.8	0.7
P/EBIT	30.0	20.2
P/EBITDA	10.8	7.8

	2007	Jan-May 2008
Close price	510.00	403.16
Highest price	645.00	514.00
Lowest price	440.00	360.00
WACP	535.25	409.41
Turnover (HRK mn)	707.5	178.6
Market cap. (HRK mn)	2,764.2	2,185.1

Comparative indices movement

Comparative indices movement and PODR-R-A

Basic index (01/01/2008=100)

Index



INDEX WEIGHT

31/05/2008

CROBEX	3.839%
SETX	1.651%

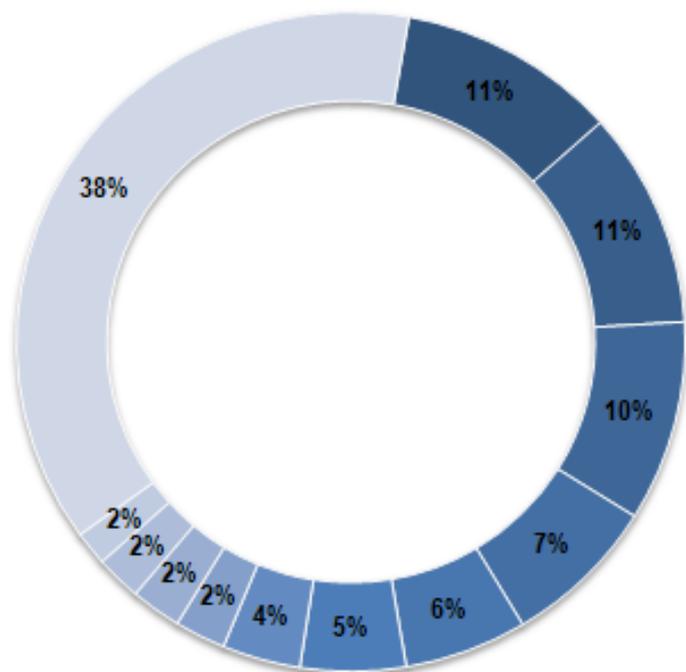
RECOMMENDATIONS

ERSTE	ACCUMULATE
FIMA	HOLD
HAAB	HOLD
RBA	HOLD



Shareholders structure

Shareholders structure as of 31 May, 2008



▶ TOP 10	62.3%
▶ other legal and natural persons	37.7%

Shareholder

No. of shares

■ FIMAAMI Ltd.	576,880
■ CPF / CIPI*	575,598
■ CPF	533,226
■ Bank Austria Creditanst. AG	408,218
■ Kapitalni fond d.d.	321,804
■ AZ MPF*	276,470
■ PBZ Croatia osiguranje d.d. MPF	205,090
■ Raiffeisenbank Austria d.d./R5	133,781
■ Erste plavi MPF	132,970
■ Skandinav. Enskilda banken/ Cus. acc.	120,520
■ Treasury account	90,528
■ Others	2,044,918

TOTAL

5,420,003

Free float

74%

*CPF - Croatian Privatization Fund , CIPI - Croatian Institute for Pension Insurance, MPF - Mandatory Pension Fund

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2008

PRIORITIES

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Growth strategy

2

Profitability and competitiveness growth

3

Capital use efficiency

to reach by

Profitable growth strategy

Profitability and competitiveness growth

Capital use efficiency

Organic growth

Production

Turnover capital reduction

Acquisitions

Administration

Asset capitalization

Sales, Distribution, Logistics

GOALS

FOR 2011

HRK 5 bn

EBIT 9%

ROA 4%

Always with a heart



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