

GENERAL ASSEMBLY PODRAVKA Inc.

June 18th, 2019



Audited annual financial reports for 2018

A red-tinted photograph of a multi-story building with many windows. A sign with the word "PODRAVKA" is visible on the upper left side of the building.

**ZNAMO KAMO
IDEMO JER
ZNAMO ODAKLE
DOLAZIMO**

Management Board and Supervisory Board of PODRAVKA Inc. authorised on April 30th, 2019 audited annual financial statements of PODRAVKA Group (consolidated) and PODRAVKA Inc. (unconsolidated) for 2018.

The reports were published on April 30th, 2019.



Significant sales growth is the result of focus on organic growth

Strong revenue growth of own brands of HRK 124.5m.

Significant investment in the development of own brands and product innovation.





Significant sales growth is the result of focus on organic growth

HRK m	2017.	2018.	Δ	%
Food (own brands)	2,987.0	3,093.2	106.2	3.6%
BU Culinary	880.4	894.0	13.6	1.5%
BU Baby food, sweets and snacks	378.3	411.3	32.9	8.7%
BU Podravka food	388.7	392.0	3.3	0.8%
BU Žito and Lagris	894.0	945.1	51.1	5.7%
BU Meat products, meals and spreads	270.9	270.4	(0.5)	(0.2%)
BU Fish	174.6	180.5	5.8	3.3%
Pharmaceuticals (own brands)	728.9	747.1	18.2	2.5%
Prescription drugs	630.6	643.6	13.0	2.1%
Non-prescription programme	98.3	103.5	5.3	5.4%
Own brands	3,715.8	3,840.3	124.5	3.4%
Other sales	395.3	391.8	(3.5)	(0.9%)
PODRAVKA GROUP	4,111.2	4,232.1	121.0	2.9%

Sales growth has been recorded in all regions

All regions of the Podravka Group achieved revenue growth.

Focus on traditional markets where Podravka Group is a renowned manufacturer.



Sales growth has been recorded in all regions

HRK m	2017.	2018.	Δ	%
Adria	2,888.7	2,960.3	71.5	2.5%
WE and Overseas	423.4	436.4	13.0	3.1%
Central Europe	482.3	512.5	30.2	6.3%
Eastern Europe	286.9	292.4	5.6	1.9%
New markets	29.9	30.6	0.7	2.2%
PODRAVKA GROUP	4,111.2	4,232.1	121.0	2.9%





Efficient cost management has contributed to the significant profitability increase

Refinanced borrowings at more favourable terms (average weighted interest rate 1.7%).

Significant savings in raw material procurement costs.

Redefined approach of planning and approved capital expenditures.





Profitability of Podravka Group is the result of own brands sales growth and increased cost control

<i>HRK m</i>	2017.	2018.	18.-17.	18./17.
Sales revenue	4,111	4,232	121	2.9%
Food	3,244	3,335	92	2.8%
Pharmaceuticals	867	897	29	3.4%
EBITDA	374	464	90	24.0%
<i>EBITDA margin</i>	9.1%	11.0%	-	+186 bb
Food	243	323	80	32.7%
Pharmaceuticals	131	141	10	7.6%
Net profit after MI	18	206	187	1,027.2%
<i>Net profit margin after MI</i>	0.4%	4.9%	-	+442 bb
Food	(30)	145	175	589.7%
Pharmaceuticals	48	61	13	26.7%
FINANCIAL DEBT	1,271	966	(305)	(24.0%)

Continuation of dividend payment policy to shareholders of Podravka Inc.

Podravka continues with a consistent policy of dividend payment to its shareholders.

In 2018, dividend for the year 2017 were paid in the amount of HRK 7.00 per share, in total HRK 48.7m.

The dividend proposal for 2018 is HRK 9.00 per share (an increase of 28.6%).





