



Podravka Group

Always with a heart!

WOOD's Winter in Prague, Emerging Europe Conference, December 2014



Podravka Group at a glance

BUSINESS: food and pharmaceuticals

SALES REVENUES: EUR 477.1 millions in FY13

TOTAL ASSETS: EUR 455.0 millions on 31/12/2013

EMPLOYEES: 5,558 on 30/09/2014

YEAR OF ESTABLISHMENT: 1947

- 67 years of experience in food production
- 42 years of experience in pharmaceutical production
- culinary institution in South East Europe

HEADQUARTERS: Koprivnica, Croatia

MAIN MARKETS:

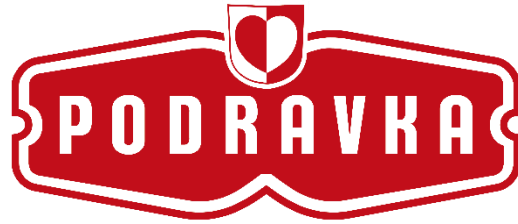
- South East Europe
- Central Europe
- Eastern Europe

SHARE LISTING: the Zagreb Stock Exchange, Croatia

- market capitalization of EUR 207.9 millions*



Note: All figures in presentation are transferred at EUR/HRK exchange rate of 7.6 to avoid FX differences; *MCap on 28/11/2014.



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Long tradition of food and pharmaceutical production



1934

Fruit processing and marmalade workshop by brothers Wolf established



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



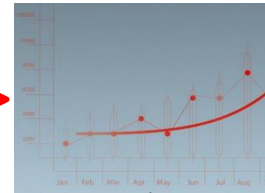
1970

Bottling facility for spring water enters Podravka, non-alcoholic beverages production established



1972

Belupo pharmaceutical company established, pharmaceutical production established



1993

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



2006

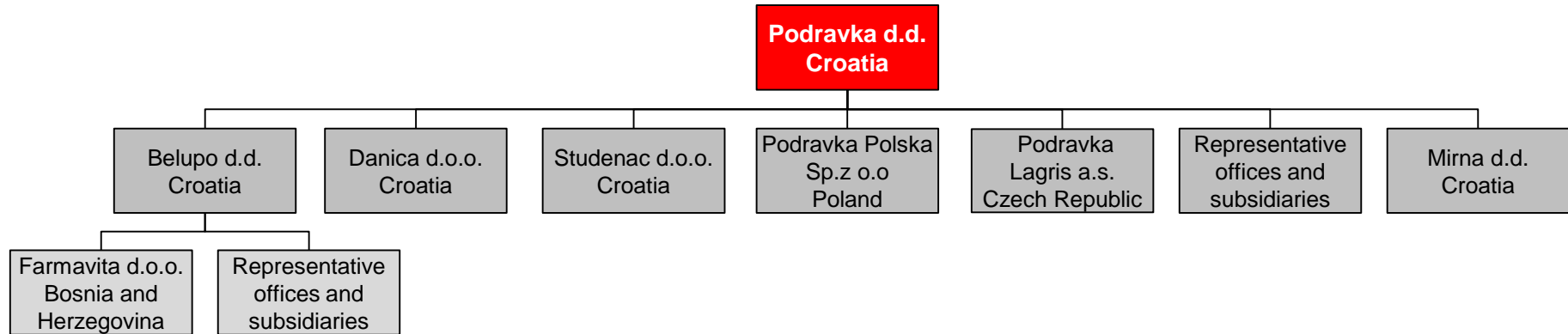
Eva, fish products brand, acquisition



2014

Mirna, fish products producer, enters Podravka

Presence in South-East, Central and Eastern Europe



Podravka Group

- holding company
- 23 subsidiaries
- 15 representative offices
- presence in 20 countries

8 production companies

- Podravka d.d. → various food products
- Belupo d.d. → pharmaceuticals
- Danica d.o.o. → meat products
- Studenac d.o.o. → non-alcoholic beverages
- Podravka Polska Sp.z o.o → seasonings
- Podravka Lagris a.s. → rice, pulses
- Mirna d.d. → fish products
- Farmavita d.o.o. → pharmaceuticals



Local production with regional distribution network

14 production facilities

- Croatia → 11 facilities
 - Koprivnica (6 food facilities, 1 pharmaceutical)
 - Lipik (non-alcoholic beverages)
 - Umag (vegetables)
 - Varaždin (vegetables)
 - Rovinj (fish products)
- Bosnia and Herzegovina → 1 facility (pharmaceutical)
- Czech Republic → 1 facility (rice, pulses)
- Poland → 1 facility (seasonings)

Own distribution network in SEE and CE

South – East Europe

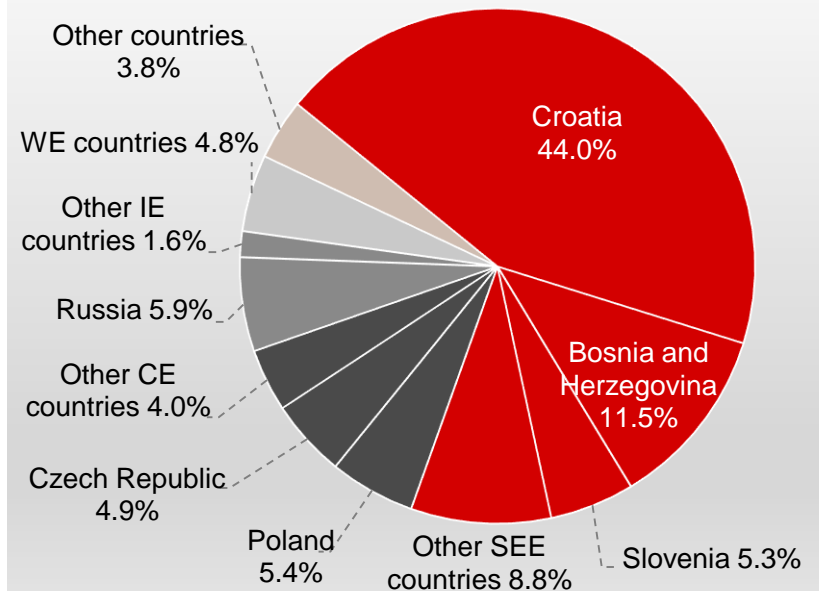
- Croatia
- Bosnia and Herzegovina
- Macedonia
- Montenegro
- Serbia
- Slovenia

Central Europe

- Czech Republic
- Hungary
- Poland
- Slovakia



Main markets in terms of sales revenues in 2013



Stable ownership structure and developed corporate governance

Management board



Zvonimir Mršić

President



Jadranka Ivanković

Member



Olivija Jakupec

Member



Miroslav Klepač

Member



Hrvoje Kolarić

Member

Supervisory board

President:

- Dubravko Štimac

Vice President:

- Mato Crkvenac

Members:

- Ivana Matovina
- Martinka Marđetko Vuković
- Ivo Družić
- Milan Sojanović
- Petar Vlaić
- Dinko Novoselec
- Petar Miladin

Audit committee

President:

- Dinko Novoselec

Members:

