



# Podravka Group

*Always with a heart!*





# The Company

Business

Investment highlights

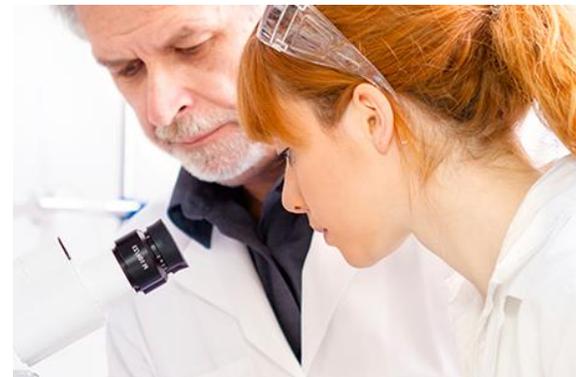
2019 results

1H 2020 results





**Founded in**  
**1947**



**Headquarters in**  
**Koprivnica**

**73 years**  
**In food business**

**48 years**  
**In pharmaceutical**  
**business**



**4,409m HRK**  
**(588m EUR) revenues**

**4,884m HRK**  
**(651m EUR) assets**



**6,785**  
**Employees**



**3.112m HRK**  
**(415m EUR\*) Mcap**

**Listed on ZSE**  
**Prime market**

**Note:** figures in this presentation are translated to euros at HRK/EUR FX rate of 7.5; \*Mcap on 30<sup>th</sup> September 2020, calculated on weighted average number of shares excluding treasury shares.

# Long tradition in food and pharmaceutical production



**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



**1972**

Belupo pharmaceutical company established, pharmaceutical production established



**1993**

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



**2015**

Acquisition of Žito, Slovenian food producer



**2017**

New Pharmaceutical factory constructed, the largest greenfield investment in the history of the Group

# Podravka Group operates in 24 countries with subsidiaries and representative offices

## Own distribution network in 11 countries

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



## International network of subsidiaries and representative offices

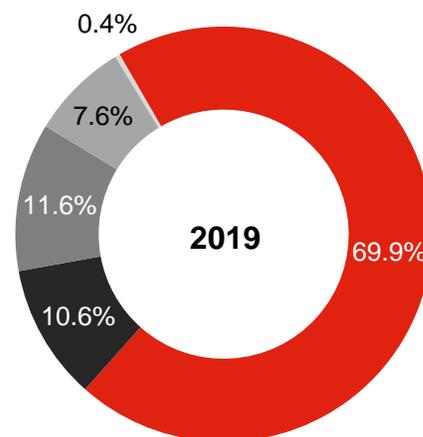


## Factories

- Croatia – 9 food and 1 pharmaceutical factory
- Slovenia – 12 food factories
- B&H – 1 pharmaceutical factory
- Czech Republic – 1 food factory



## Podravka Group sales split by regions in 2019



- Adria
- WE and Overeas
- Central Europe
- Eastern Europe
- New markets

Market	HRKm	EURm	%
Croatia	1,430	191	32.5%
Slovenia	792	106	18.0%
B&H	460	61	10.4%
Russia	300	40	6.8%
Other m.	1,427	190	32.4%
<b>Group</b>	<b>4,409</b>	<b>588</b>	<b>100.0%</b>

# Institutional investors provide stable ownership structure

## Management Board



**Marin Pucar**  
MB president



**Ljiljana Šapina**  
MB member



**Davor Doko**  
MB member



**Hrvoje Kolarić**  
MB member



**Marko Đerek**  
MB member

## Ownership structure as at 30 September 2020 and Supervisory Board

### President:

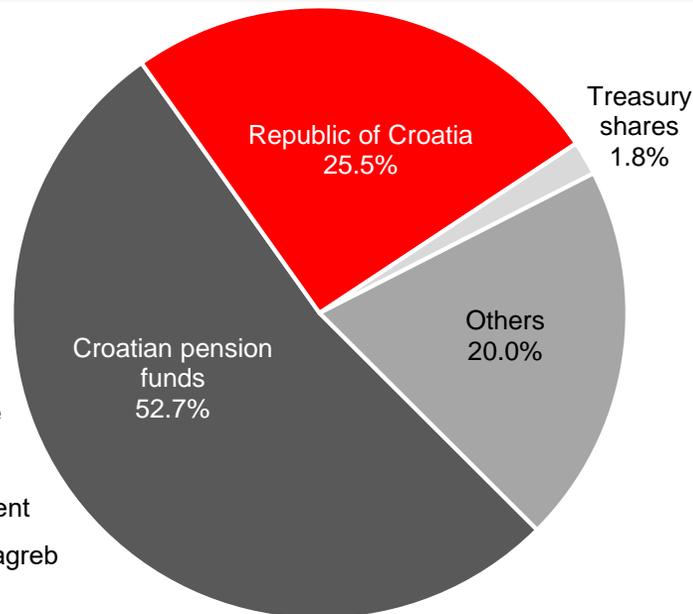
- Želimir Vukina → professional manager with experience in food and pharmaceutical segment

### Vice President:

- Luka Burilović → President of Croatian Chamber of Economy

### Members:

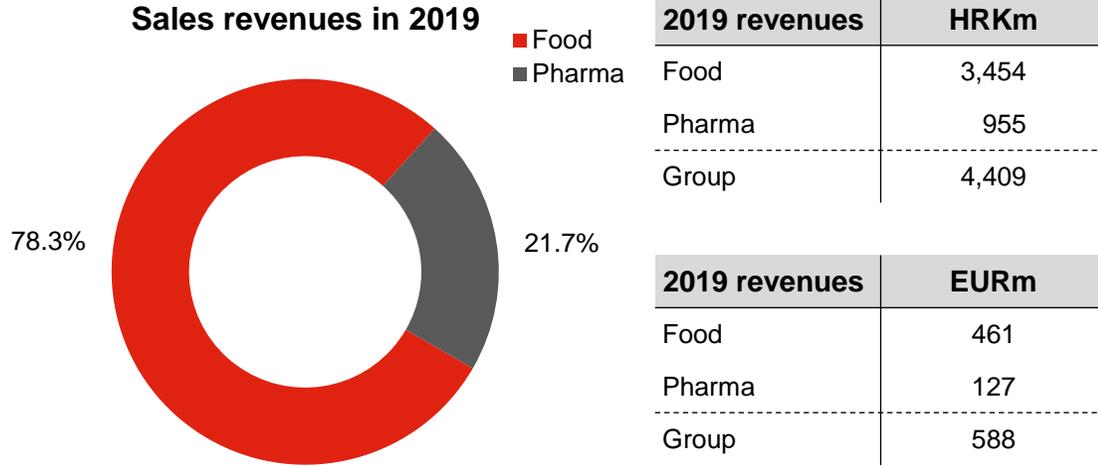
- Ksenija Horvat → representative of Worker's Council
- Krunoslav Vitelj → director of Koprivnica County Chamber of Commerce
- Dajana Milodanović → banker in HPB
- Tomislav Kitonić → professional manager with experience in food segment
- Marina Dabić → professor at the Faculty of Economics and Business, Zagreb
- Ivana Matovina → certified auditor
- Petar Miladin → professor at the Faculty of Law, Zagreb



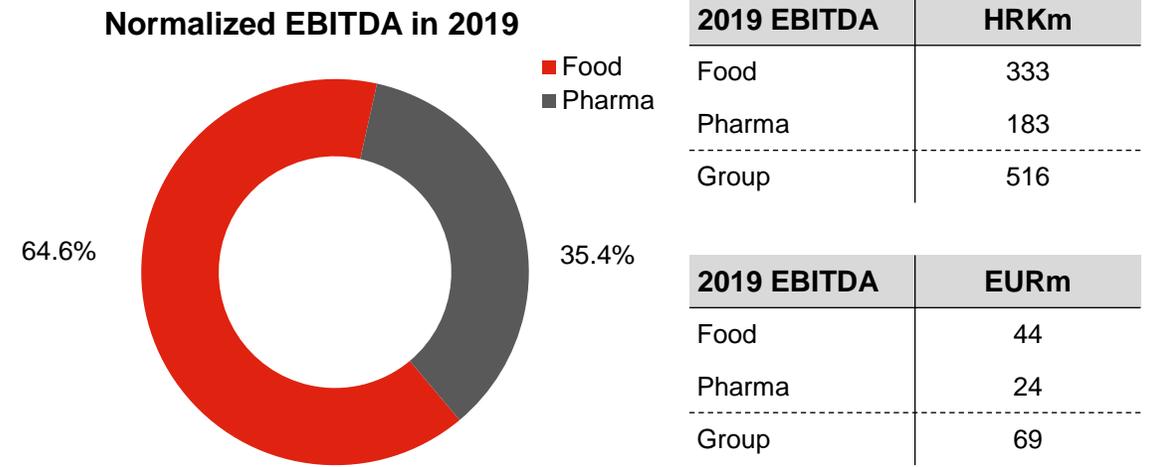
No.	Shareholder	% ownership
1.	Republic of Croatia	25.5%
2.	PBZ Croatia Osiguranje mandatory pension fund category B	15.4%
3.	AZ mandatory pension fund category B	13.1%
4.	Erste Plavi mandatory pension fund category B	10.2%
5.	Raiffeisen mandatory pension fund category B	8.8%
6.	Podravka d.d. – treasury shares	1.8%
	Other shareholders	25.2%
<b>Total</b>		<b>100.0%</b>

