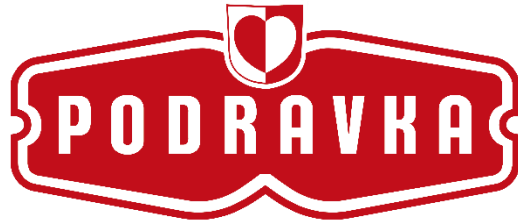


Podravka Group 3rd Investors day

19th February 2015, Koprivnica, Croatia





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Significant events

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Significant events in 2014



February

Decision of Croatian Health Insurance Fund (CHIF) to reduce prices on prescription drugs:

- in May 2013 and February 2014 CHIF prescribed a decrease in prices of a large portion of prescription drugs,
- estimated negative impact of HRK 57.2 million.



February /
April

Continuation of the restructuring process:

- redundancy labour programme → 420 employees left with severance payments; since 2012 nr of employees decreased by 23% in food segment,
- LeanCo → successful implementation of administrative excellence project,
- closing the low-profit segment of the bakery → expected positive impact on profitability.



April

Acquisition of PIK Vrbovec d.d. canned meat programme and brands:

- Podravka became player No2 in pate segment in the Croatian market,
- potential for expansion into regional markets,
- one of the most profitable categories in the segment of meat products has been strengthened.



July

Refinancing of loan liabilities:

- syndicated loan with EBRD and three international commercial banks:
 - EUR 73 million refinanced, for the purpose of balance sheer restructuring,
 - significantly lower interest rates and prolonged maturity dates.



August

Gaining of shares of fish producer Mirna d.d.:

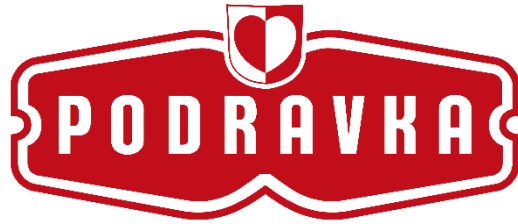
- in 2014 Podravka gained in total 63.95% of shares of Mirna d.d.,
- new Supervisory Board and Management Board has been appointed,
- current uncertainties related to the possible initiation of bankruptcy procedure → no consolidation the Group.



December

Termination of production in Poland:

- for the purpose of rationalization, the production in Poland has been terminated,
- the same product types for the EU markets will be produced in Koprivnica,
- positive impacts on operations through an increase in the utilization of production capacities in plants in Koprivnica.



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Key factors effecting SBA Food and Drinks in 2014

Programmes under restructuring → HRK 94.8 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 → HRK 13.7 million of negative net impact on sales revenues:

- primarily the effect of Czech koruna and Australian dollar.

Consumer prices deflation and retail power shifting:

- Continued consumer's shift towards discounters and private labels, esp. impacting our businesses in Slovenia, Poland and Croatia,
- Further retail consolidation on key markets (Mercator/Agrokor, Diona/Spar), causing instability to the weakest retailers.



Acquisition of a portion of PIK assortment:

- player No2 in pate in Croatia.

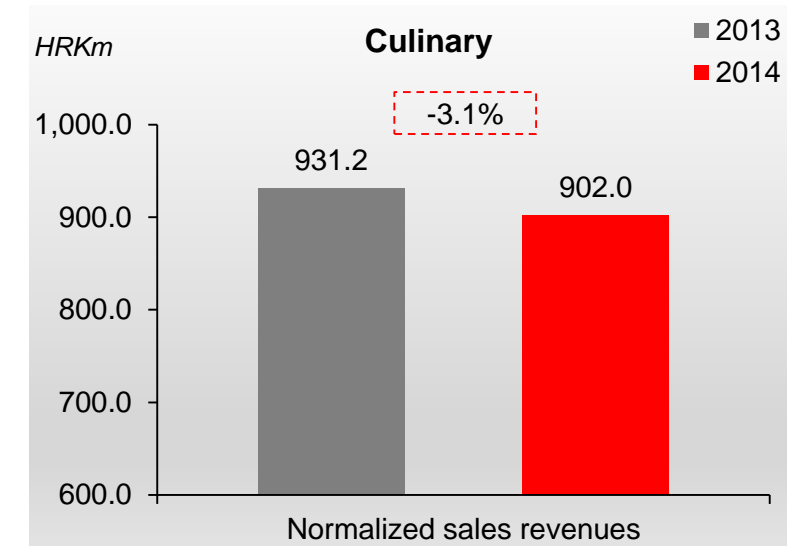
Restructuring efforts showing results:

- lower personnel expenses, costs in logistics.



Healthy growth of culinary category in the market of Western Europe

| CULINARY CATEGORY | | | |
|-------------------------------------|-------|-------|-----------|
| <i>(in HRK millions)</i> | 2014 | 2013 | 2014/2013 |
| Reported sales revenues | 899.4 | 931.2 | (3.4%) |
| Programmes under restructuring | - | - | n/a |
| Net positive / (negative) FX impact | (2.6) | - | n/a |
| Normalized sales revenues | 902.0 | 931.2 | (3.1%) |



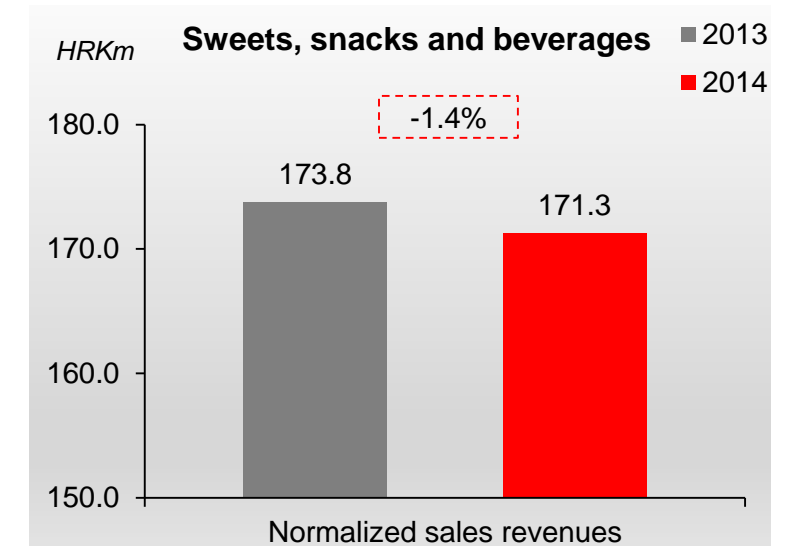
Key highlights:

- culinary market value decrease in Croatia driven by advancing private label and price discounting, impact partially offset by innovated products sales,
- growing interest in private label products and cheaper brands in Poland required redefinition of the sales terms and promotional activities,
- sales growth in Western Europe following stronger shift from ethnic to main-stream retail channels.



Growth of powdered sweets, key subcategory with international potential

| SWEETS, SNACKS AND BEVERAGES CATEGORY | | | |
|---------------------------------------|-------|-------|-----------|
| (in HRK millions) | 2014 | 2013 | 2014/2013 |
| Reported sales revenues | 261.8 | 300.2 | (12.8%) |
| Programmes under restructuring | 90.4 | 126.4 | (28.5%) |
| Net positive / (negative) FX impact | 0.1 | - | n/a |
| Normalized sales revenues | 171.3 | 173.8 | (1.4%) |



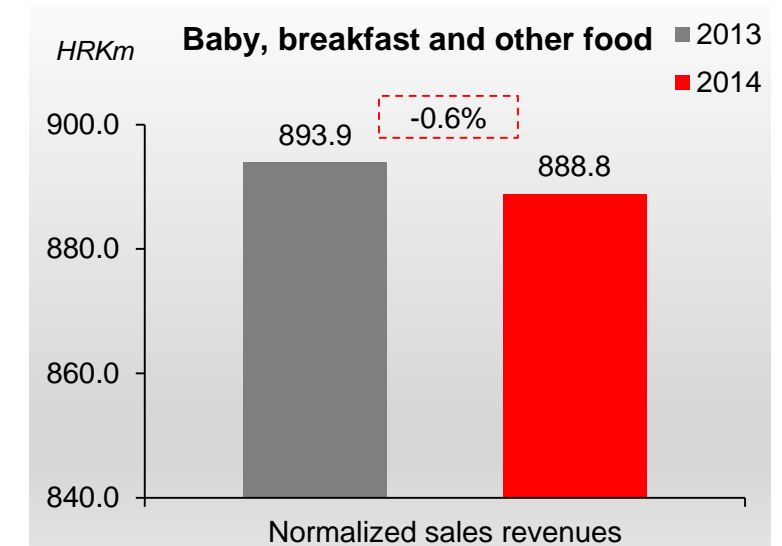
Key highlights:

- beverages subcategory:
 - reduced scope of operations following the decision on exiting from this business,
 - adverse weather conditions in 2014, HRK 19.4 million lower sales in 3Q 2014 yoy during tourist season,
- powdered sweets and salted snacks subcategories growth indicating well perceived consumer orientation to „small pleasures“ product categories,
- Intentionally lower sales to customers with potentially high collection risks, esp. in Slovenia.