- Petar Vlaić
- Ivana Matovina
- Mato Crkvenac

Remuneration committee

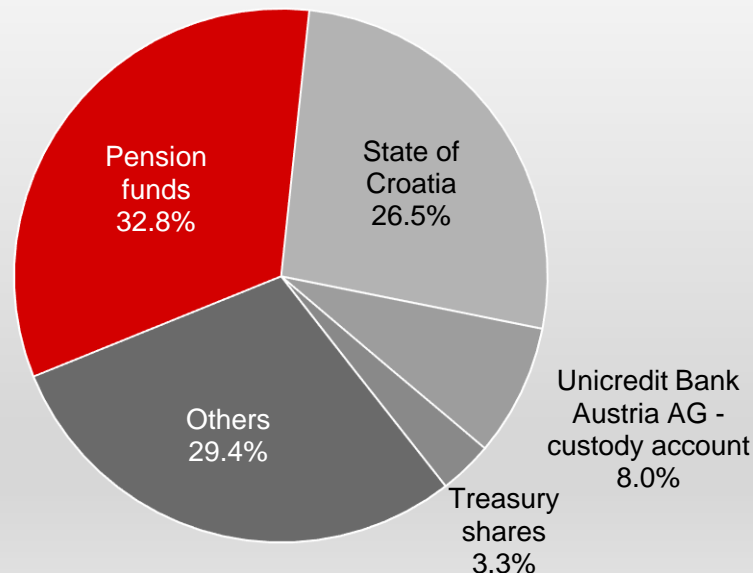
President:

- Petar Vlaić

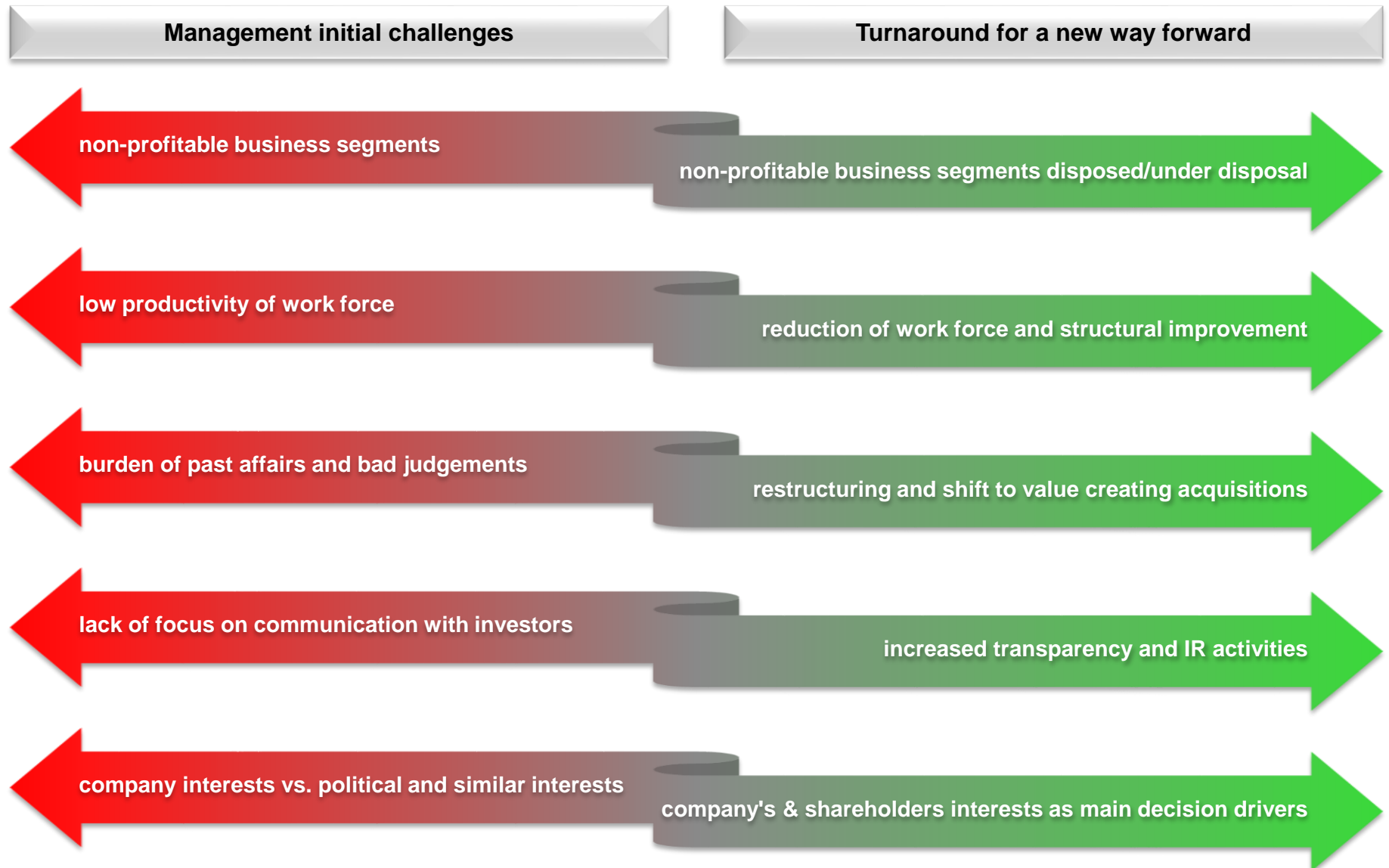
Members:

- Dubravko Štimac
- Milan Stojanović

Shareholder structure on 30/09/2014



Current management was introduced in 2012





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A well diversified product portfolio divided in two business areas

Strategic Business Area Food and Drinks

- Culinary category
- Sweets, snacks and beverages category
- Baby food, breakfast foods and other food category
- Meat products category
- Other sales

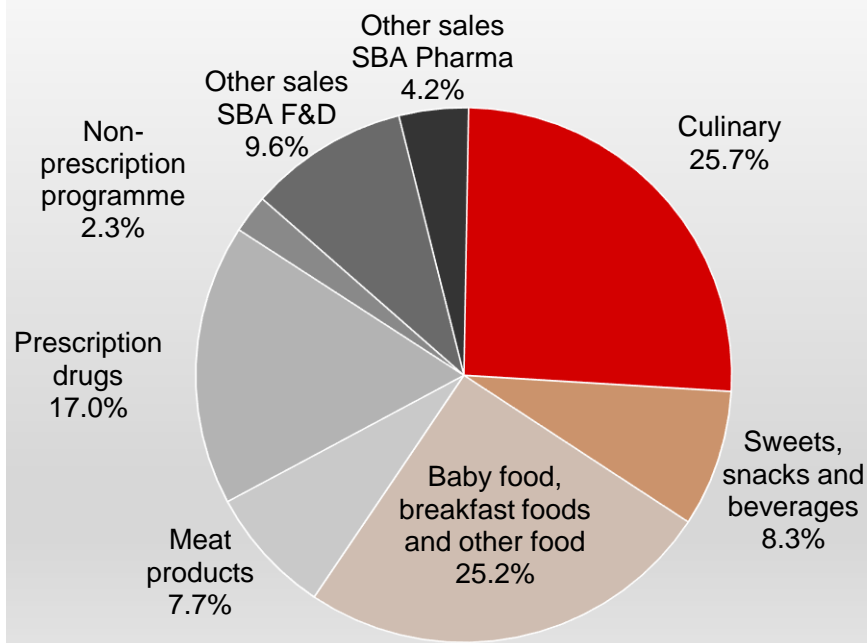
Strategic Business Area Pharmaceuticals

- Prescription drugs category
- Non-prescription programme category
- Other sales