# Key financial figures

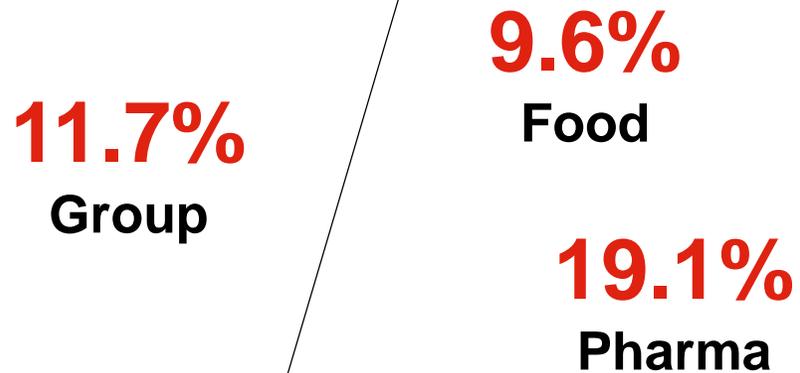
## Sales revenues split



## Normalized EBITDA split



## Normalized EBITDA margins in 2019



## Low and sustainable debt level





The Company

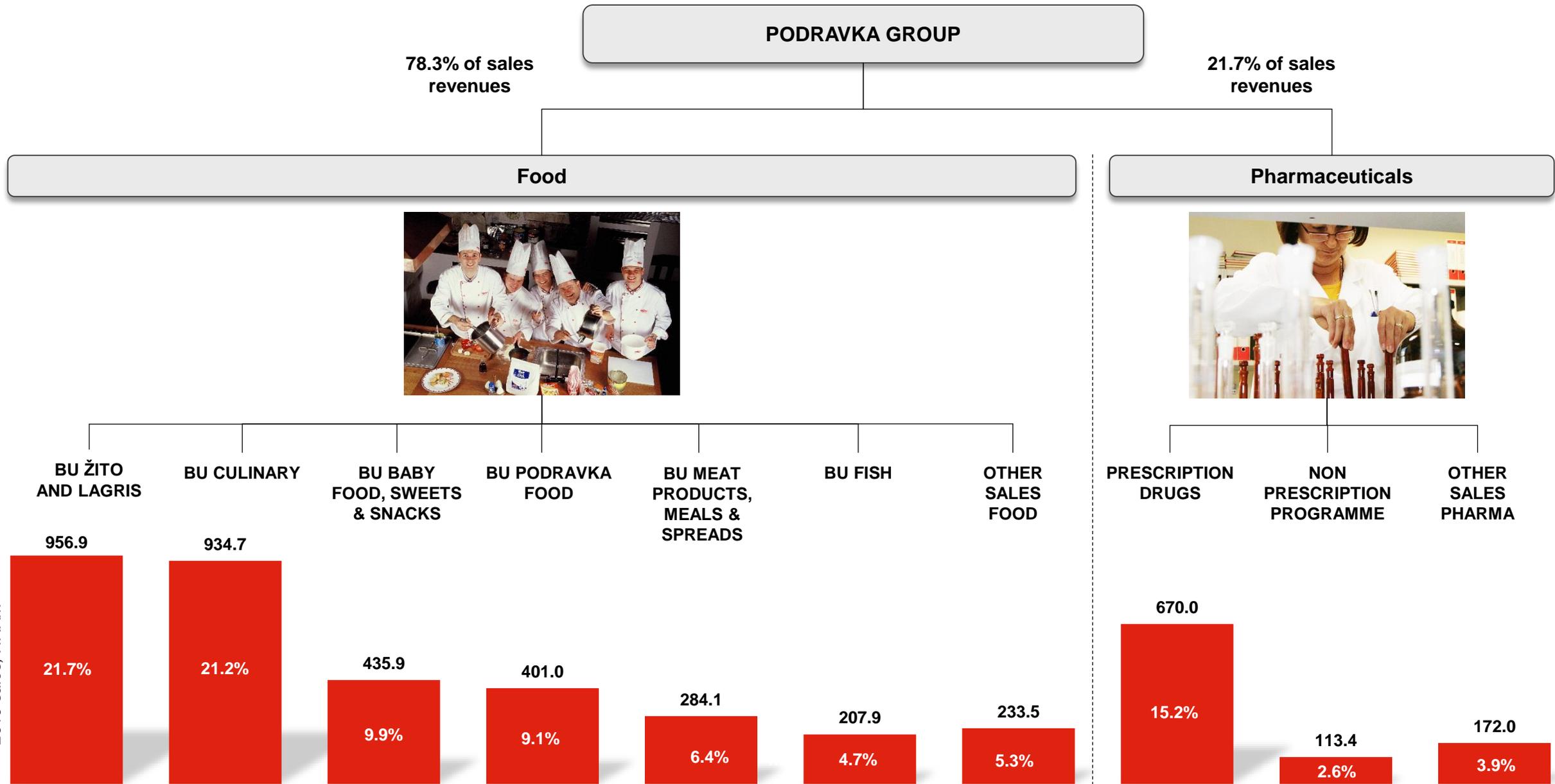
**Business**

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# A well diversified product portfolio divided in two business areas



2019 sales; HRK m

# Food segment organized in 6 key business units, Pharma segment in 2 categories

## BU Žito & Lagris

Pasta, rice, nature & bio products, pulses & groats, bakery and mill products, tea, confectionery, cereals for adults, private labels, service production.

2019 sales: **957 HRK**m; % total sales: **21.7%**



## BU Culinary

Seasonings, monospices, soups, ready-to-cook meals and bouillons, food mixes, private labels, service production.

2019 sales: **935 HRK**m; % total sales: **21.2%**



## BU Baby food, sweets & snacks

Dehydrate baby food, cream spreads, cereals, sweets, snacks, drinks, private labels, service production.

2019 sales: **436 HRK**m; % total sales: **9.9%**



## BU Podravka Food

Condiments, tomato-based products, sauces, fruit-based products, vegetables, Podravka flour, private labels, service production.

2019 sales: **401 HRK**m; % total sales: **9.1%**



## BU Meat prod., meals & spreads

Canned meat, sausages, pates, luncheon meat, ready meals, private labels, service production.

2019 sales: **284 HRK**m; % total sales: **6.4%**



## BU Fish

Canned fish, fish salads, fish pates, private labels, service production.

2019 sales: **208 HRK**m; % total sales: **4.7%**



## Prescription drugs

For skin problems, for heart and blood vessels, for central nervous system and for 8 more areas.

2019 sales: **670 HRK**m; % total sales: **15.2%**



## Non-prescription programme

OTC medicine, dietary products, natural products.

2019 sales: **113 HRK**m; % total sales: **2.6%**



# High-quality brands with exceptional recognisability and strong international potential



VEGETA <sup>1</sup>	ADRIA	POL	SLK
	1	2	1
	CZE	HU	RO
	2	3	3

## VEGETA

- Culinary brand whose products are sold in over 60 countries in the world,
- Synonym for universal seasoning category in the Adria region,
- For years No. 1 FMCG brand in Croatia and among top 3 in Adria region,
- Number 1 brand in Europe in universal food seasoning category,
- Superbrand award in more than 15 European countries.



SOUPS <sup>1</sup>	CRO	SLO
	1	4
	B&H	SER
	1	2

## PODRAVKA SOUPS

- Dehydrated instant soups,
- Sold in 25 countries around the world,
- Market leader or among top 3 in the Adria region,
- Quadal (Quality Medal) reward in Croatia,
- Best Buy reward in Croatia and B&H.



LINO <sup>1</sup>	CRO	SLO
	1	1
	B&H	SER
	1	1

## LINO

- Umbrella brand for dehydrated baby food, cream spreads and cereals,
- Synonym for baby food category in Adria region,
- Sold in more than 20 countries around the world,
- Trusted brand reward and Best Buy reward in Croatia,
- Superbrand reward in Croatia, Slovenia and B&H.



DOLCELA <sup>1</sup>	CRO	SLO
	1	3
	B&H	
	1	

## DOLCELA

- Product for preparation of sweets and ready-made sweets,
- Market leader/strong No. 2 brand in Adria region,
- Sold in 20 countries around the world,
- Quadal (Quality Medal) reward in Croatia,
- Best Buy reward in Croatia and B&H.



FISH <sup>1</sup>	CRO	SLO
	1	4
	B&H	SER
	2	2

## EVA (MEDITERANNEAN ASSORTMENT)

- One of the most recognisable brands in canned fish category in the Adria region,
- Largest canned fish assortment– tuna, sardine, mackerel i baltic fish,
- Quadal (Quality Medal) reward and Superior taste reward in Croatia,
- Best Buy reward in Croatia and B&H.



D07 <sup>2,3</sup>	CRO	RUS	CZE	SLO
	1	4	1	2
	B&H	SER	MAC	SLK
	1	2	1	1

## BELUPO DERMATICS

- Strong international position in niche dermatology segment.

<sup>1</sup>Source: Nielsen volume market position data for 2019; <sup>2</sup>Source: IQVIA market position data for 2019; <sup>3</sup>Corticosteroids for the treatment of skin disorder.



The Company

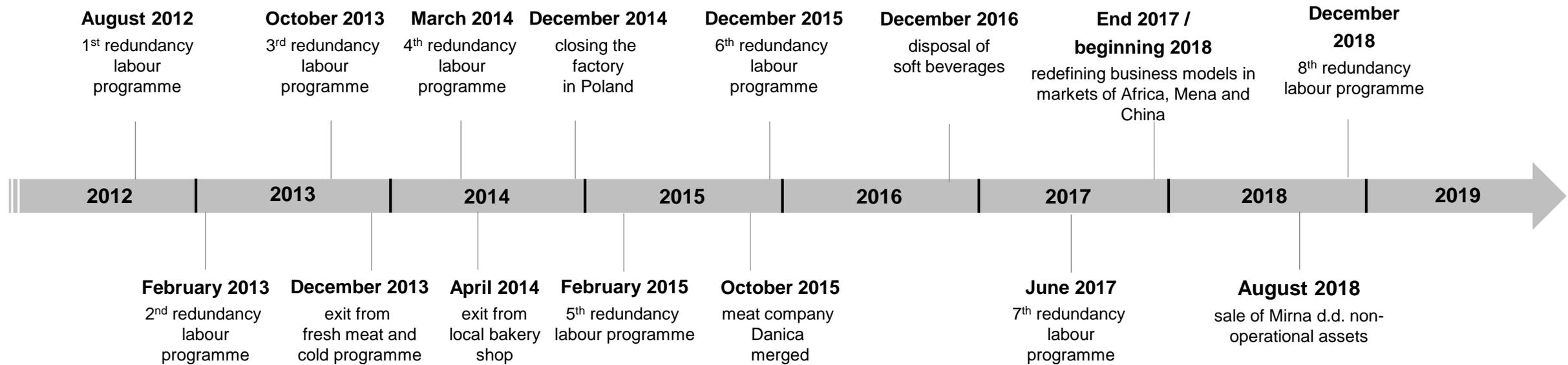
Business

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2019 results

1H 2020 results

# Delivering results through a clearly defined strategic approach



## BUSINESS

## STRATEGY

## HIGHLIGHTS

Organic growth by focusing on traditional markets where Podravka is already known as a renowned manufacturer,

Investment in further development of own brands through innovation and effective marketing activities,

Effective cost control management accompanied with tighter grip on the Capex budget and structural change of the investments,

Refinancing of borrowings under more favorable commercial terms and further deleveraging.

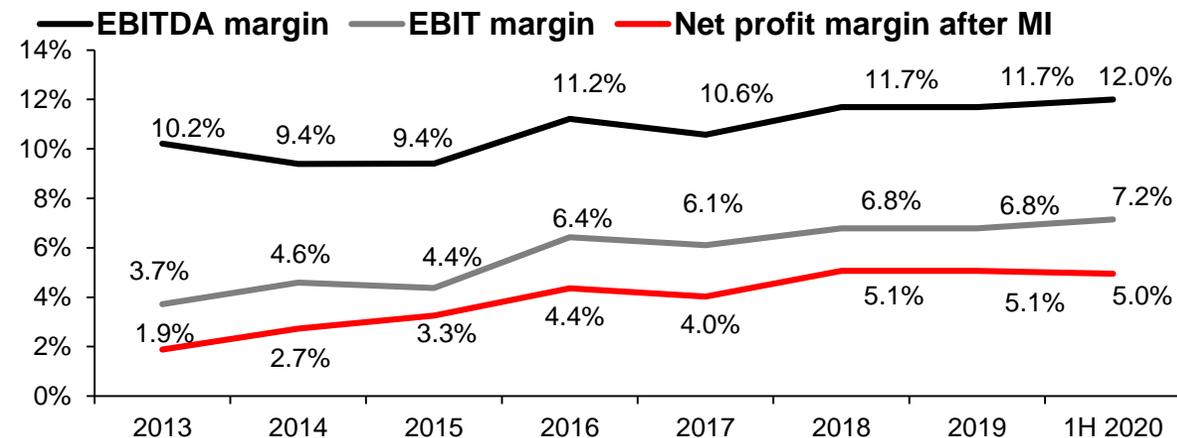
# Financial indicators continuously improving

## Restructuring related one-off items burdened profitability

(in HRKm)	2012	2013	2014	2015	2016	2017	2018	2019	1H 2020
Value adjustments	(32)	(81)	(28)	(35)	(11)	(89)	(9)	(11)	3
Severance payments	(50)	(57)	(72)	(41)	(12)	(40)	(6)	(5)	(0)
Other	(44)	5	10	298 <sup>1</sup>	8	(18)	4	13	1
Total net one-offs	(126)	(133)	(90)	222	(15)	(147)	(10)	(2)	3

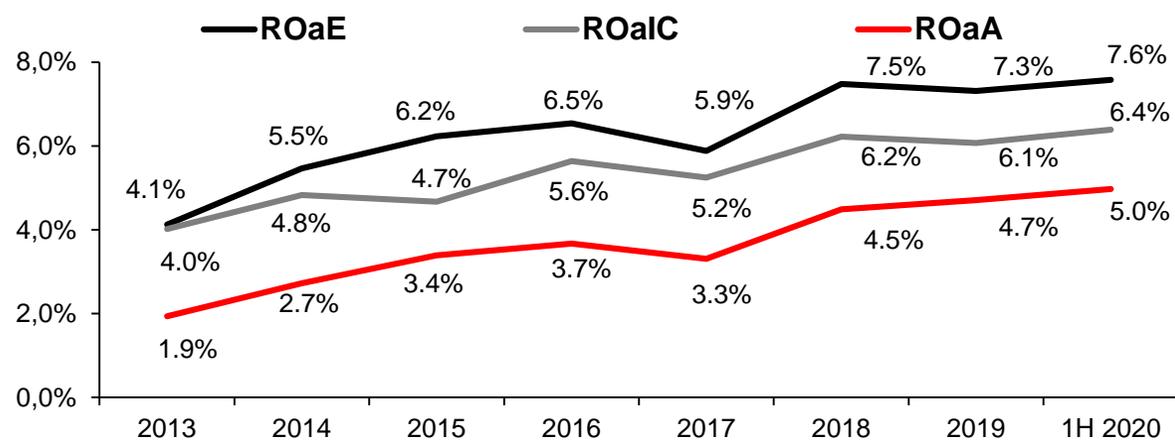
<sup>1</sup>HRK 116m of gain on a bargain purchase from Žito acquisition (badwill), HRK 164m of deferred tax income from Croatian government's incentives for the construction of new Belupo pharmaceutical factories, HRK 19m refers to other items.