Mediterranean food subcategory growth in both Adria and Europe region

| BABY FOOD, BREAKFAST FOOD AND OTHER FOOD CATEGORY | | | |
|---|-------|-------|-----------|
| (in HRK millions) | 2014 | 2013 | 2014/2013 |
| Reported sales revenues | 887.3 | 913.3 | (2.8%) |
| Programmes under restructuring | 3.2 | 19.4 | (83.3%) |
| Net positive / (negative) FX impact | (4.7) | - | n/a |
| Normalized sales revenues | 888.8 | 893.9 | (0.6%) |



Key highlights:

- healthy growth in the Mediterranean food subcategory → Eva brand and tomato-based products,
- intentionally lower sales to customers with potentially high collection risks, esp. in Slovenia,
- changed consumer's shopping behaviour have put additional pressure on retailers in almost all markets to adjust their prices and promotional activities, strongly influencing our sales too.



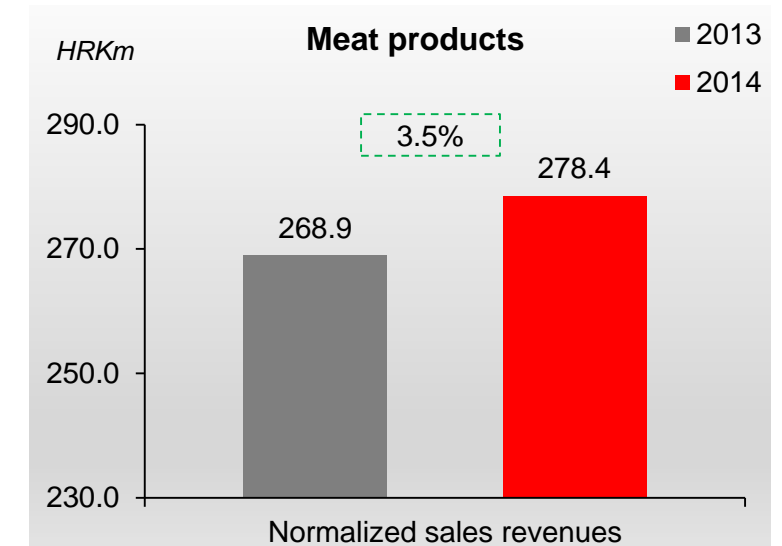
Double-digit growth of the sausage products subcategory

| MEAT PRODUCTS CATEGORY | | | |
|-------------------------------------|-------|-------|-----------|
| (in HRK millions) | 2014 | 2013 | 2014/2013 |
| Reported sales revenues | 300.8 | 280.9 | 7.1% |
| Programmes under restructuring* | 22.5 | 11.9 | 88.6% |
| Net positive / (negative) FX impact | (0.1) | - | n/a |
| Normalized sales revenues | 278.4 | 268.9 | 3.5% |

Key highlights:

- meat company Danica positive on the normalized EBITDA level,
- double digit growth of the sausage products subcategory in the Croatian market,
- focus on the internationalization of the existing product range → Macedonia, Sweden, Bosnia and Herzegovina,
- focus on the extension of the product range in the economy segment in the Croatian market.

*including acquisition of a portion of the PIK product range



Deflation marked the Croatian market in 2014

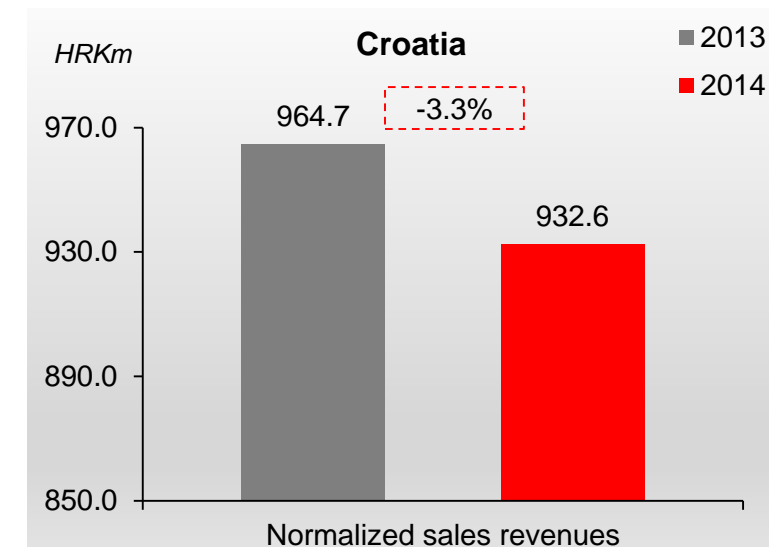
| THE MARKET OF CROATIA | | | |
|-------------------------------------|---------|---------|-----------|
| <i>(in HRK millions)</i> | 2014 | 2013 | 2014/2013 |
| Reported sales revenues | 1,040.9 | 1,152.9 | (9.7%) |
| Programmes under restructuring* | 108.3 | 188.3 | (42.5%) |
| Net positive / (negative) FX impact | - | - | n/a |
| Normalized sales revenues | 932.6 | 964.7 | (3.3%) |

Key highlights:

- HRK 91.8 million of negative effect of programs under restructuring,
- focusing on sustainable profitable growth reflected not only in top line results, but also increased profit margins,
- 2,2% decrease in food and beverages local retail prices**,
- maintained top market positions in all key product groups.

*including acquisition of a portion of the PIK product range,

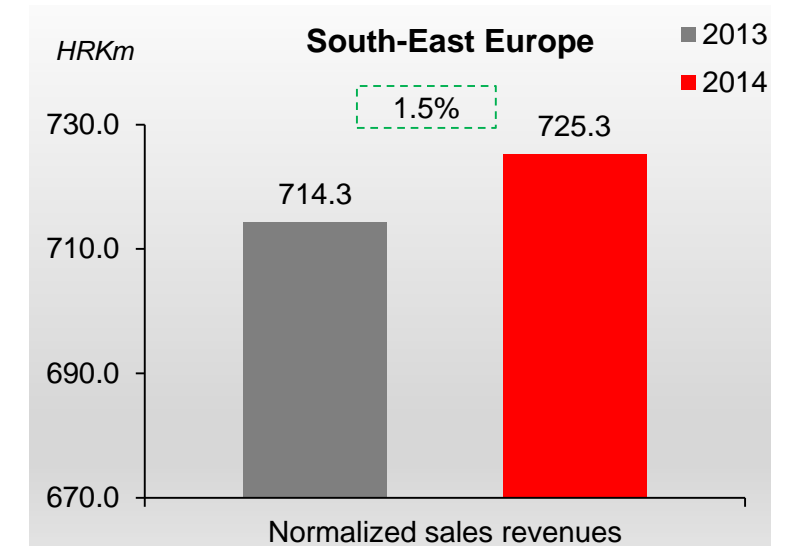
**Source; the Croatian Bureau of Statistics.



| Products | Market position | Period |
|----------------|-----------------|------------|
| Vegeta | 1 | Oct-Nov 14 |
| Podravka soups | 1 | Oct-Nov 14 |
| Baby cereals | 1 | Oct-Nov 14 |
| Eva | 2 | Oct-Nov 14 |
| Dolcela | 1 | Oct-Nov 14 |

Sales revenues growth in the majority of markets in South-East Europe

| THE MARKET OF SOUTH-EAST EUROPE | | | |
|-------------------------------------|-------|-------|-----------|
| (in HRK millions) | 2014 | 2013 | 2014/2013 |
| Reported sales revenues | 735.3 | 727.7 | 1.0% |
| Programmes under restructuring | 9.9 | 13.4 | (26.2%) |
| Net positive / (negative) FX impact | 0.1 | - | n/a |
| Normalized sales revenues | 725.3 | 714.3 | 1.5% |



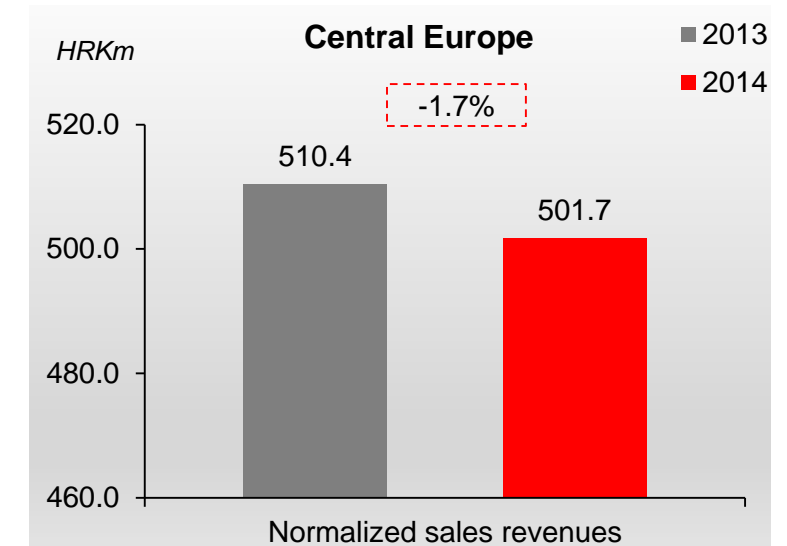
Key highlights:

- sales revenues growth was recorded in all markets except Slovenia,
- intentionally lower sales to customers with potentially high collection risks, esp. in Slovenia, mainly driven by shifting powers on the local market (discounters, Adria Group),
- growth in Mediterranean food subcategory.