Sales revenues in EUR millions

	2013	%
SBA Food and Drinks	365.1	76.5%
SBA Pharmaceuticals	112.0	23.5%
Podravka Group	477.1	100.0%

Sales revenues by categories in 2013



Culinary category is the cornerstone of food business

Food seasonings and bouillons

- universal seasonings, special seasonings, liquid marinades, spices, bouillons



Podravka dishes and food mixes

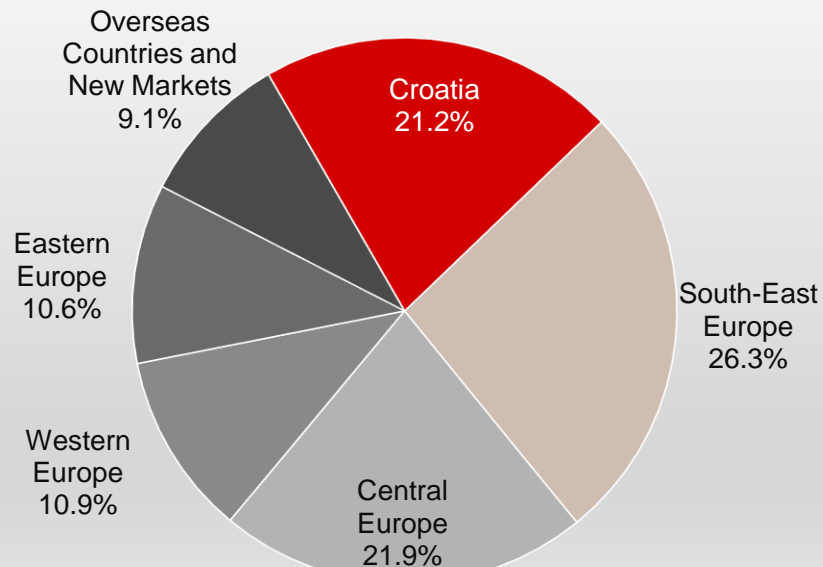
- soups, semi-ready meals, dish mixes, sauces and dressings, mashed potato



Sales revenues in EUR millions

	2013	%
Food seasonings and bouillons	86.9	18.2%
Podravka dishes and food mixes	35.6	7.5%
Culinary	122.5	25.7%

Culinary category sales revenues by markets in 2013



Sweets and snacks with beverages under restructuring

Sweets and snack

- powdered sweets, ready made sweets, cold sweets, salted snacks



Beverages

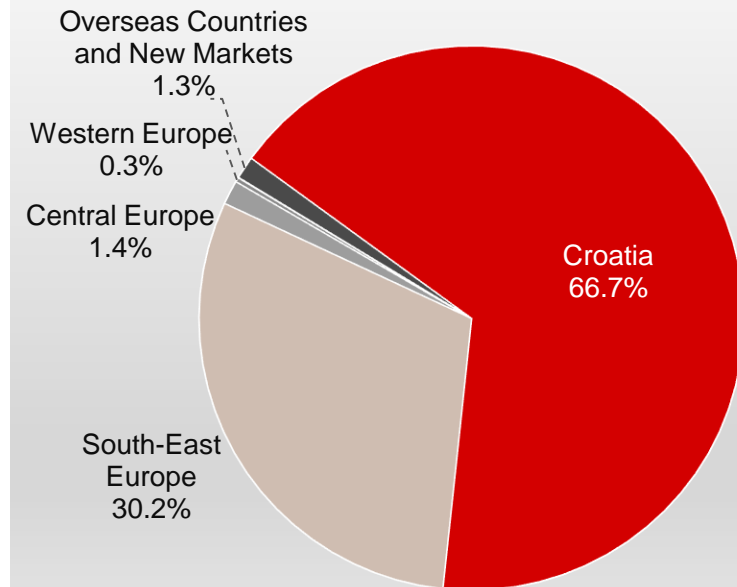
- mineral water, spring water, ice tea, juices, tea, powdered drinks



Sales revenues in EUR millions

	2013	%
Sweets and snacks	19.3	4.0%
Beverages	20.2	4.2%
Sweets, snacks and beverages	39.5	8.3%

Sweets, snacks and drinks category sales revenues by markets in 2013



Baby food, breakfast food and other food category

Baby food and breakfast food

- dehydrated baby food, baby biscuits, cereals for kids, breakfast cereals, spreads



Other food

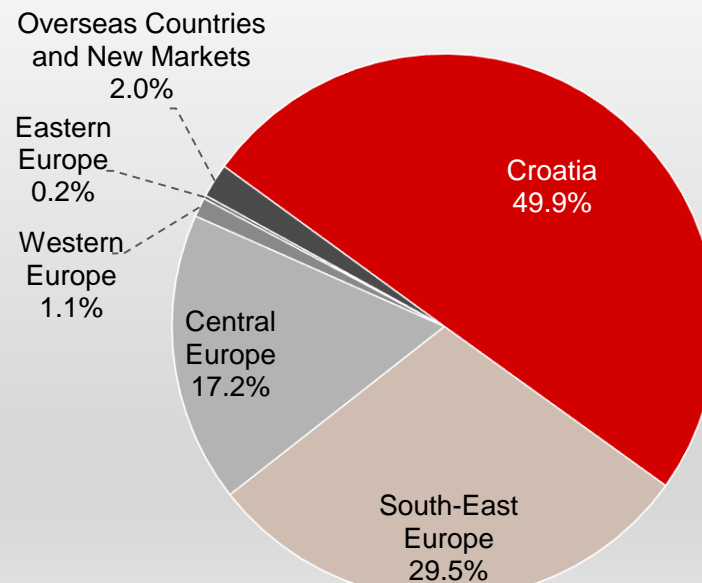
- vegetables, condiments, flour, fish products, tomato based products, rice, pasta, sauces



Sales revenues in EUR millions

	2013	%
Baby food and breakfast foods	42.5	8.9%
Other food	77.6	16.3%
Baby food, breakfast foods and other food	120.2	25.2%

Baby food, breakfast food and other food category sales revenues by markets in 2013