## Normalized profitability margins movement<sup>2</sup>

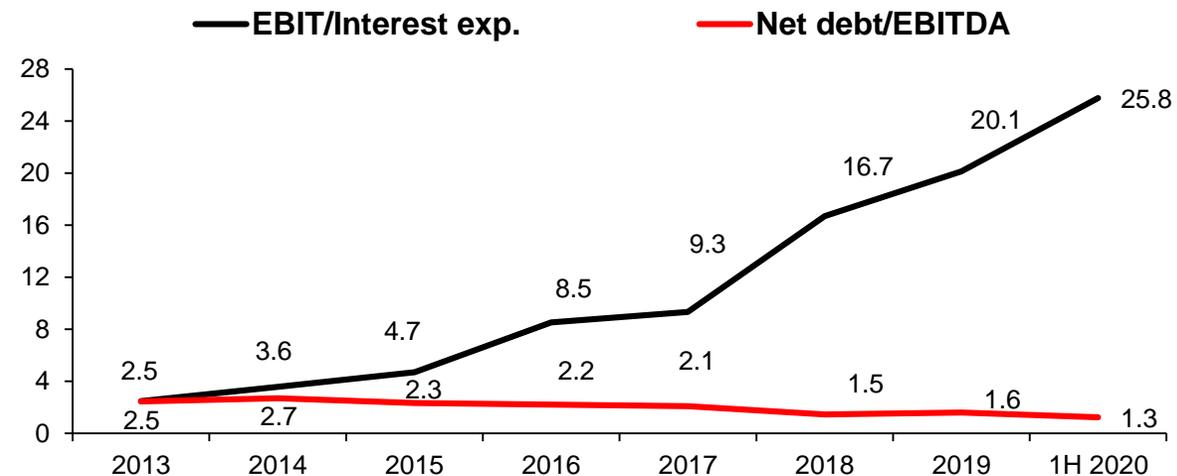


**Note:** Due to sales revenues reclassification in 2016, 2013-2014 margins are made by approximation.

## Normalized return rates movement<sup>2</sup>



## Normalized debt level movement<sup>2</sup>



<sup>2</sup>2015 figures include pro-forma Podravka Group and Žito Group full year figures, excluding consolidation effects and tax incentives for Belupo factories; 2019 and 1H 2020 figures include IFRS 16; 1H 2020 calculated as TTM.

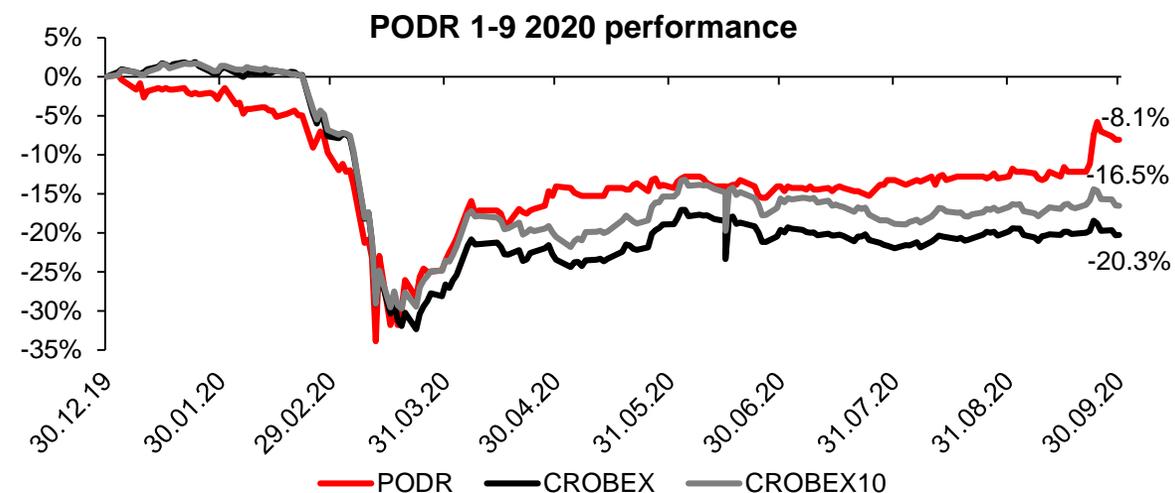
# Podravka's share price movement in 1-9 2020



## Market activity with PODR share

(HRK; units)	1-9 2019	1-9 2020	% change
Average daily price	412.2	404.1	(2.0%)
Average daily number of transactions	12	16	36.6%
Average daily volume	1.065	1.416	32.9%
Average daily turnover	439.143	572.031	30.3%
Reported earnings per share	32 <sup>1</sup>	35 <sup>2</sup>	9.6%
Normalized earnings per share	32 <sup>1</sup>	35 <sup>2</sup>	7.7%

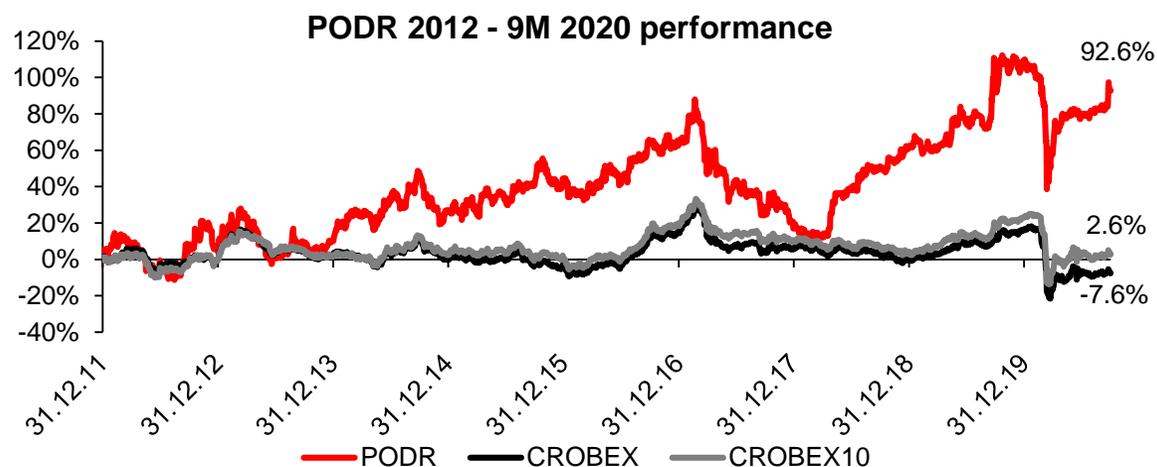
## Share price movement



## Analysts Recommendation Target price Potential<sup>3</sup>

InterCapital	Under review	-	-
Raiffeisen BANK	Hold	HRK 433.0	(16.6%)
ERSTE Group	Under review	-	-
WOOD & COMPANY	Hold	HRK 443.00	(0.4%)

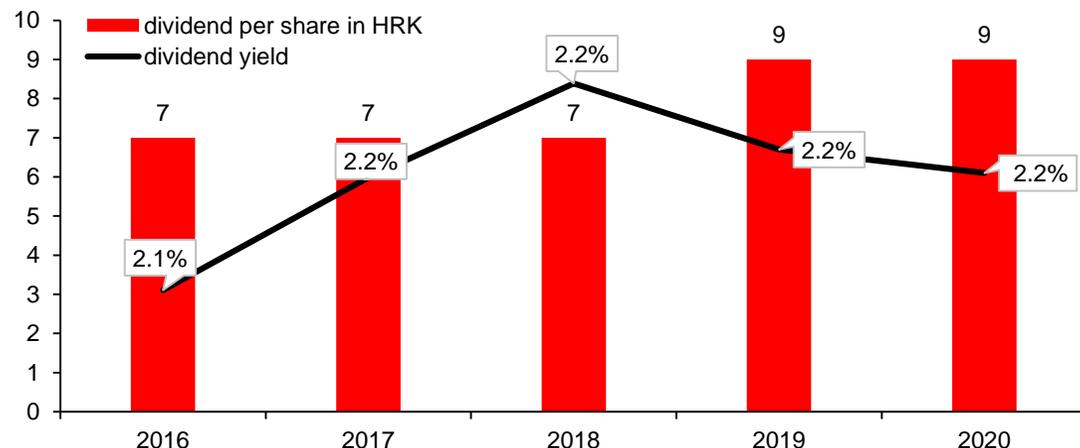
## Historical share price movement



<sup>1</sup>Calculated on the FY 2019 basis; <sup>2</sup>Calculated on 1H 2020 basis; <sup>3</sup>Compared to the last price on 30<sup>th</sup> September 2020 (HRK 445.00).



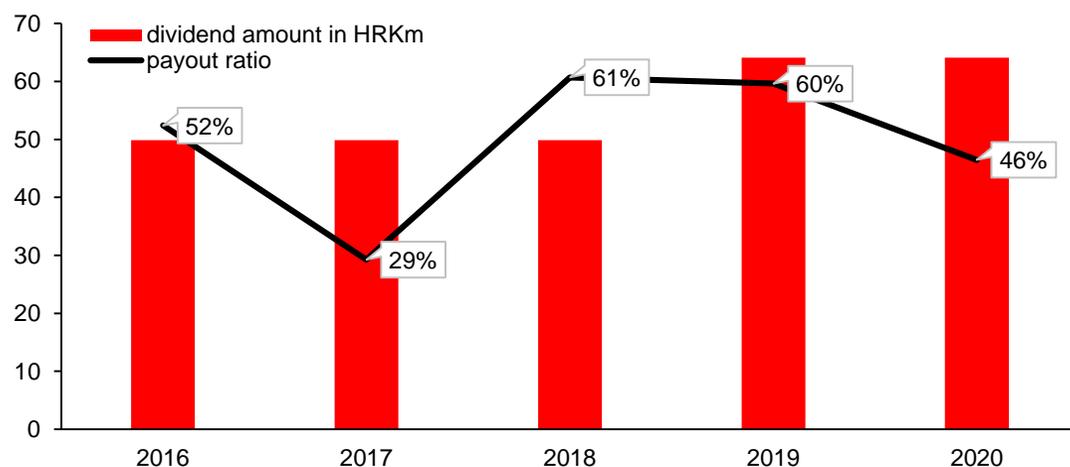
## Dividend and dividend yield<sup>1</sup>



## Dividend policy of Podravka Inc.

- Podravka Inc. started with regular dividend payout in 2016,
- Dividend policy defines, that Podravka Inc. will assess the possibility of dividend payment and, if possible, propose to the General Assembly dividend payment in the amount of at least 25% of the available funds for dividend payment after part of the net profit of Podravka Inc. is allocated to the legal and other reserves of Podravka Inc.,
- Legal reserves are 5% of total net profit of Podravka Inc.,
- The amount of dividend accounted for Podravka Inc. treasury shares is retained in undistributed profit.

## Dividend policy of Podravka Inc.



## Peer group multiples comparison

Peer group multiples <sup>2</sup>	EV/Sales	EV/EBITDA	EV/EBIT	P/B	P/E
Weighted average peer group	2.2	12.1	16.6	2.8	19.3
Normalized weight. av. peer group <sup>3</sup>	1.6	11.1	16.0	2.2	18.5
Podravka Group reported	0.9	7.2	12.4	0.9	12.8
Podravka Group normalized <sup>4</sup>	0.9	7.2	12.0	0.9	12.9

**Peer Group Food:** Atlantic Grupa, Ebro, Hochdorf, La Doria, McCormick, Orkla;

**Peer Group Pharma:** Alkaloid, Richter Gedeon, Hikma Pharmaceuticals, Krka, Recordati, Stada Arzneimittel.

<sup>1</sup>DY calculation is based on last mkt. price on the GA date, <sup>2</sup>Obtained from Bloomberg on 1<sup>st</sup> October 2020; <sup>3</sup>Calculated excluding max. and min. values; <sup>4</sup>Normalized for items stated in the publication 1H 2020 and 2019 results.