Double-digit growth of Mediterranean food assortment in Central Europe

| THE MARKET OF CENTRAL EUROPE | | | |
|-------------------------------------|--------|-------|-----------|
| (in HRK millions) | 2014 | 2013 | 2014/2013 |
| Reported sales revenues | 491.1 | 510.4 | (3.8%) |
| Programmes under restructuring | - | - | n/a |
| Net positive / (negative) FX impact | (10.6) | - | n/a |
| Normalized sales revenues | 501.7 | 510.4 | (1.7%) |



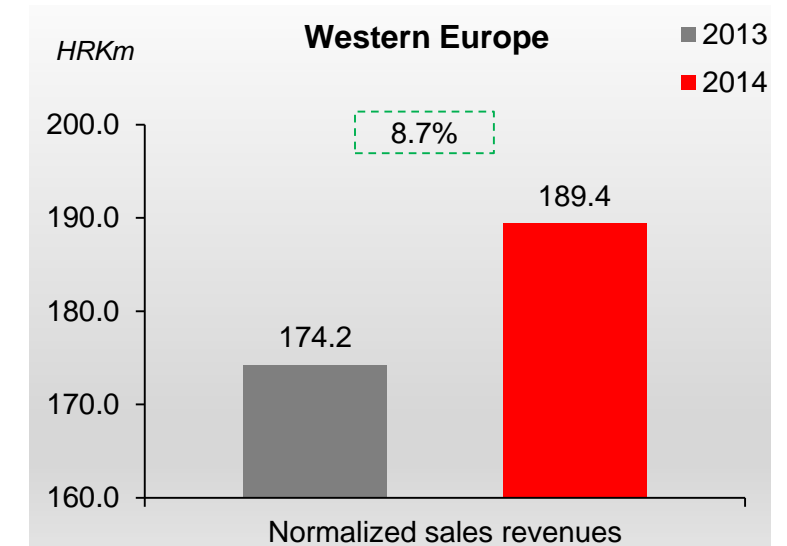
Key highlights:

- Czech koruna negative FX impact,
- double-digit growth of Mediterranean food assortment: Eva fish products, tomato based products,
- growing interest in private label products and cheaper brands in Poland required redefinition of the sales terms and promotional activities.



Growth of all product categories in the market of Western Europe

| THE MARKET OF WESTERN EUROPE | | | |
|-------------------------------------|-------|-------|-----------|
| (in HRK millions) | 2014 | 2013 | 2014/2013 |
| Reported sales revenues | 189.9 | 174.2 | 9.0% |
| Programmes under restructuring | - | - | n/a |
| Net positive / (negative) FX impact | 0.5 | - | n/a |
| Normalized sales revenues | 189.4 | 174.2 | 8.7% |



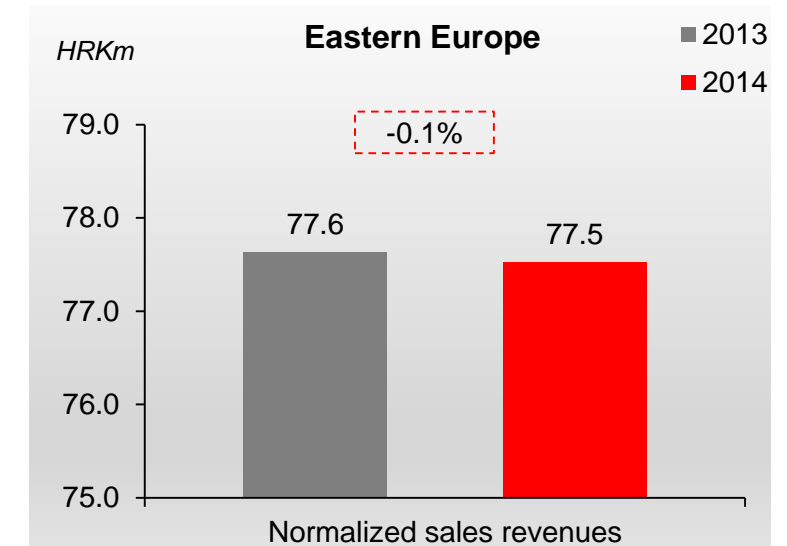
Key highlights:

- majority of markets recorded growth in sales,
- all product categories recorded growth, especially Culinary,
- strong move from ethnic to main-stream retail channels and positions,
- higher distribution index.



Increased demand for Podravka's products on the market of Russia

| THE MARKET OF EASTERN EUROPE | | | |
|-------------------------------------|------|------|-----------|
| (in HRK millions) | 2014 | 2013 | 2014/2013 |
| Reported sales revenues | 77.5 | 77.6 | (0.1%) |
| Programmes under restructuring | - | - | n/a |
| Net positive / (negative) FX impact | - | - | n/a |
| Normalized sales revenues | 77.5 | 77.6 | (0.1%) |



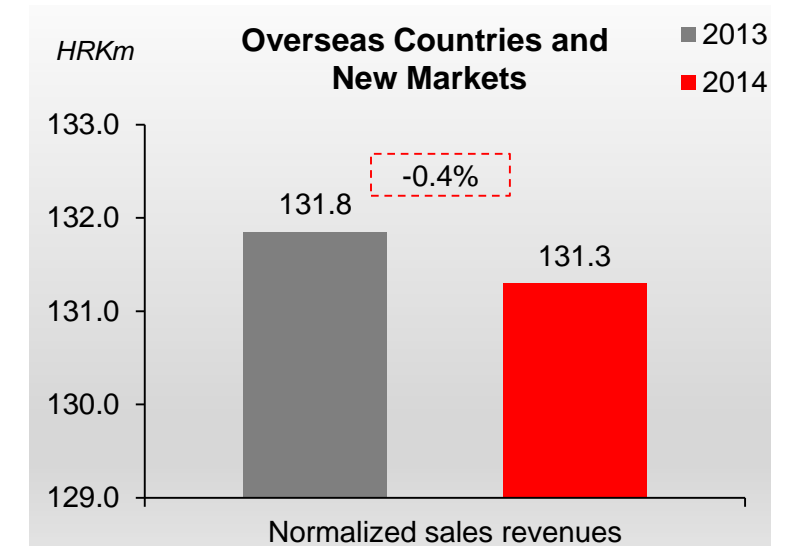
Key highlights:

- sales dynamics on Russian market impacted by reduced deliveries during strong FX fluctuations and distribution model changes, esp. in q4,
- double digit growth of Podravka soups sales, supported by the entrance into two largest retail chains,
- sales from distributors on the market in Russia:
 - grew 25.0% in volume,
 - grew 22.0% in local currency,
- negative FX effects partially compensated to distributors.



Temporary effect from distribution model change in Overseas Countries and New Markets

| OVERSEAS COUNTRIES AND NEW MARKETS | | | |
|-------------------------------------|-------|-------|-----------|
| (in HRK millions) | 2014 | 2013 | 2014/2013 |
| Reported sales revenues | 127.6 | 131.8 | (3.2%) |
| Programmes under restructuring | - | - | n/a |
| Net positive / (negative) FX impact | (3.7) | - | n/a |
| Normalized sales revenues | 131.3 | 131.8 | (0.4%) |



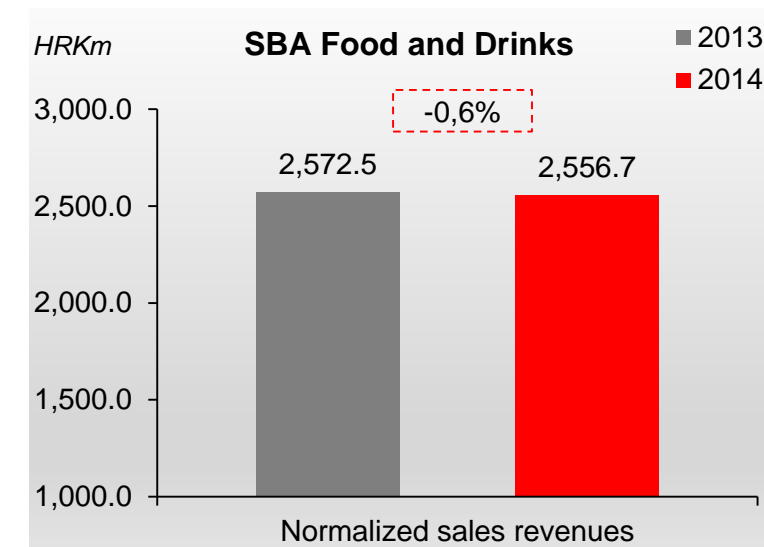
Key highlights:

- negative FX impact from Australian dollar,
- distribution model change on the market of Australia → short-term change in the delivery dynamics,
- distributor replacement on the market of USA → short-term change in the delivery dynamics.