Meat products category and Other sales in F&D business area

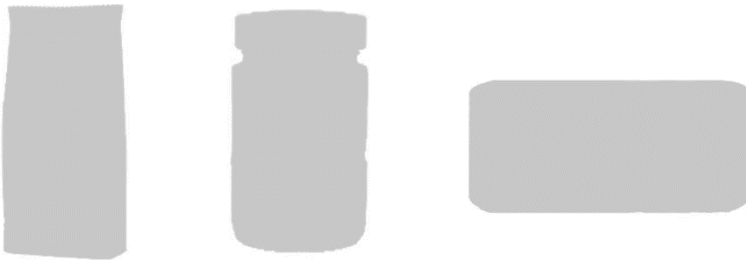
Meat products

- canned ready to eat meals and meat sauces, sausages, pâtés, frozen meat



Other sales SBA F&D

- private labels, service production, trade goods, other



Sales revenues in EUR millions

Meat products

2013

%

37.0

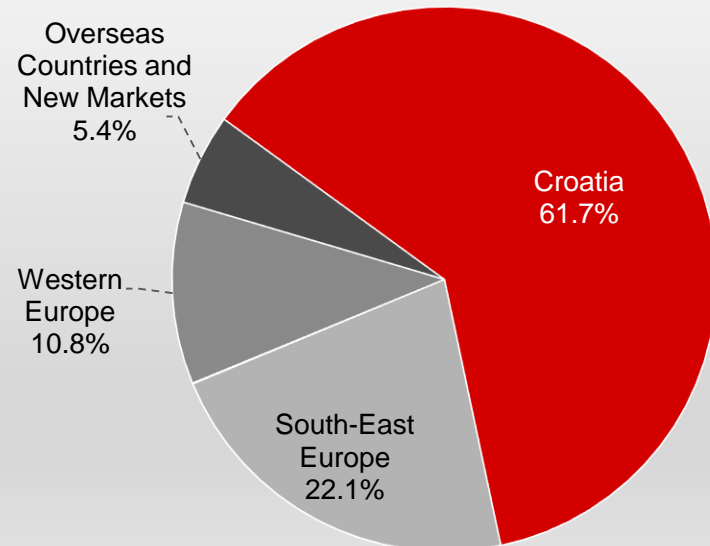
7.7%

Other sales SBA F&D

45.9

9.6%

Meat products category sales revenues by markets in 2013



Prescription drugs category is the cornerstone of pharmaceutical business

Prescription drugs

- prescription medicine for skin disorders, heart and blood vessels, central nervous system and for 8 more areas



Non-prescription programme

- OTC medicine, dietary products, natural products



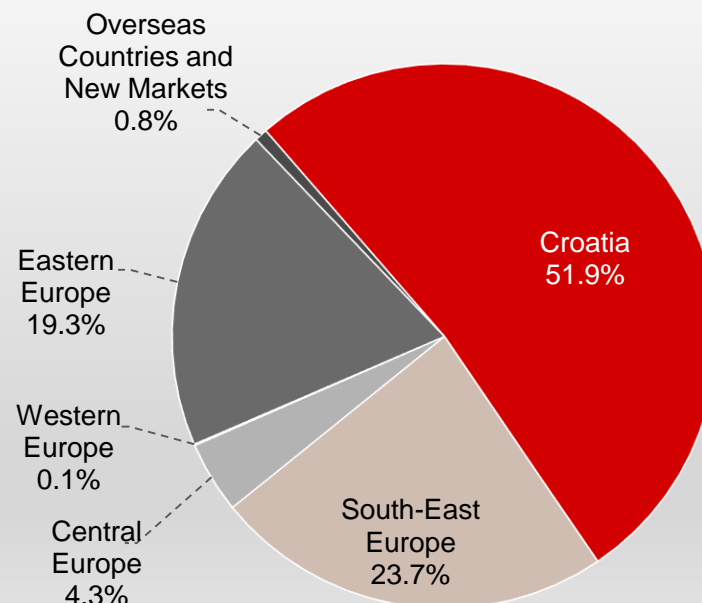
Other sales SBA Pharma

- trade goods, services

Sales revenues in EUR millions

	2013	%
Prescription drugs	81.0	17.0%
Non-prescription programme	11.0	2.3%
Other sales SBA Pharma	20.0	4.2%

SBA Pharmaceuticals sales revenues by markets in 2013





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Main brands I

Vegeta – number 1 seasoning in Europe

- universal dish seasoning
- category synonym in SEE and CE
- 55 years of tradition



Volume market position	Croatia	Slovenia	B&H	Poland	Czech Republic	Russia
Vegeta	1	1	1	3	1	2

Podravka soups

- instant soups
- strong market leader in SEE
- 57 years of tradition



Volume market position	Croatia	Slovenia	B&H	Russia
Podravka soups	1	2	1	7

Main brands II

Lino – brand for kids and adults

- dehydrated baby food, cream spreads, breakfast cereals, drinks, impulse programme
- Čokolino is a synonym for category in SEE
- 44 years of tradition



Volume market position	Croatia	Slovenia	B&H
Dehydrated baby food	1	1	1

Eva – flagship of Mediterranean cuisine

- canned fish, fish salads, fish spreads
- one of the most recognisable brands in canned fish category
- since 2006 under Podravka portfolio



Volume market position	Croatia	Slovenia	B&H
Eva	2	4	1

Main brands III

Dolceta

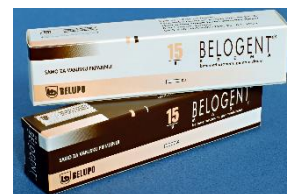
- products for preparation of sweets
- puddings, whipped cream, cake mixes, desserts, baking additives
- 1967-1997 production for Dr. Oetker, from 1998 own production



Volume market position	Croatia	Slovenia	B&H
Dolceta	1	2	1

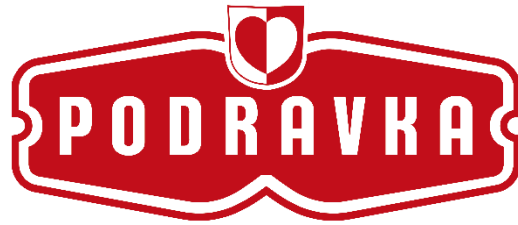
Prescription drugs – strong position in niche markets

- skin disorder drugs
- heart and blood vessels drugs
- central nervous system drugs



Volume market position	Croatia	Russia	Czech Republic	Slovenia	B&H	Serbia	Montenegro	Macedonia	Slovakia
D07*	1	5	2	2	1	2	2	1	4

*Corticosteroids for the treatment of skin disorder.



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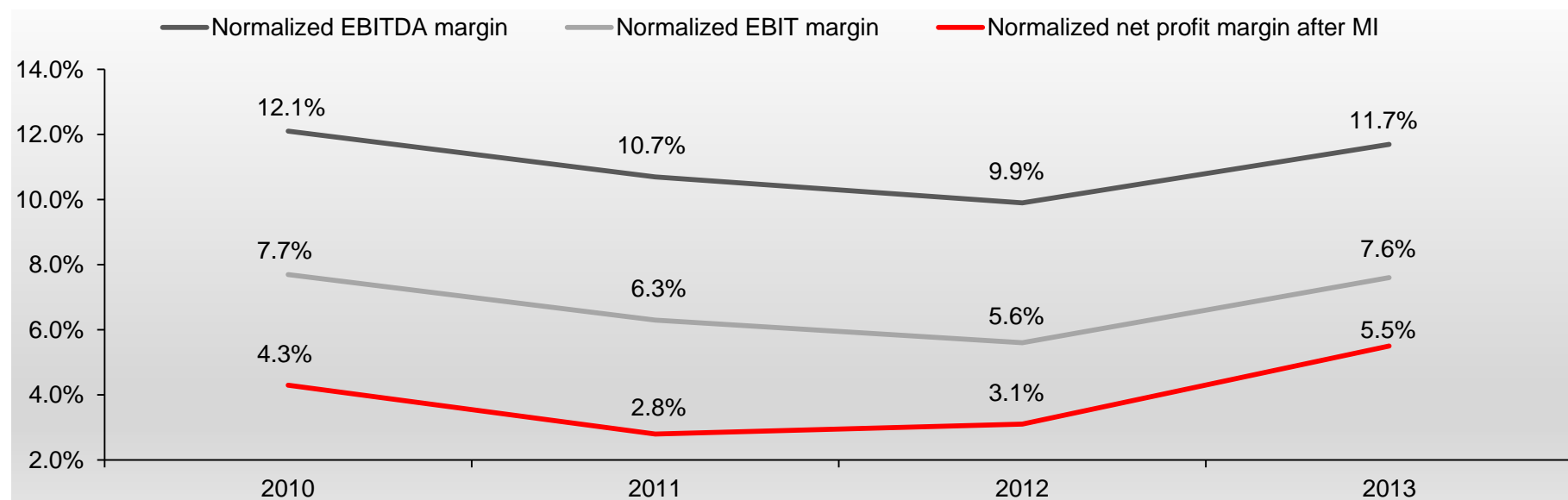
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Profitability improvement...