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**2019 results**

1H 2020 results



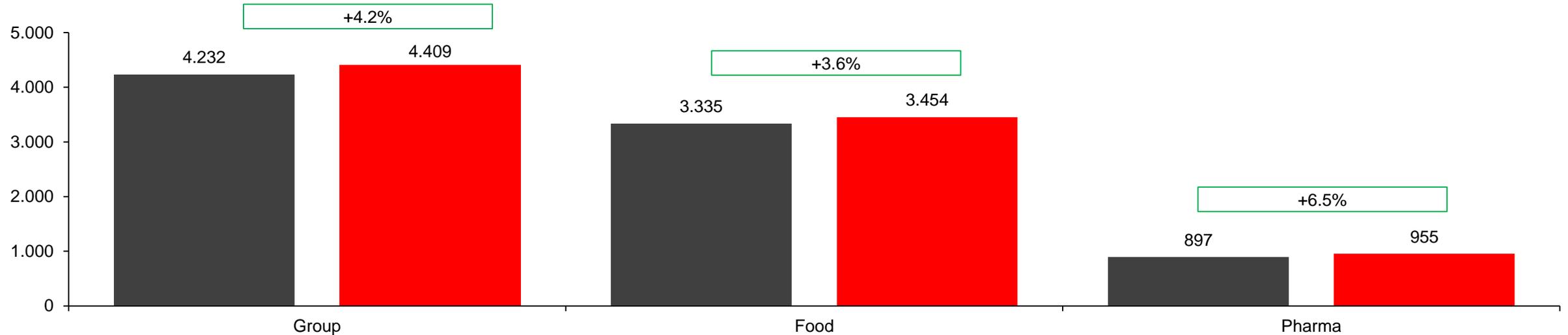
# Strong sales revenues growth continues in 2019



in HRK<sub>m</sub>

Sales revenues by segment

■ 12M 2018  
■ 12M 2019



## Podravka Group in 2019<sup>1</sup>:

- **Own brands** → 4.3% higher sales,
- **Other sales** → 3.5% higher sales,
- **Total Podravka Group** → 4.2% higher sales.

## Food segment in 2019<sup>1</sup>:

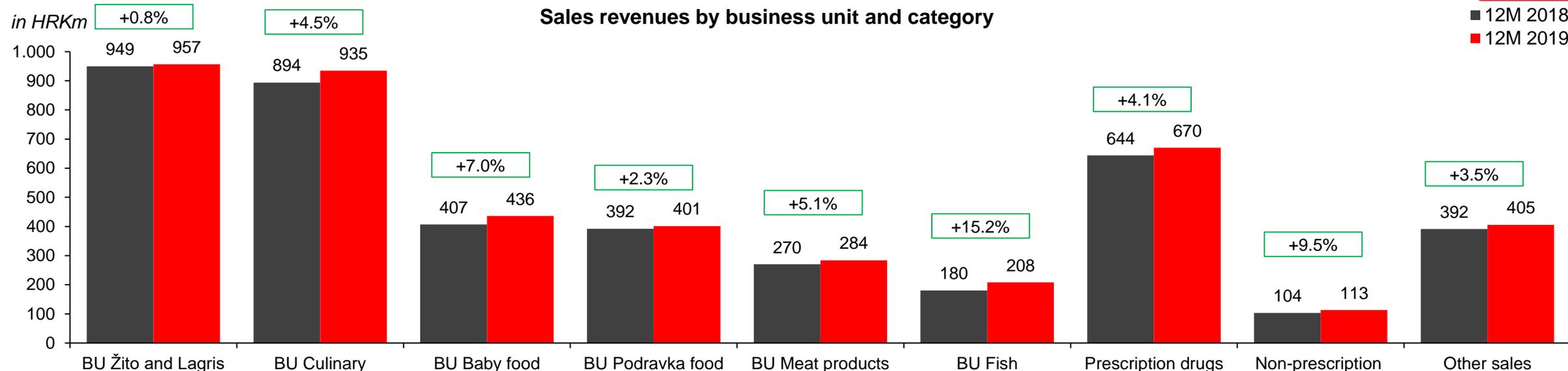
- **Own brands** → 4.1% higher sales, due to the sales growth of all business units, as a result of stronger selling and marketing activities, demand for newly launched products and the expanded distribution of certain categories. BU Culinary, BU Baby food, sweets and snacks and BU Fish had the most significant impact on the revenue increase,
- **Other sales** → 3.5% lower revenues, as a lower sales of trade goods in the markets of Bosnia and Herzegovina and Serbia,
- **Total Food** → 3.6% higher sales.

## Pharmaceuticals segment in 2019<sup>1</sup>:

- **Own brands** → 4.9% higher sales, due to the increase in demand and sales in the markets of Russia, Croatia, Serbia and Slovakia,
- **Other sales** → 14.8% higher sales, as a result of higher sales of trade goods in the markets of Bosnia and Herzegovina and Croatia,
- **Total Pharma** → 6.5% higher sales

<sup>1</sup>Percentages in the text relate to performance in 2019 compared to 2018.

# Sales growth across all business segments



## Business unit and category performance in 2019<sup>1</sup>:

- **BU Žito and Lagris (+0.8%)** → result of a continuous growth of the Bakery and Mill products and Pasta categories, compensating the lower sales of the Confectionery and Pulses, Porridges and Oil products categories,
- **BU Culinary (+4.5%)** → higher sales primarily in the categories Seasonings, Soups and Food mixes, due to the optimum mix of selling and marketing activities and the demand for new products,
- **BU Baby food, sweets and snacks (+7.0%)** → higher sales, driven by marketing activities in categories Creamy spreads, Baby food and Snacks and by excellently received new and innovated products of the Lino Lada and Kviki brands,
- **BU Podravka food (+2.3%)** → higher sales of the Flour, Condiments and Tomato categories, which managed to compensate for lower revenues of the Frozen vegetables category that is connected to problems with procurement of raw materials from a supplier from Serbia,

- **BU Meat products, meat solutions and savory spreads (+5.1%)** → the increase in sales of ready-to-eat meals and luncheon meats categories,
- **BU Fish (+15.2%)** → higher sales due to the increased demand and stronger selling and marketing activities in the Adria region,
- **Prescription drugs (+4.1%)** → higher sales in the markets of Russia, Serbia and Slovakia, which compensated for the decrease in sales in the markets of Turkey, Bosnia and Herzegovina and Kosovo, due to changes in local legislation. Sales increase is a result of continuous demand for Belupo products and significant selling activities in the second half of the year,
- **Non-prescription programme (+9.5%)** → growth in the OTC drugs and the natural products subcategory in Croatia, Slovenia and Russia due to increased demand and targeted marketing and selling activities,
- **Other sales (+3.5%)** → higher sales as a result of the increase in sales of trade goods of the Farmavita.

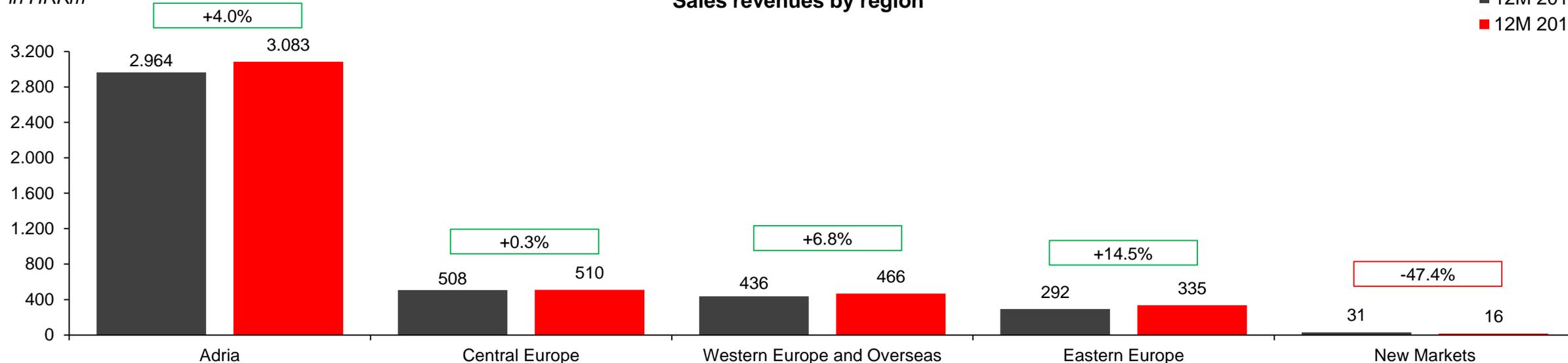
<sup>1</sup>Percentages in the text relate to performance in 2019 compared to 2018.

# Growth acceleration in Eastern Europe

in HRKm

Sales revenues by region

■ 12M 2018  
■ 12M 2019



## Region performance in 2019<sup>1</sup>:

- **Adria (+4.0%)** → **Food** sales 3.9% higher, revenue growth is recorded by all business units, as a result of expanded distribution and launching of new and innovated products; **Pharmaceuticals** sales 4.1% higher primarily as a result of the increase in sales of trade goods and non-prescription programme,
- **Central Europe (+0.3%)** → **Food** sales 0.4% lower, where the significant increase in sales of the BU Culinary was not able to compensate for the decrease in sales of the BU Žito and Lagris in Rice, Pulses, Porridges and Oil products categories and trade goods; **Pharmaceuticals** sales recorded 5.4% sales growth, primarily due to the sales growth in the market of the Czech Republic and Slovakia following increased selling activities in the second half of the year,
- **WE and Overseas region (+6.8%)** → **Food** sales 7.1% higher, revenue growth in all business units, led by the BU Culinary and BU Meat products, meat solutions and savory spreads;
- **Eastern Europe (+14.5%)** → **Food** sales 0.2% higher, due to significant increase in revenues of the BU Culinary, BU Žito and Lagris, and BU Fish compensated for the decrease in sales of the BU Podravka Food following lower sales of the Frozen vegetables category, connected to the problems with procurement of raw materials from a supplier from Serbia and lower sales of trade goods; **Pharmaceuticals** sales rose 22.4% due to continuous growing demand for Belupo products and in the markets of Russia and Ukraine and significant selling activities in the second half of the year,
- **New markets (-47.4%)** → **Food** sales recorded a revenue down by 12.9%, due to lower sales of BU Baby food, sweets & snack; **Pharmaceuticals** segment, recorded the decrease in revenue is a consequence of changes in legislation in the market of Turkey.

<sup>1</sup>Percentages in the text relate to performance in 2019 compared to 2018.

## Food segment profitability backed by favorable sales mix

Food segment (in HRK <sub>m</sub> )	REPORTED				NORMALIZED <sup>1</sup>			
	2018	2019	Δ	%	2018	2019	Δ	%
Sales revenue	3,335	3,454	119	3.6%	3,335	3,454	119	3.6%
Gross profit	1,111	1,159	48	4.3%	1,112	1,160	47	4.3%
EBITDA	323	326	4	1.1%	318	333	15	4.8%
EBIT	173	164	(9)	(5.2%)	181	180	(1)	(0.3%)
Net profit after MI	145	138	(7)	(4.9%)	150	140	(10)	(6.8%)
Gross margin	33.3%	33.5%		+24 bp	33.3%	33.6%		+23 bp
EBITDA margin	9.7%	9.5%		-23 bp	9.5%	9.6%		+11 bp
EBIT margin	5.2%	4.8%		-44 bp	5.4%	5.2%		-20 bp
Net profit margin after MI	4.3%	4.0%		-36 bp	4.5%	4.1%		-45 bp

### Food segment profitability in 2019<sup>1</sup>:

- **Gross profit** → reported gross profit higher 4.3% as a result of higher sales revenues and the positive impact of the sales structure itself. In addition, the estimated effect of movements in prices of raw materials and supplies amounts to negative HRK 26m<sup>2</sup>,
- **EBIT** → reported EBIT is 5.2% lower, while normalized operating profit is slightly below 2018 level. In line with its strategy, the company increased marketing investments by HRK 20m (+11.5%), that contributed to the increase in sales which successfully compensated for higher staff costs of HRK 42m (+5.5%) and costs related to the sales growth. Higher staff costs are a result of the planned improvement in material rights of employees,
- **Net profit after MI** → reported net profit is HRK 7m lower, while normalized net profit after minority interests is HRK 10m lower than in the comparative period. On top of impacts above the EBIT level, it is necessary to point out less favorable movements in foreign exchange differences on borrowings (HRK -0m in 2019; HRK +6m in 2018).

<sup>1</sup>Normalized for one-off impacts.

<sup>2</sup>Obtained as used volumes of raw materials and supplies in 2019\*prices in 2019 – used volumes of raw materials and supplies in 2019\*prices in 2018.