Sales revenues impacted by programmes under restructuring and FX

| STRATEGIC BUSINESS AREA FOOD AND DRINKS | | | |
|---|---------|---------|-----------|
| (in HRK millions) | 2014 | 2013 | 2014/2013 |
| Reported sales revenues | 2,662.4 | 2,774.7 | (4.1%) |
| Programmes under restructuring* | 119.3 | 202.3 | (41.0%) |
| Net positive / (negative) FX impact | (13.7) | - | n/a |
| Normalized sales revenues | 2,556.7 | 2,572.5 | (0.6%) |











Key highlights:









- maintaining No1 market position in key categories in Croatia despite unfavourable surroundings,
- well perceived consumer orientation to „small pleasures“ product categories supported powdered sweets and salted snacks sales growth,
- growth of the Mediterranean food subcategory in all regions,
- double digit growth of sales from distributors on the market in Russia indicate increase in demand for Podravka's products,
- healthy growth of all product categories in Western Europe, especially Culinary,

*including acquisition of a portion of the PIK product range.

- programmes under restructuring → HRK 94.8 million negative impact on sales revenues,
- 2.2% decrease in food and beverages local retail prices,
- foreign exchange differences → HRK 13.7 million negative net impact on sales revenues,
- growing interest in private label products and cheaper brands in Poland and Slovenia required not only redefinition of the sales terms and promotional activities, but also credit management policies,
- change of distribution model in Australia, USA and Russia → short-term change in the delivery dynamics.

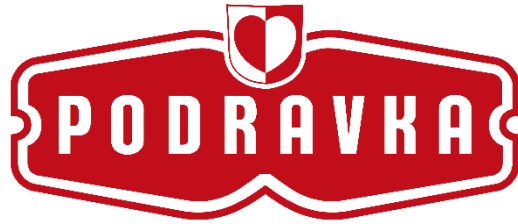
SBA Food and Drinks profitability significantly improved

| 2014 (in HRK millions) | Reported | | | Normalized | | |
|------------------------|----------|---|--------|------------|---|--------|
| Gross profit | 1,012.4 |  | (0.6%) | 1,013.1 |  | (1.0%) |
| EBITDA | 197.6 |  | 6.2% | 251.6 |  | 3.7% |
| EBIT | 75.4 |  | 450.1% | 158.6 |  | 15.5% |
| Net profit after MI | 28.8 |  | 100.0% | 112.0 |  | 25.5% |

| 2014 (% of sales revenues) | Reported | | | Normalized | | |
|----------------------------|----------|---|---------|------------|---|---------|
| Gross margin | 38.0% |  | +132 bp | 38.1% |  | +116 bp |
| EBITDA margin | 7.4% |  | +72 bp | 9.5% |  | +71 bp |
| EBIT margin | 2.8% |  | +234 bp | 6.0% |  | +101 bp |
| Net profit margin after MI | 1.1% |  | +108 bp | 4.2% |  | +99 bp |

Key highlights:

- **Gross margin** → favourable price trends of key raw materials, lower depreciation and staff cost,
- **EBIT margin** → more efficient collection of trade receivables, lower impairment costs, savings in the S&D and MEX,
- **Net profit margin after MI** → lower finance costs, expected usage of tax incentives for reinvested profits.



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SBA Pharmaceuticals

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Key factors that affected SBA Pharmaceuticals in 2014

Foreign exchange differences, primarily Russian ruble:

- HRK 27.1 million of negative net impact on sales revenues,
- HRK 43.7 million of negative impact on profitability (net realized FX differences).



Volume growth:

- Croatia → volume growth of 7.0% (RX 9.0%),
- Russia → volume growth of 4.9% to wholesalers, from wholesalers to market 14.0% volume, 17.0% value,
- total SBA → volume growth of 10.6%.



Croatian Health Insurance Fund (CHIF):

- prescribed a decrease in prices of a large portion of prescription drugs on the market of Croatia,
- estimated negative impact of HRK 57.2 million on sales revenues,
- nevertheless, gross margin in Croatia has improved.



Opening new markets in Central Europe:

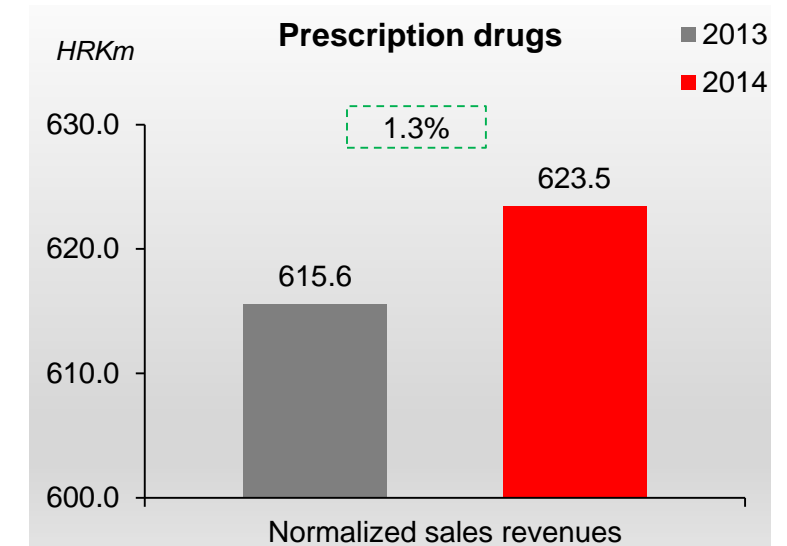
- first full year of doing business on polish market.

Supply chain efficiency:

- despite volume growth of 10.6%, COGS grew only 2.6% as a result of more efficient supply chain management.

Double digit growth of Prescription drugs category in volume terms

| PRESCRIPTION DRUGS CATEGORY | | | |
|-------------------------------------|--------|-------|-----------|
| (in HRK millions) | 2014 | 2013 | 2014/2013 |
| Reported sales revenues | 597.1 | 615.6 | (3.0%) |
| Programmes under restructuring | - | - | n/a |
| Net positive / (negative) FX impact | (26.4) | - | n/a |
| Normalized sales revenues | 623.5 | 615.6 | 1.3% |



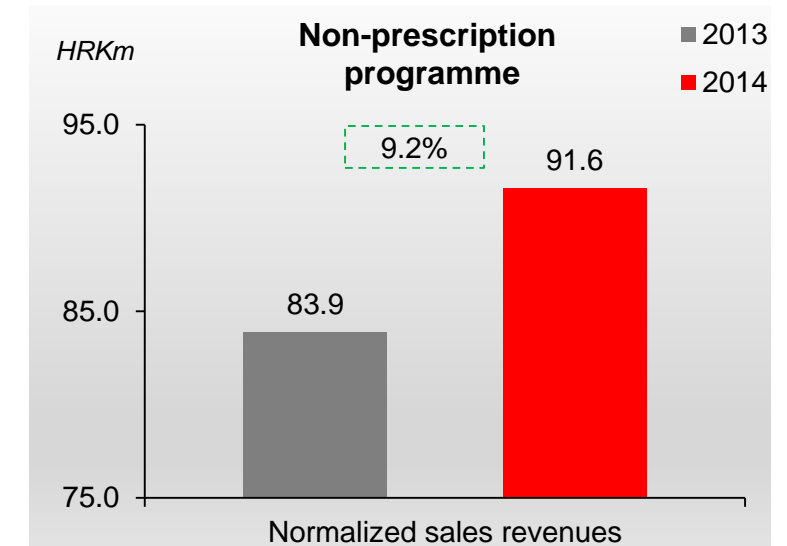
Key highlights:

- HRK 26.4 million of negative net FX impact on sales revenues,
- estimated HRK 57.2 million of negative impact on sales revenues from CHIF,
- volume growth in the Croatian market of 7.0% (RX 9.0%),
- sales from distributors on the market in Russia:
 - 4.9% in volume terms to wholesalers, 14.0% from wholesalers to the market,
 - 13.0% in local currency to wholesalers, 17.0% from wholesalers to the market,
- double digit growth of sales in the markets of B&H and Poland.



Non-prescription programme continues with healthy growth

| NON-PRESCRIPTION PROGRAMME | | | |
|-------------------------------------|-------|------|-----------|
| <i>(in HRK millions)</i> | 2014 | 2013 | 2014/2013 |
| Reported sales revenues | 90.0 | 83.9 | 7.4% |
| Programmes under restructuring | - | - | n/a |
| Net positive / (negative) FX impact | (1.5) | - | n/a |
| Normalized sales revenues | 91.6 | 83.9 | 9.2% |



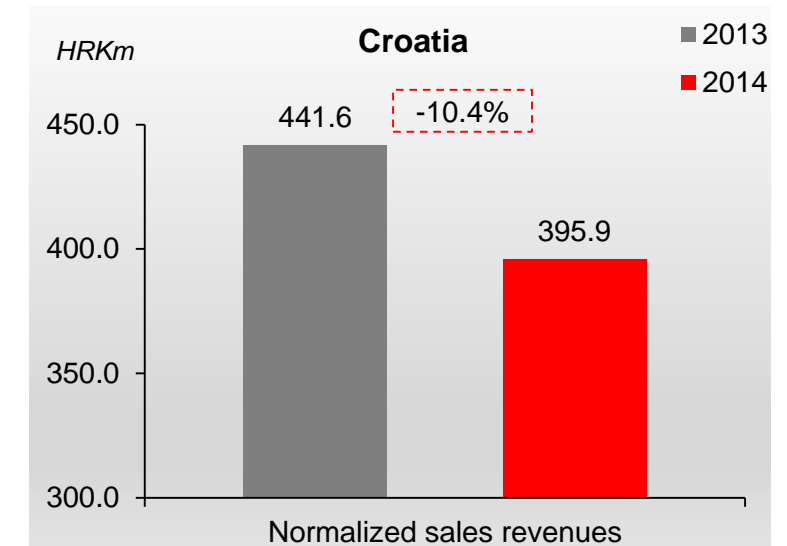
Key highlights:

- strong growth of OTC subcategory in the Croatian and Russian markets,
- OTC subcategory recorded 14.1% higher sales.