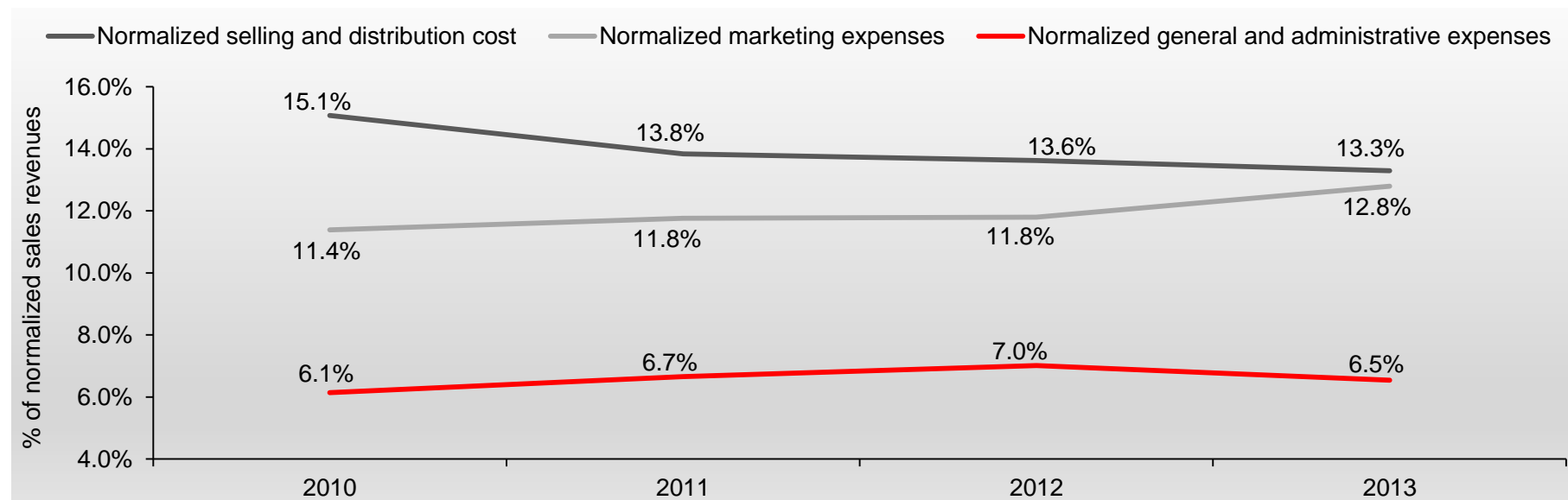
(in EUR millions)	2010	2011	2012	2013	2013/2012	CAGR (10-13)
Normalized sales revenues	463.5	477.0	477.2	477.1	(0.0%)	1.0%
Normalized gross profit	190.4	187.5	186.3	197.7	6.1%	1.3%
Normalized EBITDA	56.2	51.2	47.1	55.8	18.3%	(0.3%)
Normalized EBIT	35.8	30.2	26.9	36.2	34.6%	0.4%
Normalized net profit after MI	19.9	13.4	14.8	26.3	77.6%	9.8%
Normalized gross profit margin	41.1%	39.3%	39.0%	41.4%	+240 bp	n/a
Normalized EBITDA margin	12.1%	10.7%	9.9%	11.7%	+180 bp	n/a
Normalized EBIT margin	7.7%	6.3%	5.6%	7.6%	+200 bp	n/a
Normalized net profit margin after MI	4.3%	2.8%	3.1%	5.5%	+240 bp	n/a



Normalized: Excluding one-off items.

...as a result of business optimisation

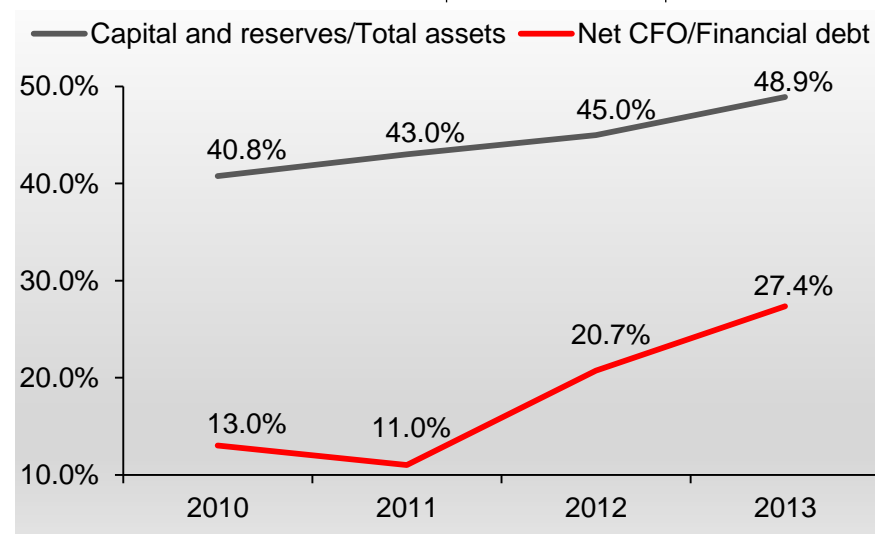
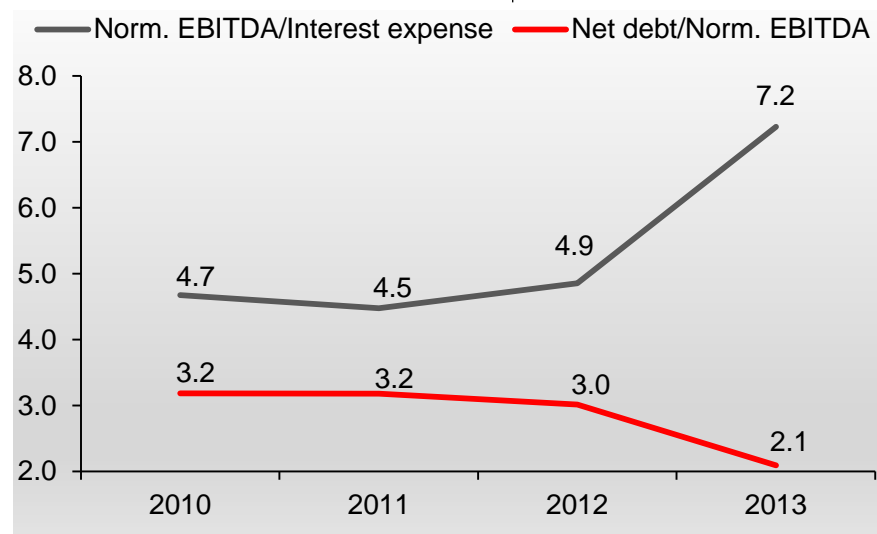
(in EUR millions)	2010	2011	2012	2013	2013/2012	CAGR (10-13)
Cost of goods sold	259.7	276.4	278.4	266.6	(4.2%)	0.9%
General and administrative expenses	28.5	31.8	33.5	31.2	(6.8%)	3.1%
Selling and distribution cost	69.9	66.0	65.0	63.4	(2.4%)	(3.2%)
Marketing expenses	52.8	56.1	56.3	61.0	8.4%	4.9%
Other expenses	4.1	10.4	5.0	11.4	128.6%	40.7%
Depreciation	14.5	10.6	14.4	7.4	(48.8%)	(20.3%)
Total normalized operating expenses	429.4	451.4	452.5	441.0	(2.5%)	0.9%
Net effect of one-off items	8.8	8.1	12.6	19.0	50.5%	29.1%
Total reported operating expenses	438.2	459.5	465.1	460.0	(1.1%)	1.6%