# Profitability improvement in Pharmaceuticals segment continues

Pharma segment (in HRK <sub>m</sub> )	REPORTED				NORMALIZED <sup>1</sup>			
	2018	2019	Δ	%	2018	2019	Δ	%
Sales revenue	897	955	59	6.5%	897	955	59	6.5%
Gross profit	448	473	25	5.6%	452	473	21	4.6%
EBITDA	141	183	42	29.7%	147	183	36	24.2%
EBIT	85	119	34	40.1%	91	119	28	30.6%
Net profit after MI	61	84	23	37.9%	66	84	17	26.2%
Gross margin	49.9%	49.5%		-41 bp	50.4%	49.5%		-92 bp
EBITDA margin	15.7%	19.1%		+341 bp	16.4%	19.1%		+272 bp
EBIT margin	9.5%	12.5%		+299 bp	10.2%	12.5%		+230 bp
Net profit margin after MI	6.8%	8.8%		+199 bp	7.4%	8.8%		+136 bp

## Pharmaceuticals segment profitability in 2019<sup>1</sup>:

- **Gross profit** → higher 5.6% as a result of higher sales revenue and the positive impact of the sales structure itself,
- **EBIT** → higher HRK 34m higher (40.1%), while normalized operating profit increased by 30.6% as a result of the significant increase in sales and favourable movements in foreign exchange differences on trade receivables and trade payables (HRK +14m in 2019; HRK -13m in 2018). This compensated for higher staff costs of HRK 20m (+8.7%), which is in line with the planned improvement in the material rights of employees,
- **Net profit after MI** → higher HRK 23m which, while normalized net profit after minority interests is HRK 17m higher. This is primarily a result of impacts above the EBIT level, which compensated less favourable movements in foreign exchange differences on borrowings (HRK -2m in 2019; HRK +6m in 2018).

<sup>1</sup>Normalized for one-off impacts.

## Group profitability margins increased in 2019

Group segment (in HRK <sup>m</sup> )	REPORTED				NORMALIZED <sup>1</sup>			
	2018	2019	Δ	%	2018	2019	Δ	%
Sales revenue	4,232	4,409	177	4.2%	4,232	4,409	177	4.2%
Gross profit	1,558	1,632	73	4.7%	1,565	1,633	68	4.4%
EBITDA	464	509	45	9.8%	465	516	51	10.9%
EBIT	258	284	25	9.7%	272	300	28	10.1%
Net profit after MI	206	222	16	7.7%	216	224	7	3.3%
Gross margin	36.8%	37.0%		+18 bp	37.0%	37.0%		+6 bp
EBITDA margin	11.0%	11.5%		+59 bp	11.0%	11.7%		+71 bp
EBIT margin	6.1%	6.4%		+32 bp	6.4%	6.8%		+36 bp
Net profit margin after MI	4.9%	5.0%		+16 bp	5.1%	5.1%		-4 bp

### Profitability of the Podravka Group in 2019<sup>1</sup>:

- **Gross profit** → higher 4.7%, strong impact comes from both business segments as a result of a favorable sales structure. Cost of goods sold increased by 3.9%, which resulted in the gross margin of 37.0%. Estimated effect of movements in prices of raw materials and supplies of the Food segment amounts to negative HRK 26m<sup>2</sup>,
- **EBIT** → is HRK 25m higher, while normalized is HRK 28m higher, as a result of the increase in sales in both business segments and favorable movements in FX differences on trade receivables and trade payables (HRK +19m in 2019; HRK -20m in 2018), which allowed stronger marketing investments of HRK 18m (+8.1%), compensated higher staff costs of HRK 63m (+6.2%) and costs related to the sales growth. Higher staff costs are a result of the planned improvement in material rights of employees,
- **Net profit after MI** → higher 8m, while normalized net profit after MI is HRK 7m higher. On top of impacts above the EBIT level, it is necessary to point out less favorable movements in FX differences on borrowings compared to 2018 (HRK -2m in 2019; HRK +12m in 2018).

<sup>1</sup>Normalized for one-off impacts.

<sup>2</sup>Obtained as used volumes of raw materials and supplies in 2019\*prices in 2019 – used volumes of raw materials and supplies in 2019\*prices in 2018.

# Favorable sales mix compensated the increase in certain operating expenses

Operating expenses 19 vs. 18 % change	REPORTED	NORMALIZED
Cost of goods sold (COGS)	3.9%	4.1%
General and administrative expenses (G&A)	7.3%	7.7%
Sales and distribution costs (S&D)	6.4%	5.1%
Marketing expenses (MEX)	7.1%	7.1%
Other expenses / revenues, net	n/a	n/a
<b>Total</b>	<b>3.8%</b>	<b>3.8%</b>

## Key highlights of operating expenses in 2019:

### Cost of goods sold (COGS):

- Higher 3.9%, as a result of higher sales realized, sales structure itself, increase in prices of raw materials and supplies and higher staff costs,

### General and administrative expenses (G&A):

- 7.3% up, due to higher staff costs and different dynamics of movements in provisions,

### Sales and distribution costs (S&D):

- Higher 6.4%, due to the increase in sales and increase in staff costs. Decrease in provision for receivables related to relationship with Fortenova Group (ex Agrokor), made in 2019, is recorded within other income and expenses, net, while the decrease in provision for receivables made in 2018 was included in selling and distribution costs,

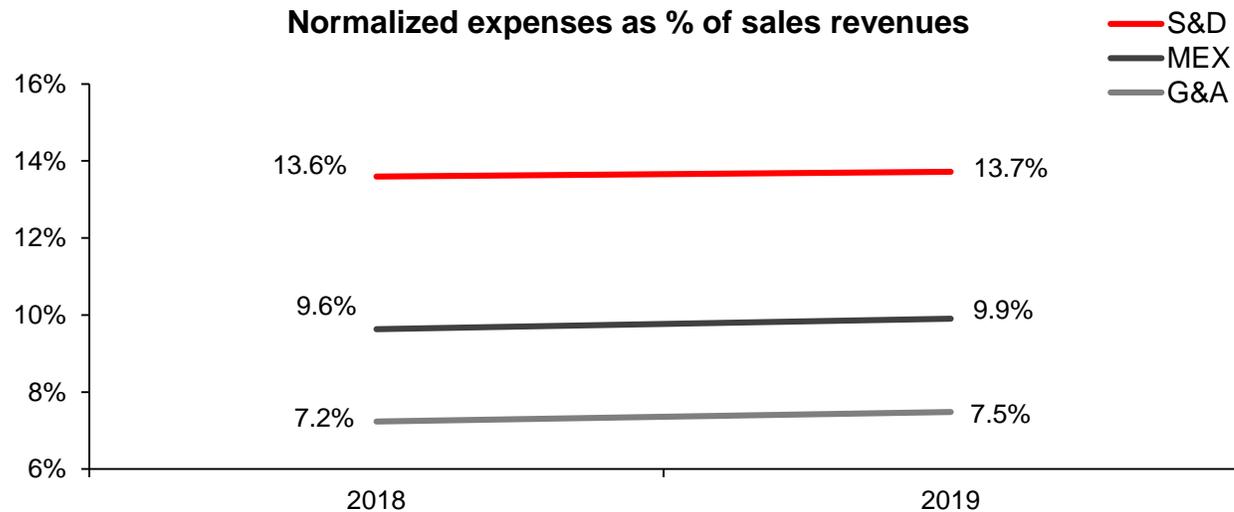
### Marketing expenses (MEX):

- Higher 7.1%, out of which costs of marketing investments are up by 8.1%, while the remaining portion relates to marketing department expenses. This is a result of stronger investments in newly launched products promotion and further development of own brands through effective and diverse marketing activities,

### Other expenses / revenues, net:

- HRK +29m in 2019; HRK -12m in 2018. Value adjustments and foreign exchange differences on trade receivables and trade payables (HRK +19m in 1-12 2019; HRK -20m in 1-12 2018) are included. Decrease in provision for receivables related to Fortenova Group, (ex Agrokor), made in 2019, is recorded within other income and expenses, net, while the decrease in provision for receivables made in 2018 is included in selling and distribution costs.

Normalized expenses as % of sales revenues

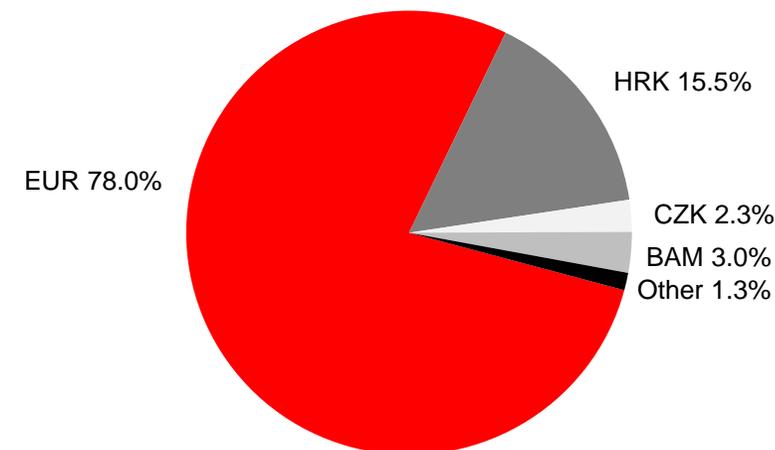


<sup>1</sup>Normalized for one-off impacts.

## Further improvement of debt indicators

<i>(in HRK<sub>m</sub>)</i> <sup>1</sup>	2018	2019	% change
Net debt	755	822	8.9%
Interest expense	18	15	(17.0%)
Net debt / normalized EBITDA	1.6	1.6	(1.8%)
Normalized EBIT / interest expense	15.2	20.1	32.7%
Equity to total assets ratio	62.9%	65.9%	+303 bp

Currency structure of debt as at 31 December 2019

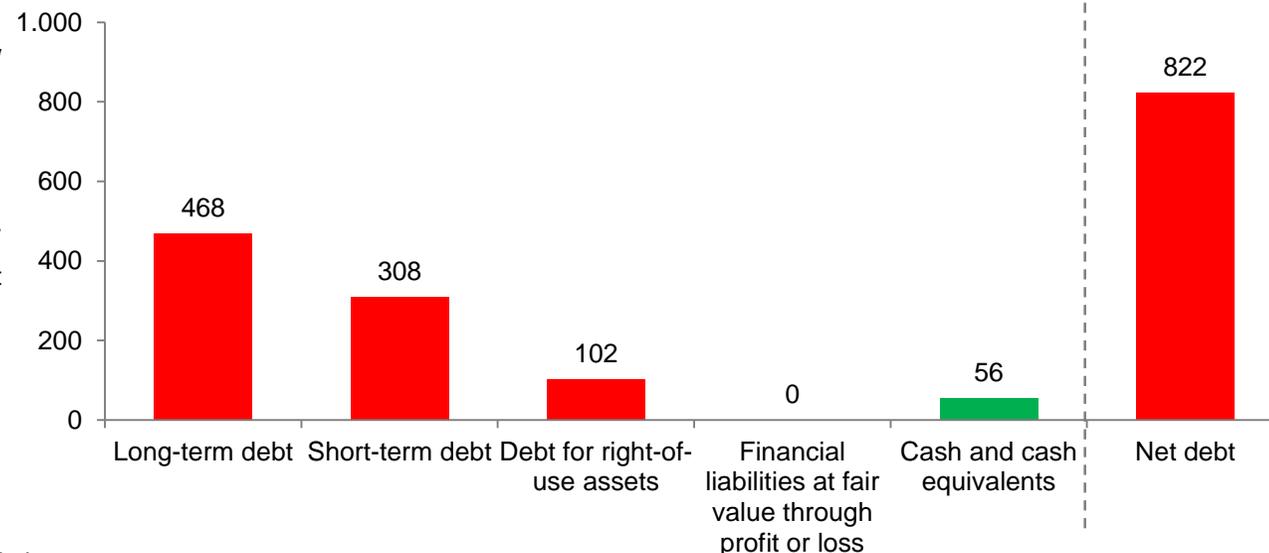


### Key highlights:

- Net debt increase → due to inclusion of right-of-use assets (leases) in debt according to new accounting standard IFRS 16 as well as lower amount of cash and cash equivalents,
- Lower interest expenses → repayment of a part of borrowings,
- Increase in Net debt/normalized EBITDA due to higher Net debt. Without inclusion of right-of-use assets (leases) in debt according to new accounting standard IFRS 16, the net debt to normalized EBITDA ratio would amount to estimated 1.5,
- **Weighted average cost of debt excluding liabilities for right-of-use assets:**
  - As at 31 December 2019 → 1.2%,
  - As at 31 December 2013 → 4.3%.

in HRK<sub>m</sub>

Net debt components in HRK<sub>m</sub> as at 31 December 2019



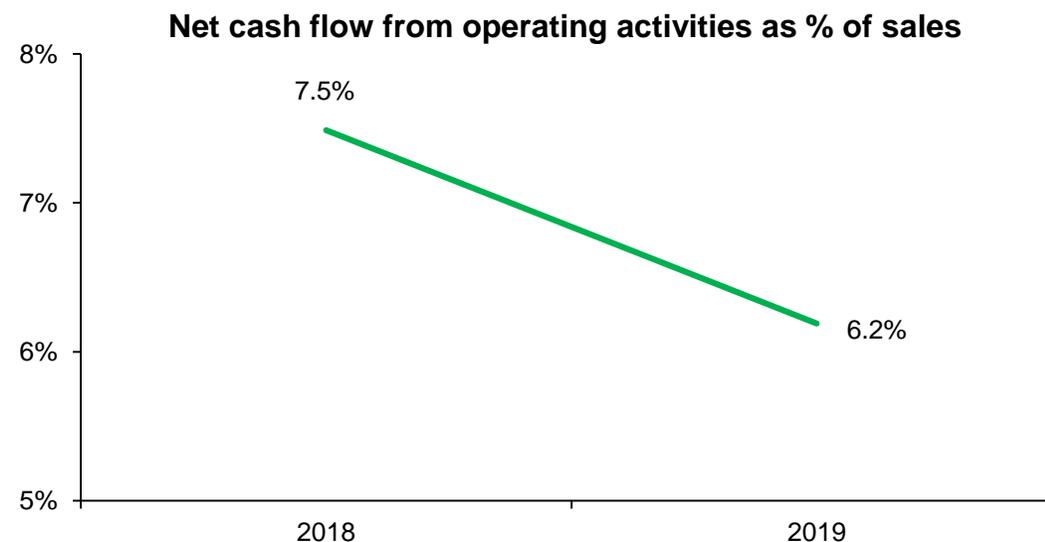
<sup>1</sup>All P&L figures are calculated on the trailing 12 months level, while BS figures are taken at the end of period.