Growth in volume terms of 7.0% in the Croatian market

| THE MARKET OF CROATIA | | | |
|-------------------------------------|-------|-------|-----------|
| (in HRK millions) | 2014 | 2013 | 2014/2013 |
| Reported sales revenues | 395.9 | 441.6 | (10.4%) |
| Programmes under restructuring | - | - | n/a |
| Net positive / (negative) FX impact | - | - | n/a |
| Normalized sales revenues | 395.9 | 441.6 | (10.4%) |



Key highlights:

- prescribed decision to decrease the prices of prescription drugs by the Croatian Health Insurance Fund in May 2013 and February 2014:
 - estimated 57.2 million of negative effect on sales revenues in 2014,
- growth in volume terms of 7.0% → RX category grew 9.0% in volume terms,
- despite negative influence of CHIF, the market of Croatia recorded gross margin growth → supply chain efficiency.

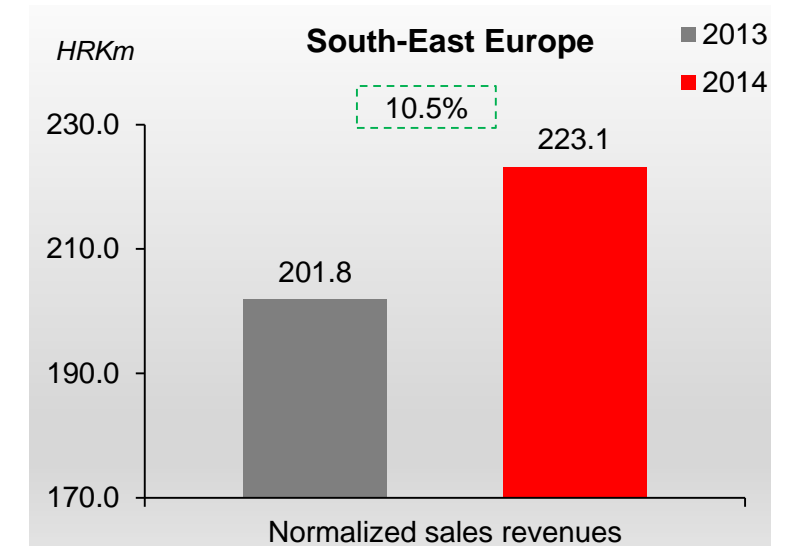


All countries in South-East Europe recorded sales growth

| THE MARKET OF SOUTH-EAST EUROPE | | | |
|-------------------------------------|-------|-------|-----------|
| (in HRK millions) | 2014 | 2013 | 2014/2013 |
| Reported sales revenues | 224.7 | 201.8 | 11.3% |
| Programmes under restructuring | - | - | n/a |
| Net positive / (negative) FX impact | 1.6 | - | n/a |
| Normalized sales revenues | 223.1 | 201.8 | 10.5% |

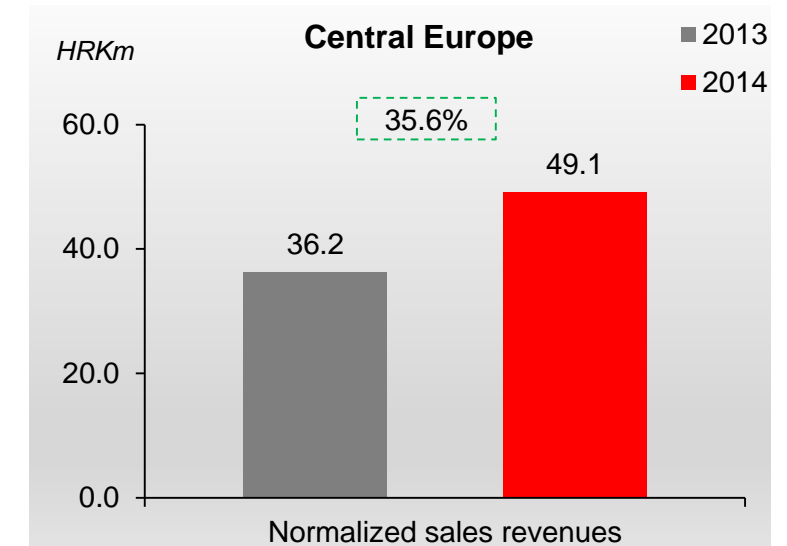
Key highlights:

- all countries recorded sales growth,
- all categories and subcategories recorded sales growth,
- double digit growth in Bosnia and Herzegovina.



Entry with derma sub segment into new markets in Central Europe

| THE MARKET OF CENTRAL EUROPE | | | |
|-------------------------------------|------|------|-----------|
| (in HRK millions) | 2014 | 2013 | 2014/2013 |
| Reported sales revenues | 49.5 | 36.2 | 36.6% |
| Programmes under restructuring | - | - | n/a |
| Net positive / (negative) FX impact | 0.4 | - | n/a |
| Normalized sales revenues | 49.1 | 36.2 | 35.6% |



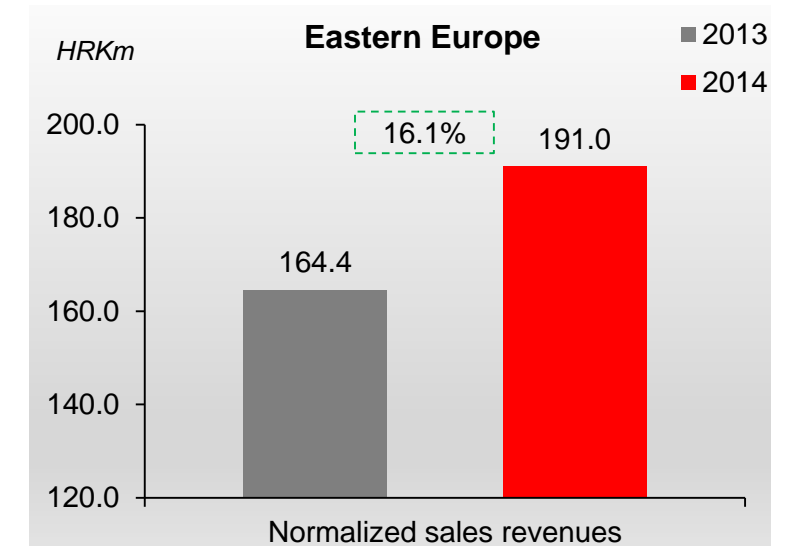
Key highlights:

- all countries recorded sales growth,
- most significant growth came from derma sub segment:
 - high single digit growth in Czech Republic,
 - entry into the Polish market.



Growth in the Russian market in volume and local currency terms

| THE MARKET OF EASTERN EUROPE | | | |
|-------------------------------------|--------|-------|-----------|
| (in HRK millions) | 2014 | 2013 | 2014/2013 |
| Reported sales revenues | 161.8 | 164.4 | (1.6%) |
| Programmes under restructuring | - | - | n/a |
| Net positive / (negative) FX impact | (29.2) | - | n/a |
| Normalized sales revenues | 191.0 | 164.4 | 16.1% |



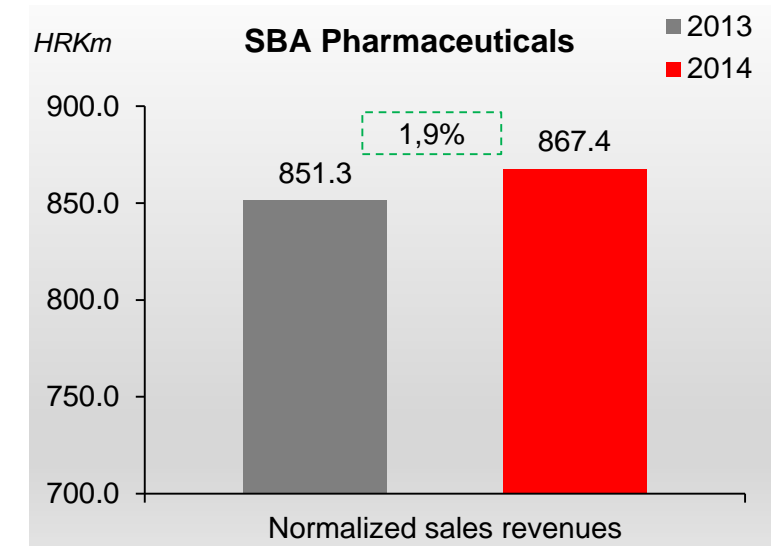
Key highlights:

- HRK 29.3 million negative effect of the Russian ruble on sales revenues,
- sales from distributors on the market in Russia:
 - grew 4.9% in volume terms to wholesalers, 14.0% from wholesalers to the market,
 - grew 13.0% in local currency to wholesalers. 17.0% from wholesalers to the market.