Note: Operating expenses excluding one-off items; Total operating expenses include all expenses between sales and EBIT level.

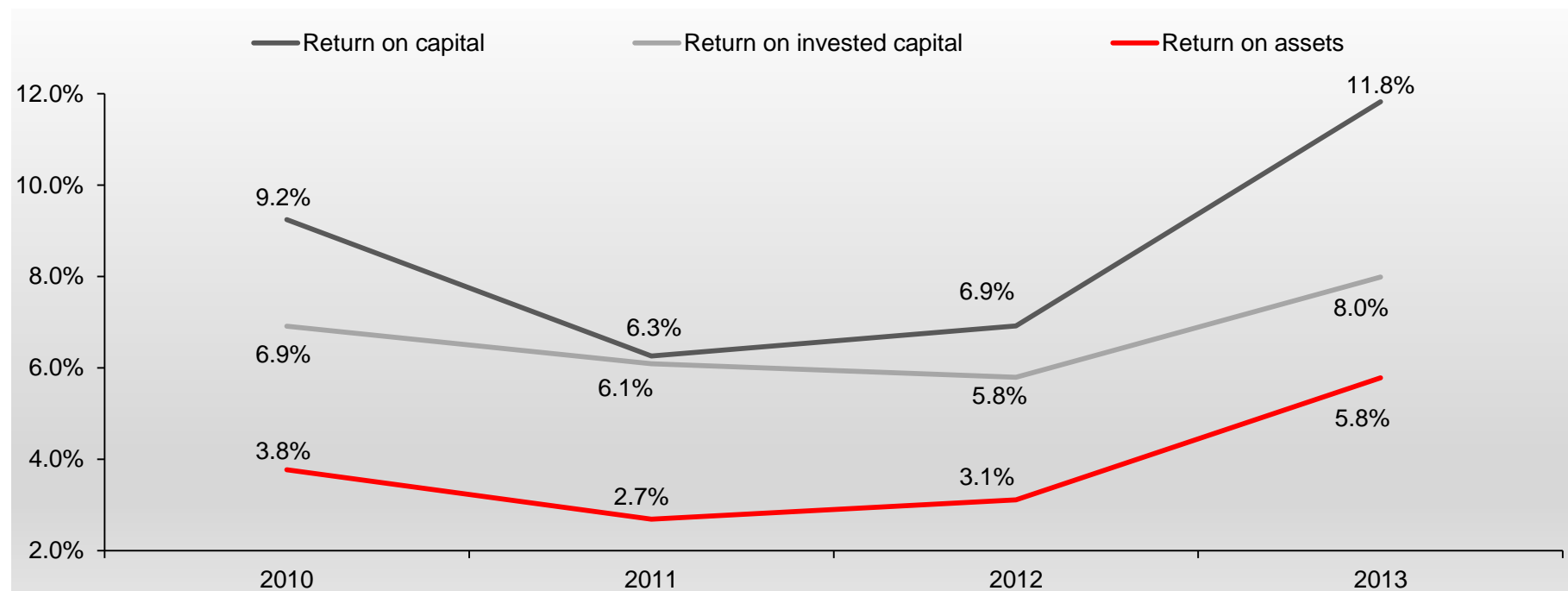
Significantly improved debt position

(in EUR millions)	2010	2011	2012	2013	2013/2012	CAGR (10-13)
Total assets	527.4	498.4	476.0	455.0	(4.4%)	(4.8%)
Capital and reserves	215.1	214.4	214.2	222.6	3.9%	1.1%
Net debt	178.9	162.8	142.1	116.6	(17.9%)	(13.3%)
Financial debt	198.9	182.0	157.6	140.3	(11.0%)	(11.0%)
Interest expense	12.0	11.5	9.7	7.7	(20.6%)	(13.7%)
Net cash flow from operating activities	25.9	20.0	32.7	38.4	17.5%	14.0%
Net debt/Normalized EBITDA	3.2	3.2	3.0	2.1	(30.6%)	(13.1%)
Normalized EBITDA/Interest expense	4.7	4.5	4.9	7.2	48.9%	15.6%
Net CFO/Financial debt	13.0%	11.0%	20.7%	27.4%	+664 bp	n/a
Capital and reserves/Total assets	40.8%	43.0%	45.0%	48.9%	+391 bp	n/a

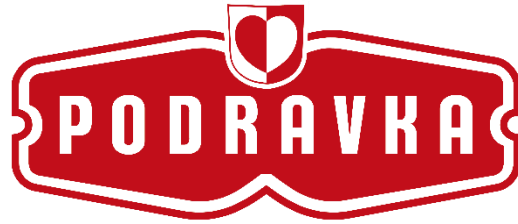


Returns on investments are showing stable growth

(in EUR 000)	2010	2011	2012	2013	2013/2012	CAGR (10-13)
Number of employees (in units)	6,570	6,377	6,115	5,717	(6.5%)	(4.5%)
Sales revenues/Number of employees	70.5	74.8	78.0	83.5	6.9%	5.8%
Net profit/Number of employees	3.0	2.1	2.4	4.6	90.0%	15.0%
Return on assets	3.8%	2.7%	3.1%	5.8%	+267 bp	n/a
Return on capital	9.2%	6.3%	6.9%	11.8%	+491 bp	n/a
Return on invested capital	6.9%	6.1%	5.8%	8.0%	+219 bp	n/a



Note: Return on invested capital calculated as: $EBIT \times (1 - \text{effective tax rate of } 20\%) / (\text{capital and reserves} + \text{long and short term financial debt})$; Ratios calculated excluding one-off items.