# Cash flow and working capital movement in 2019

Working capital movement in BS	31 Dec 2019 / 31 Dec 2018		Impact
Inventories		11.8%	<ul style="list-style-type: none"> <li>The increase in inventories is result of the strategic increase in inventories of the fish range due to increased demand and production and the increase in inventories of raw materials and supplies, which is in line with the planned production dynamics</li> </ul>
Trade and other receivables		1.1%	<ul style="list-style-type: none"> <li>This movement is in line with regular operations.</li> </ul>
Trade and other payables		(7.9%)	<ul style="list-style-type: none"> <li>This movement is in line with regular operations.</li> </ul>

(in HRKm)	2018	2019	Δ
Net cash from operating activities	317	273	(44)
Net cash from investing activities	(126)	(144)	(18)
Net cash from financing activities	(342)	(284)	58
<b>Net change of cash and cash equivalents</b>	<b>(151)</b>	<b>(156)</b>	<b>(5)</b>

- **CAPEX** in 2020 is expected to be at the level of HRK 298m, in 2021-2023 period at the level of HRK 200 m.



# One-off items in 2019 and 2018

Reported and normalized profitability	2018			2019		
(in HRK millions)	Group	Food	Pharma	Group	Food	Pharma
<b>Reported gross profit</b>	<b>1,558.4</b>	<b>1,110.8</b>	<b>447.7</b>	<b>1,631.5</b>	<b>1,158.6</b>	<b>472.9</b>
+ impairment of inventories	6.1	1.6	4.5	1.1	1.1	-
<b>Normalized gross profit</b>	<b>1,564.5</b>	<b>1,112.3</b>	<b>452.2</b>	<b>1,632.6</b>	<b>1,159.7</b>	<b>472.9</b>
<b>Reported EBITDA</b>	<b>463.7</b>	<b>322.9</b>	<b>140.8</b>	<b>509.0</b>	<b>326.4</b>	<b>182.6</b>
+ initial impact of IFRS 9	1.4	0.6	0.8	-	-	-
+ severance payments (long term sick-leave)	5.6	4.7	0.9	4.8	4.8	-
+ impairment of inventories	6.1	1.6	4.5	1.1	1.1	-
+ sale of Mirna Inc., non-operational assets	(12.0)	(12.0)	-	-	-	-
+ reservation for advanced payment	-	-	-	0.6	0.6	-
<b>Normalized EBITDA</b>	<b>464.7</b>	<b>317.7</b>	<b>147.0</b>	<b>515.5</b>	<b>333.0</b>	<b>182.6</b>
<b>Reported EBIT</b>	<b>258.4</b>	<b>173.3</b>	<b>85.1</b>	<b>283.5</b>	<b>164.3</b>	<b>119.3</b>
+ normalization above EBITDA level	1.0	(5.2)	6.2	6.5	6.5	-
+ impairment of production line equipment	4.8	4.8	-	0.5	0.5	-
+ impairment of asset held for sale	14.8	14.8	-	7.4	7.4	-
+ impairment of investment property	-	-	-	10.4	10.4	-
+ claimed receivables related to relationship with Fortenova Group	(7.9)	(7.9)	-	(12.1)	(12.1)	-
+ other value adjustments	0.9	0.9	-	3.3	3.3	-
<b>Normalized EBIT</b>	<b>272.0</b>	<b>180.7</b>	<b>91.3</b>	<b>299.5</b>	<b>180.2</b>	<b>119.3</b>
<b>Reported net profit after MI</b>	<b>205.7</b>	<b>145.0</b>	<b>60.7</b>	<b>221.6</b>	<b>137.9</b>	<b>83.6</b>
+ normalization above EBIT level	13.6	7.4	6.2	16.0	16.0	-
+ ESOP programme net expenses	2.1	1.6	0.4	-	-	-
+ estimated impact on taxes	(5.1)	(4.1)	(1.0)	(14.0)	(14.0)	-
<b>Normalized net profit after MI</b>	<b>216.3</b>	<b>150.0</b>	<b>66.3</b>	<b>223.6</b>	<b>139.9</b>	<b>83.6</b>



The Company

Business

Investment highlights

2019 results

**1H 2020 results**



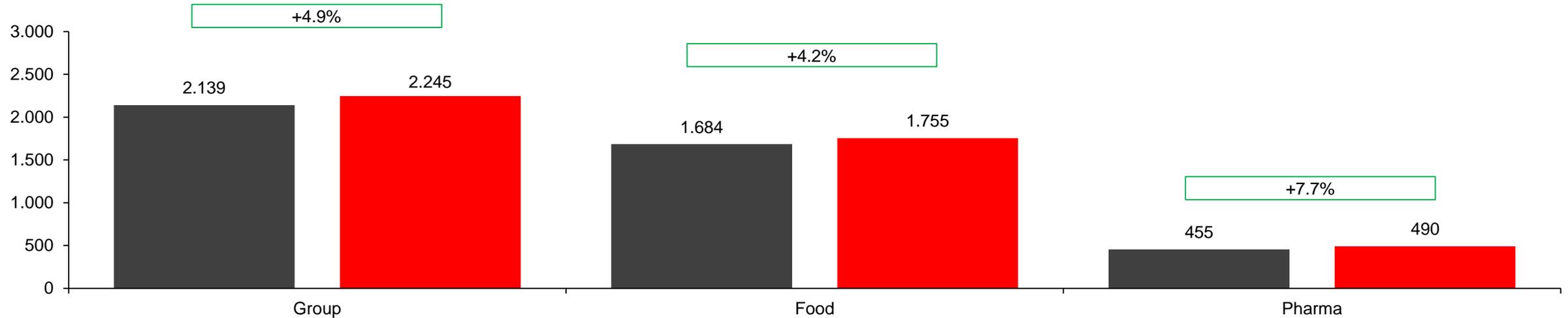
# Sales revenues growth in 1H 2020



in HRK<sub>m</sub>

## Sales revenues by segment

■ 1H 2019  
■ 1H 2020



### Podravka Group in 1-6 2020<sup>1,2</sup>:

- **Own brands** → 6.1% higher sales,
- **Other sales** → 6.5% lower sales,
- **Total Podravka Group** → 4.9% higher sales.

### Food segment in 1-6 2020<sup>1,2</sup>:

- **Own brands** → 6.2% higher sales, due to of the increased demand for food products. The revenue growth was recorded by almost all business units, with the biggest absolute growth recorded by BU Culinary and Meat products, meat solutions and savory spreads,
- **Other sales** → 23.1% lower revenues, as a lower sales of trade goods in some markets following the closure of gastro channel (schools, kindergartens, restaurants, hotels),
- **Total Food** → 4.2% higher sales.

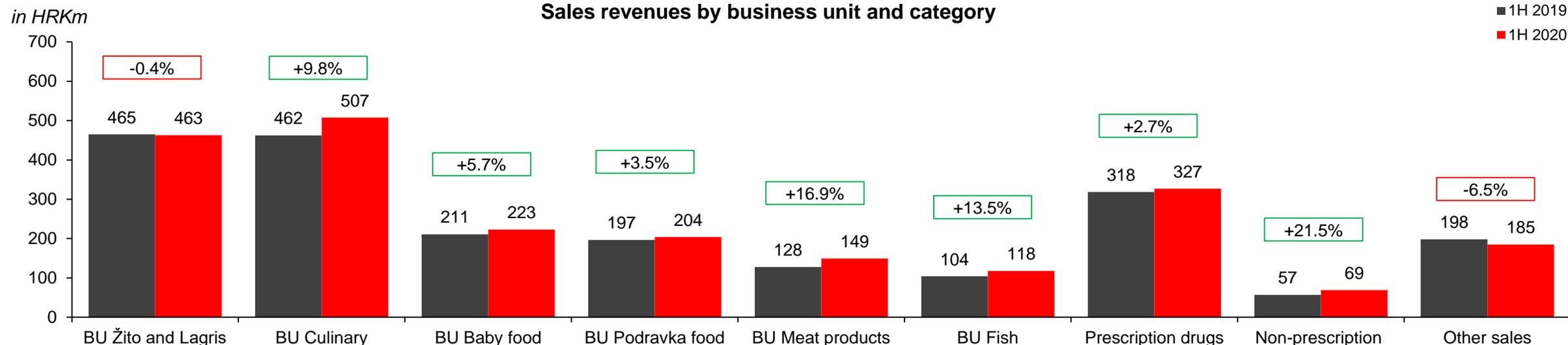
### Pharmaceuticals segment in 1-6 2020<sup>1,2</sup>:

- **Own brands** → 5.5% higher sales, due to the increase in demand for pharmaceutical products, primarily OTC drugs category,
- **Other sales** → 17.9% higher sales, as a result of higher sales of trade goods in the markets of Bosnia and Herzegovina and Croatia,
- **Total Pharma** → 7.7% higher sales.

<sup>1</sup>Given the Podravka Group's range of products, there was an increased demand in March for certain food and pharmaceutical products, whereby the positive business trend and sales revenue growth from the first two months were strongly driven in March as well. The impact of the situation caused by COVID-19 on sales revenue trends was certainly significant in positive terms, but it cannot be clearly distinguished from the impact of regular demand for products. Restrictive measures introduced in mid-March aimed at preventing the spread of COVID-19 had a negative impact on sales revenues (closing of gastro channel, shortened working hours of supermarkets and pharmacies, limiting the number of customers in supermarkets and pharmacies, limiting the number of medical procedures in hospitals, limiting and implementing measures in family medicine centres, limiting the number of visits of associates to doctors and pharmacists, ban on the movement of people outside the place of residence, closing of borders). The easing of the introduced measures started in mid-May, which is a positive moment, but the effect of the introduction of restrictive measures on sales revenues cannot be clearly assessed or quantified.

<sup>2</sup>Percentages in the text relate to performance in 1-6 2020 compared to 1-6 2019.