Sales revenues impacted by programmes under restructuring and FX









| STRATEGIC BUSINESS AREA PHARMACEUTICALS | | | |
|---|--------|-------|-----------|
| <i>(in HRK millions)</i> | 2014 | 2013 | 2014/2013 |
| Reported sales revenues | 840.3 | 851.3 | (1.3%) |
| Programmes under restructuring | - | - | n/a |
| Net positive / (negative) FX impact | (27.1) | - | n/a |
| Normalized sales revenues | 867.4 | 851.3 | 1.9% |











Key highlights:

- SBA Pharmaceuticals grew 10.6% in volume terms,
- 7.0% sales growth in volume terms on the market of Croatia, RX grew 9.0%,
- despite negative influence of CHIF, the market of Croatia recorded gross margin growth as a result of supply chain efficiency,
- 4.9% sales growth in volume terms and 13% sales growth in local currency in the market of Russia,
- entry with derma sub segment into new markets in Central Europe,
- net foreign exchange differences → HRK 27.1 million of negative impact on sales revenues,
- HRK 57.2 million of estimated negative impact from Croatian Health Insurance Fund on sales revenues.

FX and CHIF negatively affected profitability

| 2014 (in HRK millions) | Reported | | | Normalized | | |
|------------------------|----------|---|---------|------------|---|---------|
| Gross profit | 463.5 |  | (4.3%) | 463.5 |  | (4.3%) |
| EBITDA | 122.0 |  | (29.9%) | 128.9 |  | (28.8%) |
| EBIT | 80.2 |  | (31.6%) | 87.1 |  | (36.9%) |
| Net profit after MI | 63.6 |  | (29.4%) | 70.5 |  | (36.3%) |

| 2014 (% of sales revenues) | Reported | | | Normalized | | |
|----------------------------|----------|---|---------|------------|---|---------|
| Gross margin | 55.2% |  | -171 bp | 55.2% |  | -171 bp |
| EBITDA margin | 14.5% |  | -591 bp | 15.3% |  | -592 bp |
| EBIT margin | 9.5% |  | -423 bp | 10.4% |  | -584 bp |
| Net profit margin after MI | 7.6% |  | -301 bp | 8.4% |  | -462 bp |

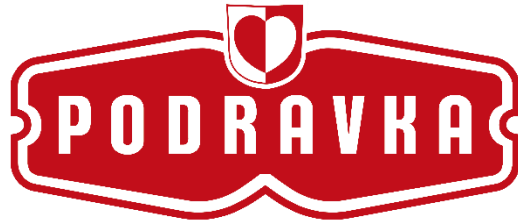
Key highlights:

➤ Sales revenues:

- HRK 27.1 million negative net effect from foreign exchange differences,
- estimated HRK 57.2 million negative effect of prescribed reduction of prices on a large portion of prescription drugs on the market of Croatia,

➤ Profitability:

- HRK 43.7 million negative effect from net realized foreign exchange differences,
- lower finance costs as a result of more favourable terms of refinanced borrowings and repayment of borrowings.



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Significant events

SBA Food and Drinks

SBA Pharmaceuticals













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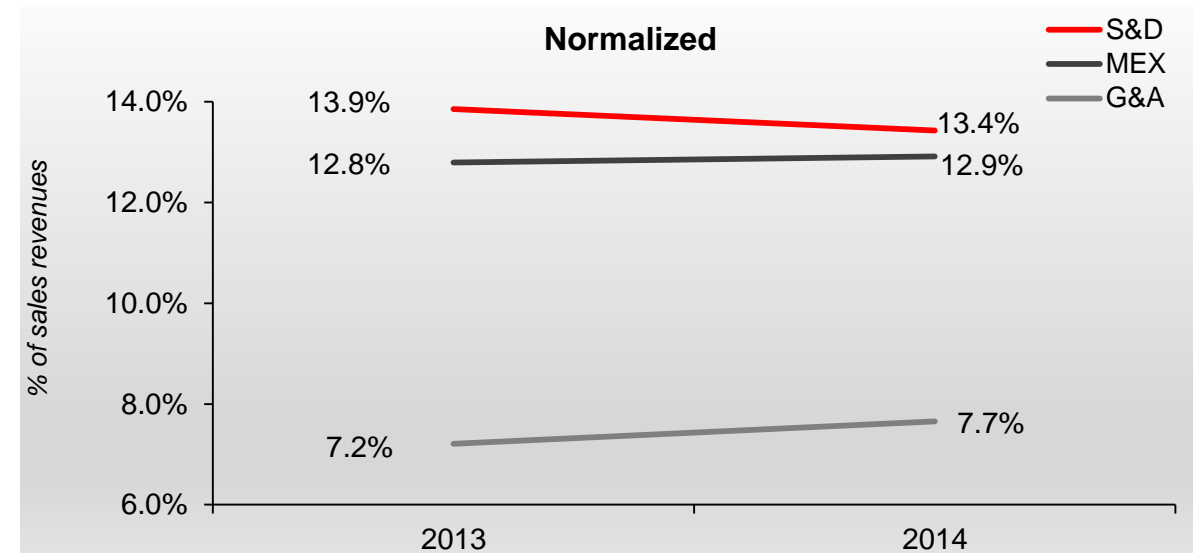
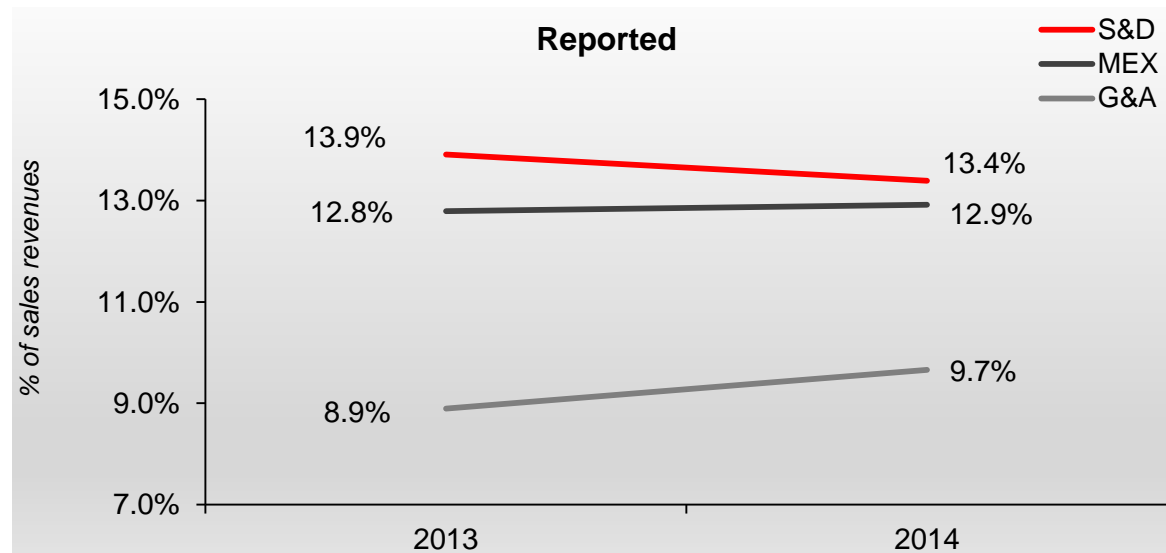
Q&A

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.



Group profitability margins improved

| 2014 (in HRK millions) | Reported | | | Normalized | | |
|------------------------|----------|---|---------|------------|---|---------|
| Gross profit | 1,475.9 |  | (1.8%) | 1,476.6 |  | (2.1%) |
| EBITDA | 319.6 |  | (11.2%) | 380.5 |  | (10.2%) |
| EBIT | 155.7 |  | 18.8% | 245.8 |  | (10.7%) |
| Net profit after MI | 92.5 |  | 38.8% | 182.6 |  | (8.7%) |

| 2014 (% of sales revenues) | Reported | | | Normalized | | |
|----------------------------|----------|---|--------|------------|---|--------|
| Gross margin | 42.1% |  | +69 bp | 42.2% |  | +57 bp |
| EBITDA margin | 4.4% |  | -80 bp | 10.9% |  | -82 bp |
| EBIT margin | 4.4% |  | +83 bp | 7.0% |  | -58 bp |
| Net profit margin after MI | 2.6% |  | +80 bp | 5.2% |  | -30 bp |

Key highlights:

➤ Profitability:

- lower operating expenses improved reported Group profitability margins,
- 3.8 times higher negative net realized foreign exchange differences weighted down on normalized profitability.