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Significant events in the 1-9 2014

Refinancing of loan liabilities:

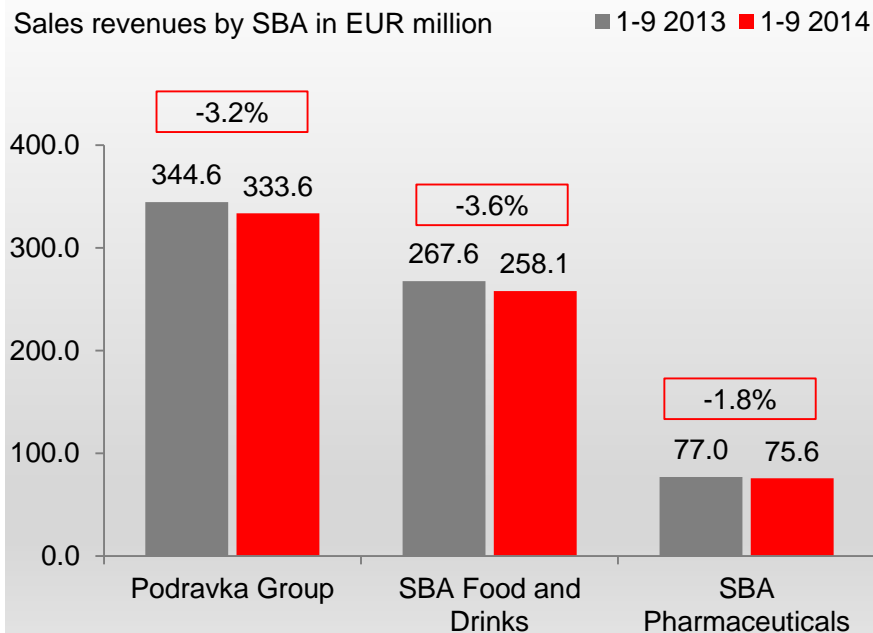
- syndicated loan:
 - EBRD → arranger,
 - three commercial banks (Erste Group Bank AG, Raiffeisen Bank International AG and Unicredit Bank Austria AG),
- refinanced amount of EUR 73.4 million:
 - significantly lower interest rates,
 - prolonged maturity rates.
- purpose → balance sheet restructuring,
- expected savings → EUR 1.0 million on interest rates in July 2014 – December 2015 period.

Continuation of the restructuring process:

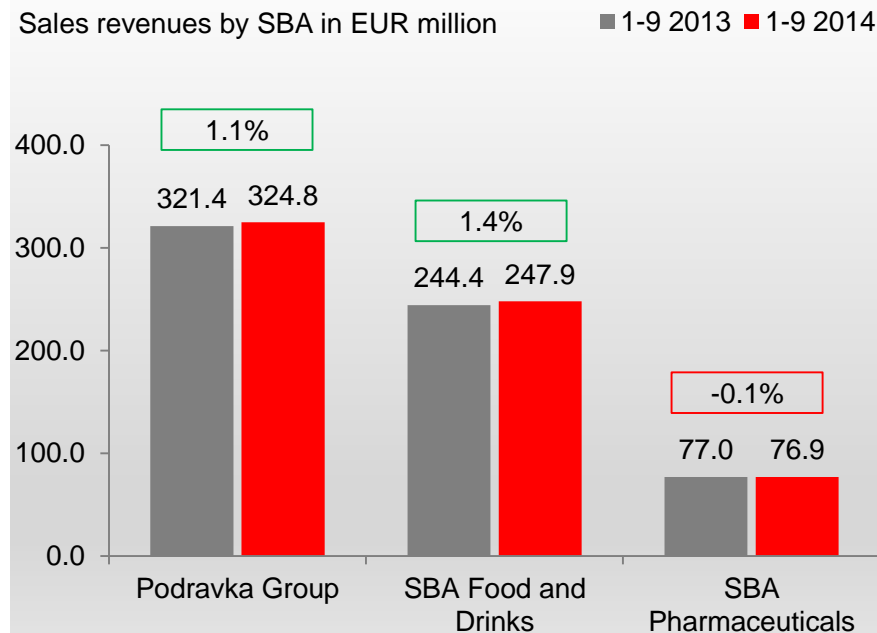
- closing of low-profit segment of bakery in early April,
- beverages segment optimization → better cost structure and gross margin,
- continuation of redundant labour programme:
 - 392 employees left the company with severance payments in 1-9 2014,
 - EUR 4.0 million of expected savings in 2014, EUR 5.5 million of expected savings in 2015.

Significant influence of external and restructuring factors on sales revenues

REPORTED



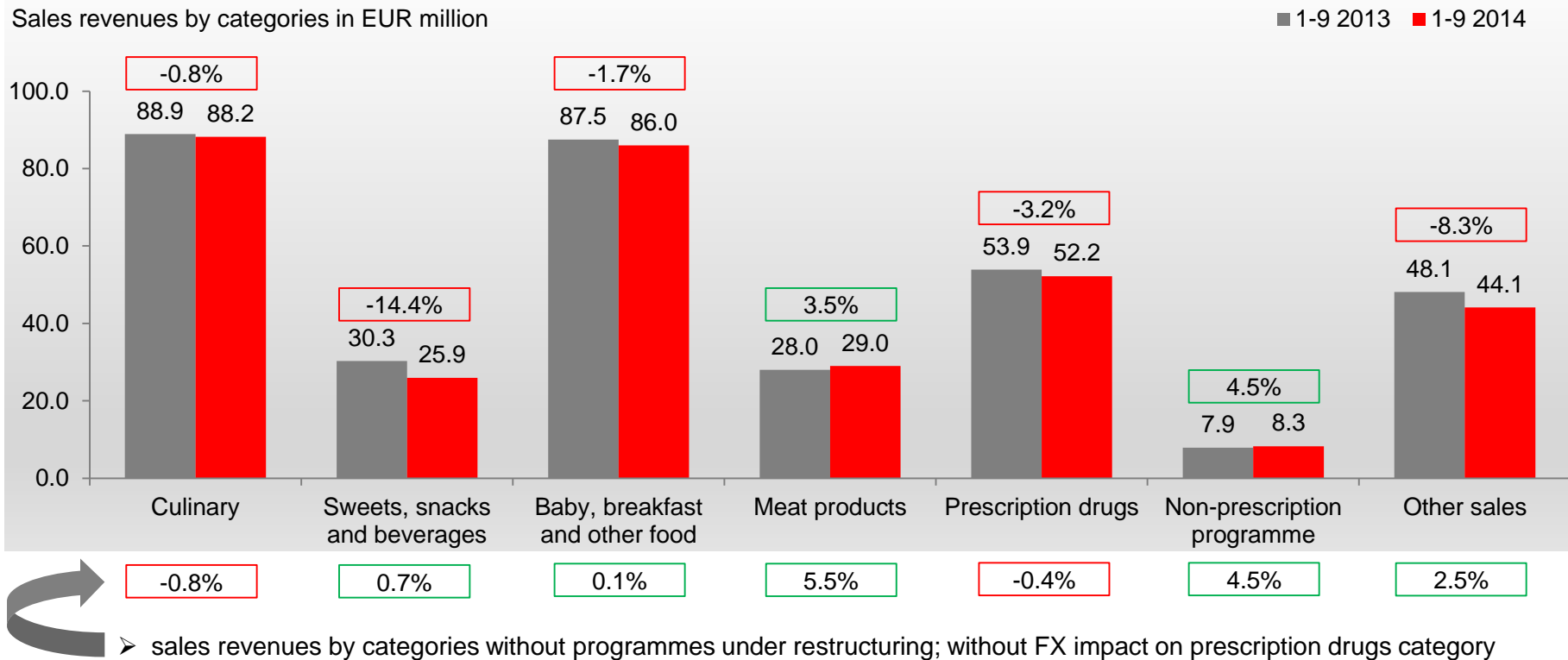
NO PROGRAMMES UNDER RESTRUCTURING AND FX