# Sales growth across almost all business units



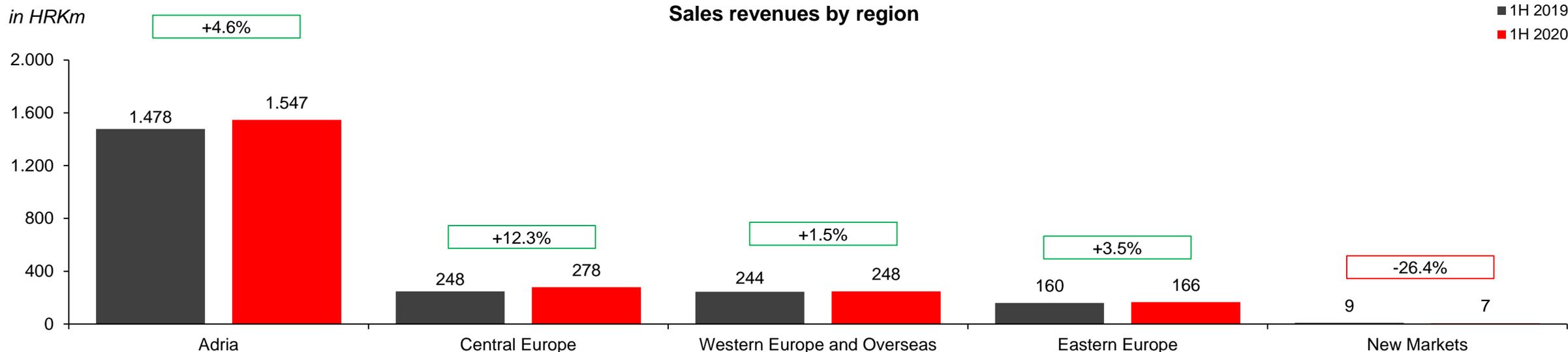
## Business unit and category performance in 1-6 2020<sup>1,2</sup>:

- **BU Žito and Lagris (-0.4%)** → growth in sales of most categories was unable to compensate for the decrease in sales of fresh bakery products category (Slovenia and Italy). Significant revenue growth was recorded in Central Europe region,
- **BU Culinary (+9.8%)** → sales growth due to the increased demand and sales in categories Seasonings and Soups. Higher sales and growth were recorded in all regions except New markets region,
- **BU Baby food, sweets and snacks (+5.7%)** → higher sales, driven by increased demand and sales in Powdered sweets, Baby food and Creamy spreads categories. Growth was recorded in all regions except New markets region,
- **BU Podravka food (+3.5%)** → higher sales due to Tomato category growth. Most significant revenue growth was generated in Adria and Central Europe regions,
- **BU Meat products, meat solutions and savory spreads (+16.9%)** → increase in sales of categories Canned ready-to-eat meals, Pates and Luncheon meats. Most significant revenue growth was recorded in Adria and Western Europe and Overseas regions,
- **BU Fish (+13.5%)** → higher sales due to the higher demand and sales of the Tuna and Sardine categories. Sales growth was recorded in Adria, Central Europe and Eastern Europe regions,
- **Prescription drugs (+2.7%)** → higher sales with the most significant increase recorded in Bosnia and Herzegovina, Croatia and Serbia,
- **Non-prescription programme (+21.5%)** → result of sales growth in the OTC drugs subcategory, primarily in Croatia, due to significant increase in demand and sales of Lupocet and Neofen brands in March,
- **Other sales (-6.5%)** → Pharmaceuticals other sales increased by HRK 14m due to sales of trade goods of the Farmavita; Food segment lower sales by HRK 27m due to closure of gastro channel in Croatia following the emergence of COVID-19 and lower sales of Lagris trade goods.

<sup>1</sup>Given the Podravka Group's range of products, there was an increased demand in March for certain food and pharmaceutical products, whereby the positive business trend and sales revenue growth from the first two months were strongly driven in March as well. The impact of the situation caused by COVID-19 on sales revenue trends was certainly significant in positive terms, but it cannot be clearly distinguished from the impact of regular demand for products. Restrictive measures introduced in mid-March aimed at preventing the spread of COVID-19 had a negative impact on sales revenues (closing of gastro channel, shortened working hours of supermarkets and pharmacies, limiting the number of customers in supermarkets and pharmacies, limiting the number of medical procedures in hospitals, limiting and implementing measures in family medicine centres, limiting the number of visits of associates to doctors and pharmacists, ban on the movement of people outside the place of residence, closing of borders). The easing of the introduced measures started in mid-May, which is a positive moment, but the effect of the introduction of restrictive measures on sales revenues cannot be clearly assessed or quantified.

<sup>2</sup>Percentages in the text relate to performance in 1-6 2020 compared to 1-6 2019.

# Significant growth recorded in Adria and Central Europe regions



## Region performance in 1-6 2020<sup>1,2</sup>:

- **Adria (+4.6%)** → **Food** sales 2.9% higher where revenue growth is recorded in all business units; **Pharmaceuticals** sales 11.0% higher primarily as a result of the increase in sales of OTC drugs and trade goods,
- **Central Europe (+12.3%)** → **Food** sales surged 14.9%, due to the increase in sales of all business units; **Pharmaceuticals** sales down by 4.9% primarily due to the decrease in sales in the market of Poland,
- **WE and Overseas region (+1.5%)** → **Food** sales 1.3% higher, due to the increase in sales of BU Culinary, Podravka Food and Meat products, meat solutions and savory spreads which successfully compensated for the lower sales of BU Žito and Lagris in fresh bakery products category; **Pharmaceuticals** segment recorded HRK 0.5m higher revenues (+78.3%) due to increase in sales of prescription drugs,
- **Eastern Europe (+3.5%)** → **Food** sales up by 7.7%, due to the growth of BU Culinary and Fish; **Pharmaceuticals** sales rose 1.4% as a result of the increase in sales of the OTC drugs category,
- **New markets (-26.4%)** → **Food** sales down by HRK 2.7m (-32.0%) primarily due to lower sales of the BU Baby food, sweets and snacks; **Pharmaceuticals** recorded HRK 0.3m revenue growth (+77.9%) due to increase in prescription drugs sales.

<sup>1</sup>Given the Podravka Group's range of products, there was an increased demand in March for certain food and pharmaceutical products, whereby the positive business trend and sales revenue growth from the first two months were strongly driven in March as well. The impact of the situation caused by COVID-19 on sales revenue trends was certainly significant in positive terms, but it cannot be clearly distinguished from the impact of regular demand for products. Restrictive measures introduced in mid-March aimed at preventing the spread of COVID-19 had a negative impact on sales revenues (closing of gastro channel, shortened working hours of supermarkets and pharmacies, limiting the number of customers in supermarkets and pharmacies, limiting the number of medical procedures in hospitals, limiting and implementing measures in family medicine centres, limiting the number of visits of associates to doctors and pharmacists, ban on the movement of people outside the place of residence, closing of borders). The easing of the introduced measures started in mid-May, which is a positive moment, but the effect of the introduction of restrictive measures on sales revenues cannot be clearly assessed or quantified.

<sup>2</sup>Percentages in the text relate to performance in 1-6 2020 compared to 1-6 2019.

# Food segment profitability influenced by prices of raw materials and supplies and FX differences



Food segment (in HRK <sub>m</sub> )	REPORTED				NORMALIZED <sup>1</sup>			
	1-6 2019	1-6 2020	Δ	%	1-6 2019	1-6 2020	Δ	%
Sales revenue	1,684	1,755	71	4.2%	1,684	1,755	71	4.2%
Gross profit	574	599	24	4.3%	577	599	22	3.8%
EBITDA	195	227	33	16.7%	198	228	30	15.1%
EBIT	120	150	30	25.0%	123	151	28	22.4%
Net profit after MI	94	120	26	27.3%	97	120	23	24.2%
Gross margin	34.1%	34.1%		+2 bp	34.3%	34.1%		-14 bp
EBITDA margin	11.6%	13.0%		+138 bp	11.7%	13.0%		+123 bp
EBIT margin	7.1%	8.6%		+143 bp	7.3%	8.6%		+128 bp
Net profit margin after MI	5.6%	6.8%		+124 bp	5.7%	6.8%		+110 bp

## Food segment profitability in 1-6 2020:

- **Gross profit** → reported gross profit higher 4.3% with the gross margin at the level of comparative period of 34.1%, while normalized gross profit grew 3.8%. The effect of unfavourable trends in prices of raw materials and supplies continued in the second quarter and the amount of the effect in the 1-6 2020 period is estimated at negative HRK 22m<sup>2</sup>, primarily in relation to dried vegetables and meat,
- **EBIT** → reported EBIT is 25.0% higher, while normalized grew by 22.4%. Negative impact on operating profit came from movements in FX differences on trade receivables and trade payables (HRK -4m in 1-6 2020; HRK +2m in 1-6 2019), the increase in costs related to sales (logistics and distribution) and the increase in staff costs of HRK 9m (+2.3%), while a positive impact comes from lower marketing expenses. The increase in staff costs is largely the result of one-off award to employees in the manufacturing, logistics and distribution segment paid in the first quarter, and a provision for award to employees paid in July.
- **Net profit after MI** → reported net profit is 26m higher, while normalized net profit after MI is HRK 23m higher than in comparative period. Bottom line was negatively impacted by FX differences on borrowings (HRK -3m in 1-6 2020; HRK -0m in 1-6 2019), partly mitigated by lower finance costs. Tax liability is higher by HRK 3m.

<sup>1</sup>Normalized for one-off impacts.

<sup>2</sup>Obtained as used volumes of raw materials and supplies in 1-6 2020\*prices in 1-6 2020 – used volumes of raw materials and supplies in 1-6 2020\*prices in 1-6 2019.

# Pharmaceuticals segment profitability deteriorated as a result of sales mix and FX differences

Pharma segment (in HRK <sub>m</sub> )	REPORTED				NORMALIZED <sup>1</sup>			
	1-6 2019	1-6 2020	Δ	%	1-6 2019	1-6 2020	Δ	%
Sales revenue	455	490	35	7.7%	455	490	35	7.7%
Gross profit	229	237	8	3.3%	229	234	5	2.1%
EBITDA	94	93	(1)	(1.1%)	94	90	(4)	(4.1%)
EBIT	63	61	(1)	(2.0%)	63	59	(4)	(6.6%)
Net profit after MI	46	42	(4)	(9.0%)	46	40	(6)	(13.2%)
Gross margin	50.4%	48.3%		-205 bp	50.4%	47.8%		-263 bp
EBITDA margin	20.6%	18.9%		-168 bp	20.6%	18.3%		-226 bp
EBIT margin	13.8%	12.5%		-125 bp	13.8%	11.9%		-182 bp
Net profit margin after MI	10.1%	8.5%		-157 bp	10.1%	8.1%		-196 bp

## Pharmaceuticals segment profitability in 1-6 2020:

- **Gross profit** → higher 3.3% while normalized gross profit is 2.1% higher. The gross margin is 48.3% which is lower than in the comparative period, due to the sales structure and reclassification of certain fees for various promotional and marketing activities. In the sales structure, a share of trade goods which have lower profitability than own brands increased,
- **EBIT** → reported HRK 1m lower, while normalized is down by HRK 4m as a result of very unfavorable movements in FX differences on trade receivables and trade payables (HRK -14m in 1-6 2020; HRK +9m in 1-6 2019), mitigated by lower marketing expenses and lower general and administrative expenses,
- **Net profit after MI** → is HRK 4m lower, while normalized net profit after MI is HRK 6m lower. Bottom line was affected by unfavorable movements in FX differences on borrowings (HRK -3m in 1-6 2020; HRK +1m in 1-6 2019), partly mitigated by lower finance costs. Tax liability is lower by HRK 1m.

<sup>1</sup>Normalized for one-off impacts.