➤ Tax rate:

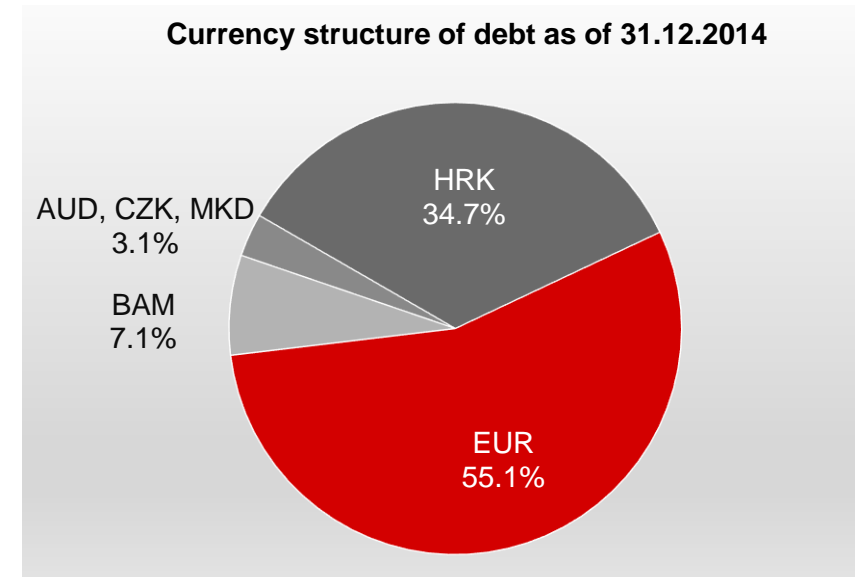
- 9% effective tax rate is strongly impacted by expected usage of tax incentives for reinvested profits.

Lower debt level with improvement in financing terms




| <i>(in HRK thousands)</i> | 2014 | 2013 | % change |
|--------------------------------------|---------|---------|----------|
| Net debt | 856,769 | 886,533 | (3.4%) |
| Interest expense | 43,543 | 52,926 | (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.

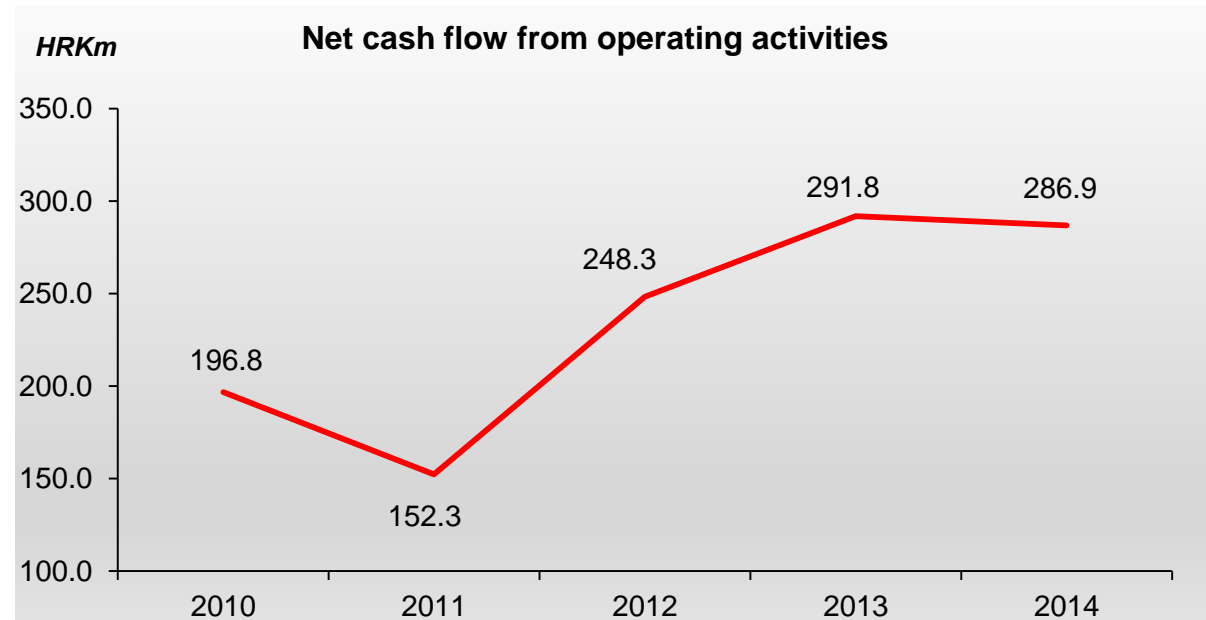


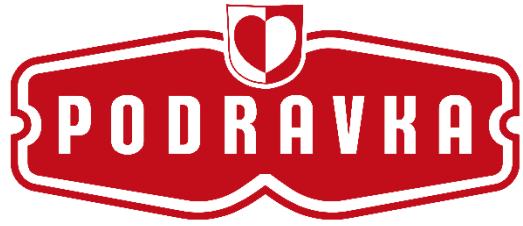
Stabile net cash flow from operating activities

| Working capital movement | End of 2014 vs. end of 2013 | Influence |
|-----------------------------|---|--|
| Inventories |  4.6% | - purchase of a large amount of raw materials, - takeover of inventories of canned fish, - introduction of new products. |
| Trade and other receivables |  (10.0%) | - more efficient collection in food segment, - settlement of a portion of the Croatian Health Insurance Fund liabilities. |
| Trade and other payables |  (9.2%) | - 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.





1 – 12 2014

Significant events

SBA Food and Drinks

SBA Pharmaceuticals

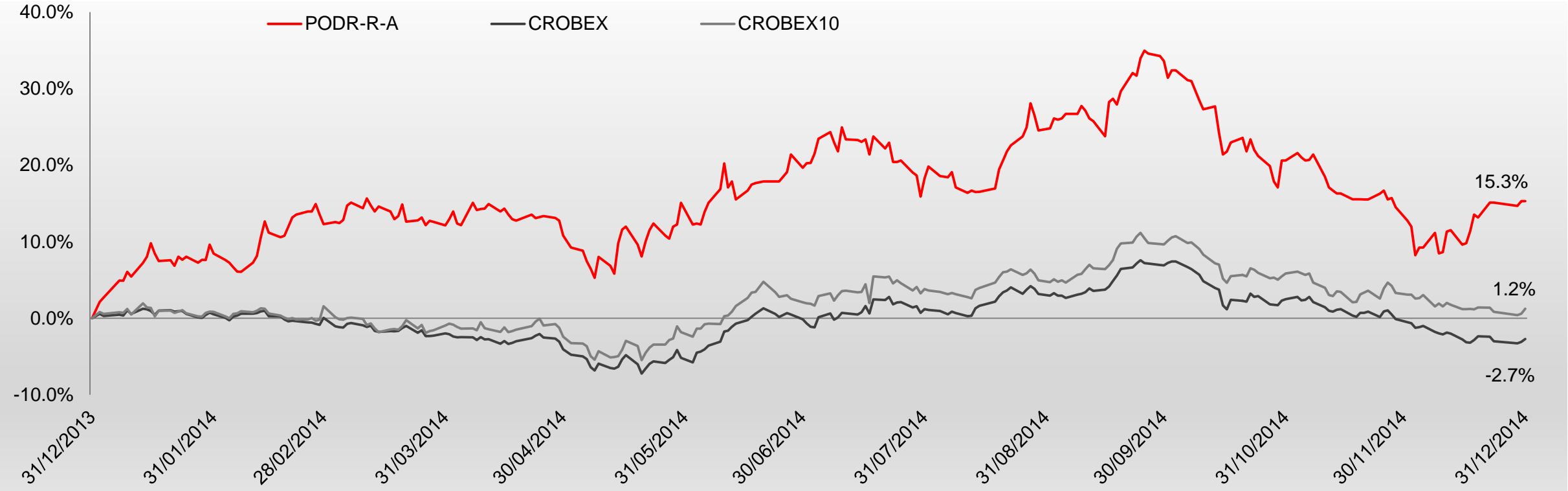
Financial statements

Share

Future

Q&A

Podravka's share outperformed the domestic capital market in 2014




| <i>(in HRK; in units)</i> | 2014 | | % change |
|--------------------------------------|-----------|---|----------|
| Average daily price | 296.3 | ➡ | 16.3% |
| Average daily number of transactions | 13 | ➡ | 39.6% |
| Average daily volume | 1,562 | ➡ | 105.4% |
| Average daily turnover | 463,450.7 | ➡ | 134.2% |
| Earnings per share | 17.1 | ➡ | 38.8% |

| Performance among Crobex10 components | |
|---|-------------|
| Share price increase in 2014 | 3rd highest |
| Turnover increase in 2014 yoy | highest |
| Volume increase in 2014 yoy | 2nd highest |
| ➤ 6th most liquid share on the ZSE in 2014. | |

