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MEDIA RELEASE

PODRAVKA GROUP BUSINESS RESULTS FOR 1 – 12, 2016

In the past year Podravka Group achieved sales revenue amounting to HRK 4,185.5 million which is 15.4 percent growth

- **Net revenue growth** 54.7 percent, without one-time consolidation effect of Žito d.d in 2015 and deferred tax returns of Belupo in 2015
- **Cash flow** from business activities was HRK 476.7 million and represents increase of HRK 202.5 million;
- **capital investments** in new factories and production modernization was of significant HRK 594.2 million, which is 2,2 times increase comparing to last year;
- revenue increase on foreign markets – the highest revenue growth is recorded in the region Russia, CIS and Baltic – 35.8 percent;
- refinancing with lowest interest rate in the region.

The main feature of unaudited business results of Podravka Group for the year 2016, as determined on their session by Podravka d.d. Management Board, is achieved sales revenue amounting to HRK 4,185.5 million, which is 15.4 percent comparing to the year before.

Sales revenue growth was significantly influenced by a full year of consolidation of Žito Group, while growth was achieved despite negative influence of exchange rate differences, in total amount of HRK 54.4 million.

Žito Group consolidation started in late 2015, as well as continued investment in New markets, marked the achieved EBITDA in 2016, which grew 0.2 percent.



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Net profit achieved is HRK 182.4 million, which is 54.7 percent growth, deducting one-time consolidation effect of the Žito Group and deferred tax returns of Belupo in 2015.

Achieved cash flow from business activities amounted to HRK 476.7 million, i.e. growth by additional HRK 202.5 million, which with a favourable crediting terms enabled continued investments in new Belupo factories and development of new business segments and markets.

In total, capital investments in further business development in 2016 amounted to HRK 594.2 million, which is 2.2 times higher comparing to 2015.

SBA Food due to positive influence of full year of consolidation of Žito group realized 19.4% higher revenues, despite significant negative influence of exchange rate differences and negative trends in the movement of key subcategories in the Adria region.

Sales revenues from the other strategic business area Pharmaceuticals amounted to HRK 815.2 million, which is 1.3 percent growth comparing to the same period the year before. Without the influence of exchange rate differences, Pharmaceuticals segment would have achieved revenue growth of 3.4%. Own brands achieved 5.5% revenue growth, mostly due to expansion of business cooperation in the market of Russia.

When it comes to Podravka Group markets, the main growth initiator in the observed period is the region Russia, CIS and Baltic, which achieved 35.8 increase in revenue. In the past year, sales revenue growth was also achieved by the region New markets (5.4 percent).

„Last year for the first time Podravka Group achieved sales revenue higher than HRK 4 billion, significantly contributed by the successful first year of integration of Žito d.d. Apart from other numerous activities, the year will be remembered by dividend payment, for the first time after ten years, amounting to HRK 7.00



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per share. Investors have extended great amount of confidence, which is seen in refinancing, with the lowest, debt price in the region.

It was a year of Podravka's great breakthrough into new business segments, such as Food Solution, with innovations in segments of Food and Pharmaceuticals. We have launched numerous innovations of renowned brands in food and new medications in the category of prescription and OTC medications of Belupo. We started creating new business division Nutraceutics, using synergy effect of the two base segments of food and medications. We have offered Nutrixa to the market, a new enteral food as the first products.

During 2016, further business internationalization was continued, with speeding up of the started activities related to Podravka's breakthrough to the markets of Middle East, Africa and China.

Belupo is close to completing the investment cycle worth HRK 500 million, and when in the middle of this year the production in the two new factories starts, it will create additional 100 jobs, significantly influence the GDP, increase exports and improve the general perception of domestic industry.

Podravka's Management Board created a new five-year plan, with a clear ambition of doubling the revenues of Podravka till 2021“ – Zvonimir Mršić, Podravka Management Board president said on the occasion of publishing unaudited business results for 2016.

In 2016 the price of Podravka share grew 13.0 percent aligned with the growth of domestic stock market indices Crobex and Crobex10 which individually grew 18.1 percent and 17.1 percent.