## Group profitability influenced by higher sales, FX differences and cost optimization

Podravka Group (in HRK <sub>m</sub> )	REPORTED				NORMALIZED <sup>1</sup>			
	1-6 2019	1-6 2020	Δ	%	1-6 2019	1-6 2020	Δ	%
Sales revenue	2,140	2,245	106	4.9%	2,140	2,245	106	4.9%
Gross profit	804	836	32	4.0%	806	833	27	3.3%
EBITDA	289	320	32	10.9%	292	318	26	8.9%
EBIT	183	212	29	15.8%	186	209	24	12.6%
Net profit after MI	140	162	22	15.4%	143	160	17	12.2%
Gross margin	37.6%	37.2%		-34 bp	37.7%	37.1%		-59 bp
EBITDA margin	13.5%	14.3%		+77 bp	13.6%	14.1%		+52 bp
EBIT margin	8.5%	9.4%		+88 bp	8.7%	9.3%		+64 bp
Net profit margin after MI	6.5%	7.2%		+65 bp	6.7%	7.1%		+46 bp

### Profitability of the Podravka Group in 1-6 2020:

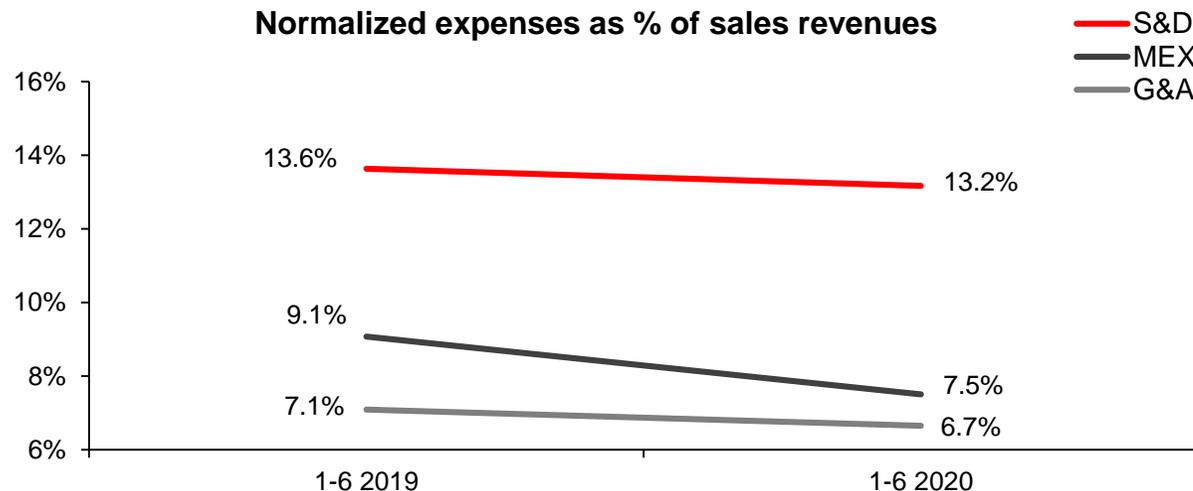
- **Gross profit** → reported is higher 4.0%, while normalized grew by 3.3%. Cost of goods sold increased by 5.5%, which eventually resulted in the gross margin of 37.2% in the reported period,
- **EBIT** → reported is HRK 29m higher, while normalized grew by HRK 24m, primarily as a result of increase in sales in both business segments and savings realized (marketing expenses). Negative impact came from higher costs related to the sales growth (logistics and distribution), very unfavorable movements in FX differences on trade receivables and trade payables (HRK -17m in 1-6 2020; HRK +11m in 1-6 2019) and the increase in staff costs of HRK 9m (+1.8%), which is largely the result of one-off award to employees in the manufacturing, logistics and distribution segment paid in the first quarter, and a provision for award to employees paid in July,
- **Net profit after MI** → is HRK 22m higher, while normalized is HRK 17m higher. Net profit after MI was impacted by unfavorable movements in FX differences on borrowings (HRK -6m in 1-6 2020; HRK +1m in 1-6 2019), partly mitigated by lower finance costs. Tax liability is higher by HRK 2m.

<sup>1</sup>Normalized for one-off impacts.

# Generated sales level compensated the increase in certain operating expenses

Operating expenses 1H20 vs.1H19 % change	REPORTED	NORMALIZED <sup>1</sup>
Cost of goods sold (COGS)	5.5%	5.9%
General and administrative expenses (G&A)	(1.5%)	(1.6%)
Sales and distribution costs (S&D)	1.4%	1.4%
Marketing expenses (MEX)	(13.1%)	(13.1%)
Other expenses / revenues, net	162.2%	162.2%
<b>Total</b>	<b>3.9%</b>	<b>4.2%</b>

Normalized expenses as % of sales revenues



## Key highlights of operating expenses in 1-6 2020:

### Cost of goods sold (COGS):

- Higher 5.5%, normalized up by 5.9%, as a result of a higher level of sales realized, the structure of sales and the rise in prices of raw materials and supplies (estimated negative impact in the Food segment of HRK 22m, primarily from dried vegetables and meat) and higher staff costs, partly as a result of awards to employees,

### General and administrative expenses (G&A):

- Down by 1.5%, normalized down by 1.6%, as a result of different dynamics of movements in provisions for some expenses and lower costs of services,

### Sales and distribution costs (S&D):

- Higher 1.4%, due to the sales increase and staff costs increase (partly a result of awards to employees),

### Marketing expenses (MEX):

- Lower 13.1%, (Food segment -11.7%, Pharmaceuticals segment -14.8%). At the end of 2019 some promotional and marketing activities have been reclassified in the Pharmaceuticals segment. If marketing expenses in the Pharmaceuticals segment in 1-6 2019 were reclassified, they would be lower by HRK 5m for the period,

### Other expenses / revenues, net:

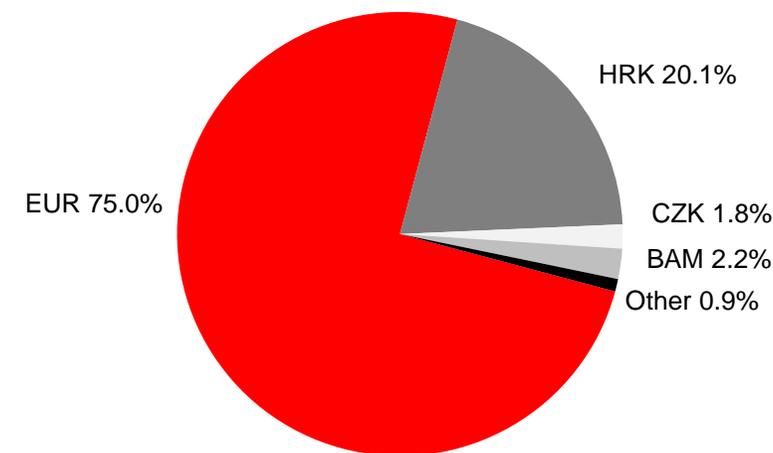
- HRK -10m in 1-6 2020, while HRK +17m in 1-6 2019. Mainly affected by the movements in FX differences on trade receivables and trade payables that amounted to HRK -17m in the 1-6 2020 period, while in 1-6 2019 they amounted to HRK +11m.

<sup>1</sup>Normalized for one-off impacts.

# Net debt decrease with improvement of debt indicators

(u HRK <sup>m</sup> ) <sup>1</sup>	2019	1-6 2020	% change
Financial debt <sup>2</sup>	878	966	10.0%
Cash and cash equivalents	56	249	348.3%
Net debt	822	717	(12.8%)
TTM interest expense	15	13	(15.8%)
Net debt / TTM EBITDA	1.6	1.3	(17.0%)
EBITDA / Interest expense	20	26	28.1%
Equity to total assets ratio	65.9%	65.3%	-67 bp

Currency structure of debt as at 30 June 2020

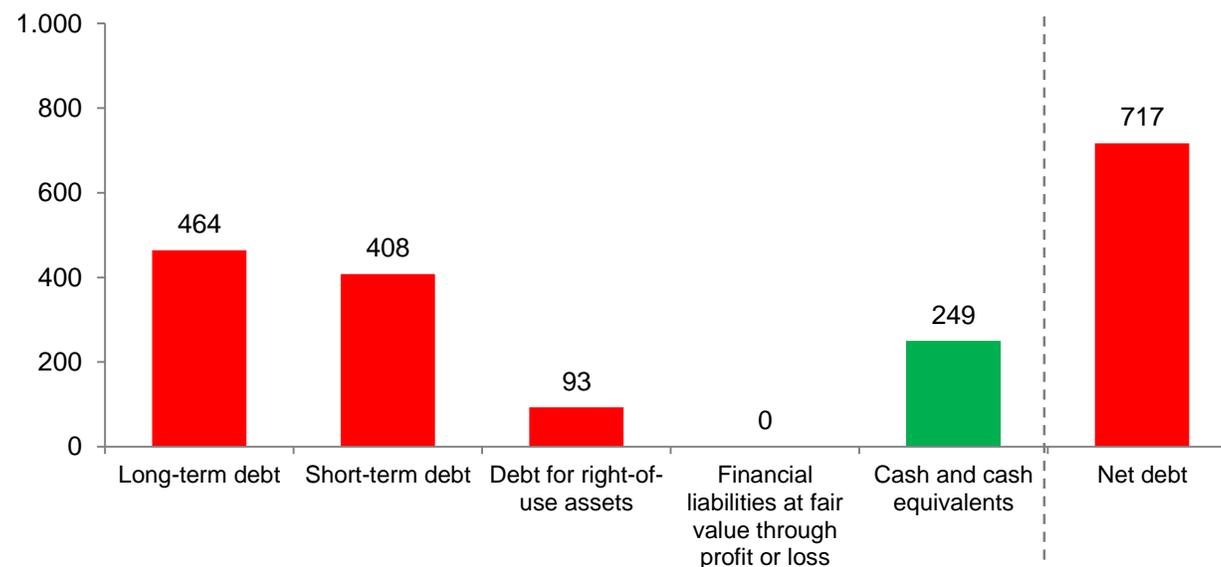


## Key highlights:

- Financial debt increase → short-term debt increase to ensure enough liquidity to ease supply and production process in situation of increased demand and production,
- Net debt decrease → due to higher level of cash and cash equivalents,
- Lower interest expenses → repayment of a part of borrowings and refinancing under favorable conditions,
- **Weighted average cost of debt excluding liabilities for right-of-use assets:**
  - As at 30 June 2020 → 1.0%,
  - As at 31 December 2013 → 4.3%.

in HRK<sup>m</sup>

Net debt components in HRK<sup>m</sup> as at 30 June 2020



<sup>1</sup>All P&L figures are calculated on the trailing 12 months level, while BS figures are taken at the end of period, <sup>2</sup>long-term and short-term borrowings + liabilities for right-of-use assets + financial liabilities at fair value through P&L.

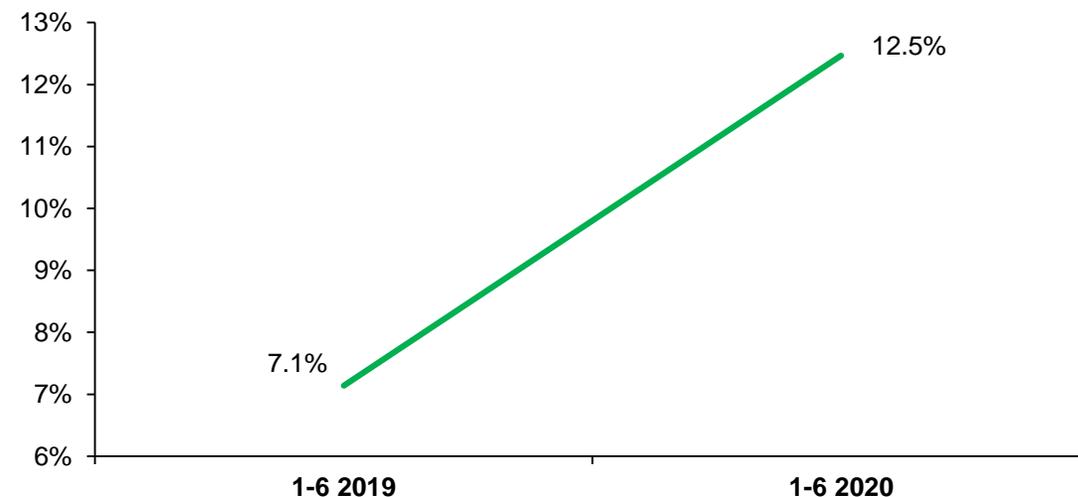
# Significantly higher level of cash flow from operating activities

Working capital movement in BS	30 Jun 2020 / 30 Jun 2019		Impact
Inventories		13.8%	<ul style="list-style-type: none"> <li>The increase in inventories is result of the increase in inventories of raw materials and supplies in the observed period, following the increased demand and production volume as a result of the situation caused by the COVID-19. and the increase in inventories of finished products of the fish range for the purpose of ensuring the range sufficiency,</li> </ul>
Trade and other receivables		(8.4%)	<ul style="list-style-type: none"> <li>Decrease is a result of lower withdrawal volumes of goods by the customers of the Podravka Group in the second quarter, due to stocks made in March, and lower activity of end customers in the second quarter, while receivables from the first quarter were regularly collected,</li> </ul>
Trade and other payables		(13.7%)	<ul style="list-style-type: none"> <li>This movement is primarily as a result of different dynamics of dividend distribution (June 2020 vs. August 2019).</li> </ul>

(in HRKm)	1-6 2019	1-6 2020	Δ
Net cash from operating activities	153	300	127
Net cash from investing activities	(63)	(90)	(27)
Net cash from financing activities	(154)	4	158
Net change of cash and cash equivalents	<b>(64)</b>	<b>193</b>	<b>258</b>

- **CAPEX** in 2020 is expected to be at the level of HRK 298m, in 202-2023 period at the level of HRK 200m.

Net cash flow from operating activities as % of sales



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# Podravka Group

*Always with a heart!*