Podravka's share is being traded below peer group level

| Peer group multiples | EV/Sales | EV/EBITDA | EV/EBIT | P/E |
|----------------------------------|----------|-----------|---------|------|
| Weighted average peer group | 2.1 | 11.1 | 15.8 | 21.2 |
| Weighted adj. average peer group | 1.9 | 11.0 | 16.6 | 22.2 |
| Podravka Group reported | 0.7 | 7.8 | 16.0 | 17.2 |
| Podravka Group normalized | 0.7 | 6.5 | 10.1 | 8.7 |

| Analysts | Recommendation | Target price | Price on 13/02/2015 | Potential |
|--|----------------|--------------|---------------------|-----------|
|  InterCapital | Strong buy | HRK 372.7 | HRK 291.0 | 28.1% |
|  FIMA SECURITIES | Under revision | n/a | HRK 291.0 | n/a |
|  HYPO ALPE ADRIA | Buy | HRK 404.0 | HRK 291.0 | 38.8% |
|  Raiffeisen BANK | Buy | HRK 344.0 | HRK 291.0 | 18.2% |
|  ERSTE Group | Buy | HRK 366.0 | HRK 291.0 | 25.8% |



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Significant events

SBA Food and Drinks

SBA Pharmaceuticals

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New pharmaceutical production facilities I

PROJECT

- Production facility for solid oral forms
- Production facility for semi solid and liquid forms
- Upgrade storage of package and raw material
- Storage of dangerous and flammable substances
- Extension of energy capacity
- Offices, restaurant, utility rooms
- new facility area 23.000 m²,
- „Clean rooms” area 10.000 m².

REASONING

- insufficient current capacities to satisfy growing demand (solid dosage forms production in 2014 → eg. granulation and compression capacity utilization at 89%/three shifts, semi-solid and liquid forms production in 2014 → eg. mixing and tubes filling and packaging 110%/three shifts and working Saturdays)

COMPETITIVE ADVANTAGE

- develop „new generation and technology” drugs → spray, patches, effervescent, chewing gums,
- develop generic drugs with added value.



Pots



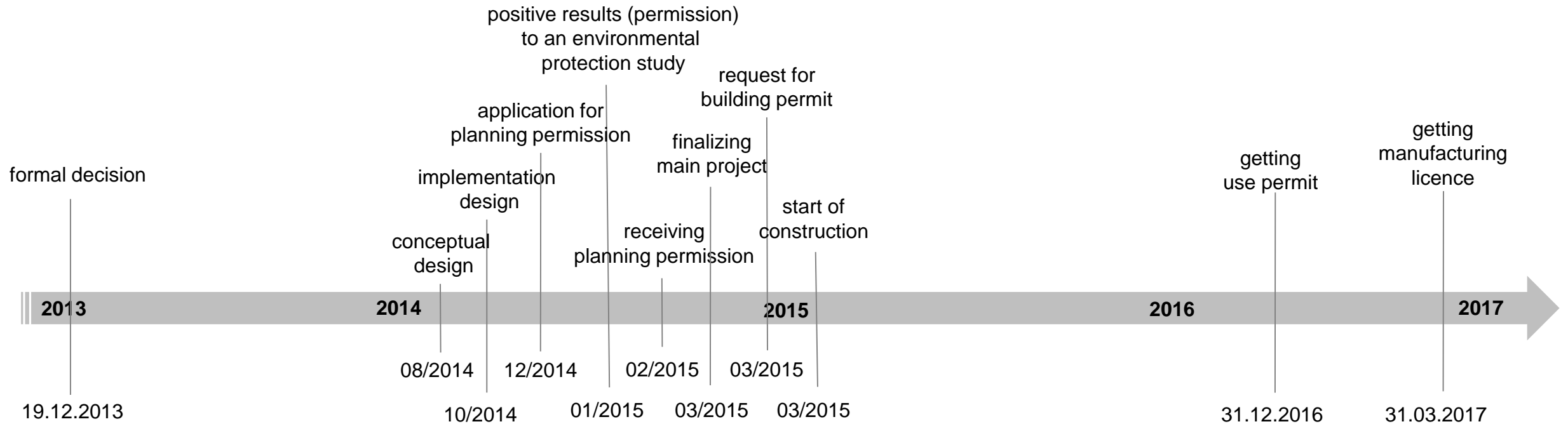
Foams and aerosols



Medical nail polish

New pharmaceutical production facilities II

TIMELINE



FINANCIALS

➤ Total value of the investment → EUR 51.371.000

- 2014 → EUR 805.000
- 2015 → EUR 18.780.000
- 2016 → EUR 27.220.000
- 2017 → EUR 4.566.000

➤ EUR 40.000.000 EUR → loan

Note:

- Belupo applied to Ministry of economy with regards to incentive measures for investment projects on July, 2014,
- After completing the documentation (consultation with Agency for investment and competitiveness) and filling the requirements of Act on Investment promotion and enhancement of the Investment environment we are expecting to receive formal decision from MoE on incentive up to 40% of total investment (within next 14 days),
- the incentive will amount to EUR 20.000.000 EUR.

Upgrade of automated warehouse in Koprivnica

Current issue

- central warehouse department has storage capacities on 7 locations in Koprivnica,
- all locations are adapted to be a warehouse and haven't been initially built with that purpose,
- issues:
 - operating inefficiency because storage on different locations asks for more employees,
 - lack of superior energy standards of that facilities,
 - insufficient storage capacity asks for higher rental expenses.

Investment goals

- all storage of finished products for export on one location,
- no more renting warehouses → lower rent expenses,
- lower need for employees → lower personnel expenses,
- more efficient supply chain process,
- securing adequate storage capacity for future increase in production.

Investment details

- end of the project → end of 2015,
- planned CAPEX → HRK 50.750.000,
- source of financing:
 - own funds 33%,
 - loan from Croatian Bank for Reconstruction and Development 67%,
- impact → decrease of all expenses related to the logistics function, especially personnel and rent costs.



New reporting model suitable for our strategy

4 New geographical regions

- Adria region → Croatia and past markets of South-East Europe.



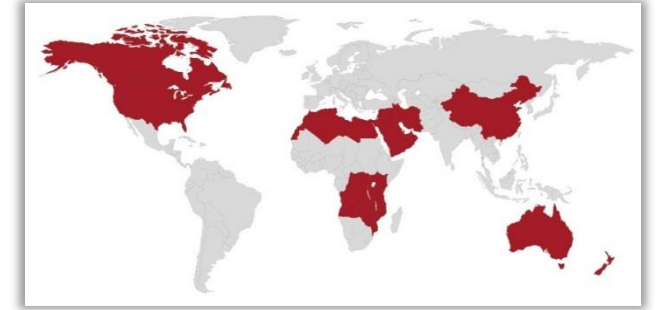
- Europe region → past markets of Western Europe and Central Europe.



- Russia, CIS and Baltic region.



- New markets region: MENA countries (Middle East, North Africa), Southeast Africa (Tanzania, Zambia, Kenya...), China, USA, Canada, Australia, New Zealand.



Key benefits

- present level of markets complexity management reduced,
- more effective use of own size and knowledge,
- providing better quality and cost efficient support to markets.

Key personnel that can deliver our strategy I

Alexander Gerschbacher

Position: Senior Vice President for the region Europe.

Responsibilities: in charge of market group in Western and Central Europe,

Background: respectable commercial, marketing and management experience in leading world companies. Previously worked in Heineken where he successfully performed several responsible business positions in the last 15 years, among others he managed the business of this multinational company in Austria, Vietnam and in Croatia. Before coming to Heineken, he worked on various marketing positions in Kraft Jacobs Suchard.



Milan Tadić

Position: Senior Vice President for the Adria market.

Responsibilities: in charge of Croatia and market group in South-East Europe,

Background: among other positions, Mr. Tadić worked at Management Board Office as consultant for international markets, and then carried the duties of Key International Accounts Manager. In the period from 2005 to 2009 he was sector director for the market of Central Europe. He transferred from Podravka to Tvrnica duhana Rovinj (Adris Group) where he worked as executive sales director, after which he returned to Podravka to the position of sector director for the markets of South-East Europe.



Key personnel that can deliver our strategy II

Peter Fuchs

Position: Senior Vice President for „Food solution“,

Responsibilities: management of HoReCa segment, the project of advancing and developing products and services for this fast growing program, called Food solution,

Background: rich thirty-year experience in hotel management and tourism and leading positions in several renowned hotel companies, including Falkensteiner and Steigenberger Hotels Group, Mövenpick Germany and Valamar Hotels&Resorts in Croatia where he acted as Board president before coming to Podravka.



Goran Kapičić

Position: China Representative Office Director,

Responsibilities: development of Podravka's operations in China,

Background: Long career in international pharmaceutical group companies with presence in China, like Actavis, TEVA, Barr and Pliva. His key roles included managing overall operations, including development of sales organisation and distribution networks for China market.



Nermin Salman

Position: Dubai Subsidiary Director,

Responsibilities: development of Podravka's operations in Dubai,

Background: His long international experience includes director of Droga Sarajevo (1998.-2003.), following Droga Portorož management board member for exports, purchasing, marketing and Slovenian market. He was also president of the Konzum Sarajevo supervisory board (2001-2003).





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Questions?



Podravka Group 3rd Investors day

19th February 2015, Koprivnica, Croatia