Significant improvement in material rights of Podravka Group's employees

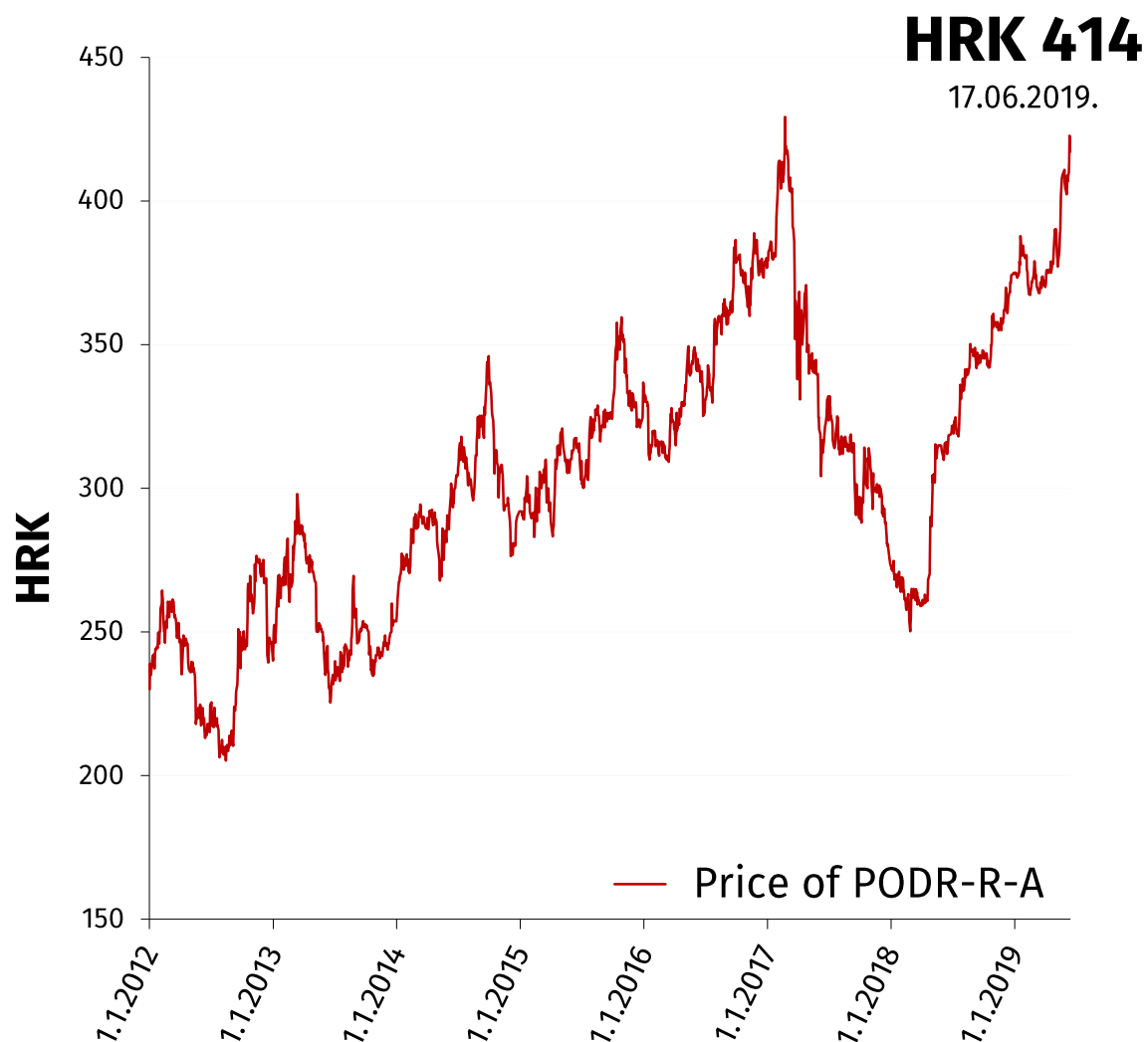
During 2018, the modified and completed collective agreement of Podravka Group was signed and a number of measures were adopted to improve the material rights of Podravka Group's employees.

Total material rights of employees increased by more than HRK 30m.





Shares of Podravka Inc. have been listed on the Prime Market of the Zagreb Stock Exchange



Positioning the Podravka Group as the company with the highest level of transparency.

The average share price of Podravka Inc. on 17.6.2019. amounted to HRK 414 (an increase of 31% in comparison with the same date last year).



Continuation of efficiency increase and competitiveness

Investment in modernization of equipment and investment in machinery will ensure more efficient production of Podravka's products and more success in the regional and international markets.

Further efforts in this direction will increase the competitiveness of Podravka's assortment.

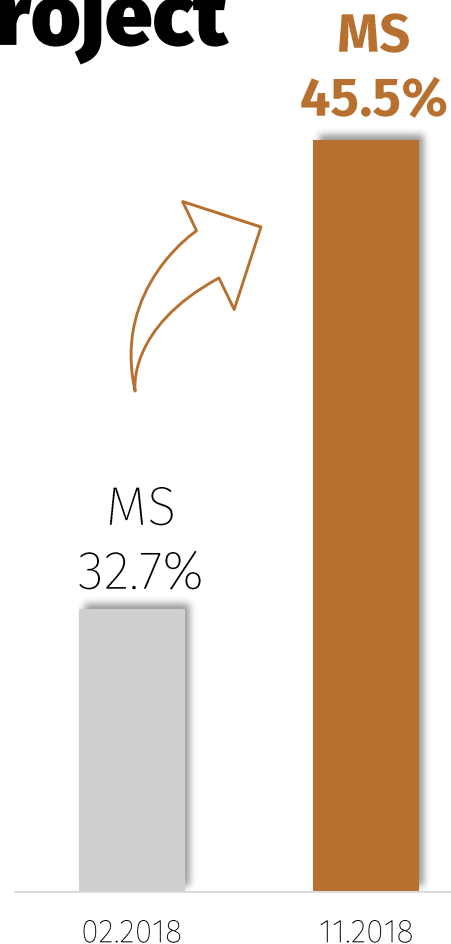




Lino Lada Gold is the product of the year and the most successful project in the FMCG industry in Croatia

Product won the „Golden Cart” for the product of the year and the Superior Taste Award with a maximum rating.

Record sales in 15 markets have been achieved during the promotion with Zlatko Dalić.





The best operating results achieved in the long history of the Podravka Group

Sales revenue of HRK 4.232m (growth of HRK 121m).

Net profit of HRK 206m (growth of HRK 187m).

Financial debt decreased by HRK 305m.

Podravka's share price increased 38.9% (the largest share growth index of Crobex, Crobex10 and Crobex prime).





Podravka Group continues with strong growth in profitability in the first quarter (1.–3.) of 2019

HRK m	1.-3. 2018.	1.-3. 2019.	19.-18.	19./18.
Sales revenue	989	1,017	29	2.9%
Food	790	816	26	3.3%
Pharmaceuticals	199	202	3	1.4%
EBITDA	136	156	21	15.4%
<i>EBITDA margin</i>	13.7%	15.4%	-	+166 bb
Food	102	115	13	12.6%
Pharmaceuticals	33	41	8	23.8%
Net profit after MI	70	80	10	14.8%
<i>Net profit margin after MI</i>	7.1%	7.9%	-	+82 bb
Food	54	63	9	16.9%
Pharmaceuticals	16	17	1	7.9%
FINANCIAL DEBT	966¹	882²	(84)	(8.7%)

¹As at December 31st, 2018; ²As at March 31st, 2019 without liabilities for right-of-use assets.



ZNAMO KAMO IDEMO
JER ZNAMO ODAKLE DOLAZIMO.