The biggest impacts on sales revenues:

- EUR -11.6 million → lower sales revenues from programmes under restructuring that were not (fully) present in 1-9 2014,
- EUR -2.8 million → negative impact of net foreign exchange differences (FX),
- EUR -5.4 million → estimated negative impact from the decision of the Croatian Health Insurance Fund to reduce purchase prices of prescription drugs in May 2013 and February 2014,
- EUR -2.6 million → lower sales revenues of beverages in 3Q 2014 yoy because of exceptionally unfavourable weather conditions,
- reduction of exposure to distributors (through a decrease in inventories) in pharmaceutical segment the market of Russia in H1 2014 as a protection measure from the depreciation of the Russian ruble.

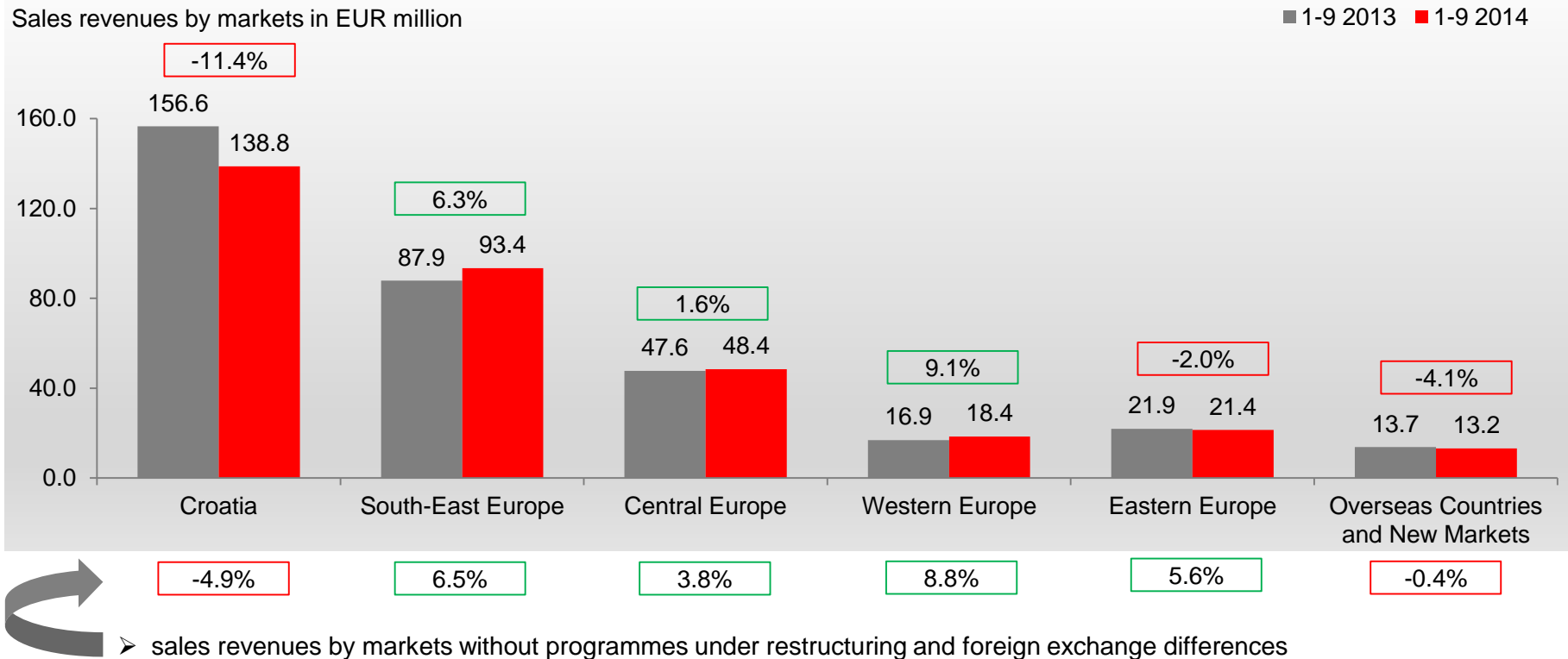
Growth of majority of categories without programmes under restructuring



Key highlights:

- culinary → negative impact of the markets of Croatia and Australia, growth on the markets of Western and Eastern Europe,
- sweets, snacks and beverages → EUR 2.6 million lower sales of beverages in 3Q 2014 affected by unfavourable weather conditions,
- meat products → growth in the market of Croatia and in the market of Western Europe,
- prescription drugs (RX) → negative impact of price reduction on the market of Croatia; volume growth → Croatia +12%, Russia +11%,
- non-prescription programme → OTC drugs subcategory growth on the markets of Croatia and Russia.

Reported sales revenues in foreign markets up 3.6%



Key highlights:

- Croatia → 0.8% lower sales revenues without programmes under restructuring and price reduction in prescribed drugs category,
- South-East Europe → sales revenue growth of Eva & Dolcela brands, baby & breakfast food assortment, RX drugs & trade goods,
- Central Europe → negative impact of Czech krone, sales revenue growth of bouillons, tomato based products & RX for skin disorder,
- Western Europe → sales revenue growth of universal seasonings, especially on the market of Germany,
- Eastern Europe → negative impact of Russian rouble, sales revenue growth of universal seasoning on the market of Romania, sales revenue growth of soups on the market of Russia,
- Overseas Countries & New Markets → negative impact of Australian dollar and distribution model change in Australia and USA.

Profitability improvement in food and drinks business segment

SBA Food and Drinks <i>(in EUR million)</i>	REPORTED RESULT			EXCLUDING ONE-OFF ITEMS		
	1-9 2014	1-9 2013	% change	1-9 2014	1-9 2013	% change
Sales revenue	258.1	267.6	(3.6%)	258.1	267.6	(3.6%)
Gross profit	98.0	100.0	(1.9%)	98.0	100.0	(1.9%)
EBITDA	22.2	22.6	(1.8%)	27.5	26.9	2.3%
EBIT	12.2	12.1	1.1%	17.5	16.4	6.9%
Net profit after MI	6.1	7.2	(15.6%)	11.3	11.5	(2.2%)
Gross margin	38.0%	37.4%	+63 bp	38.0%	37.4%	+64 bp
EBITDA margin	8.6%	8.4%	+16 bp	10.7%	10.1%	+61 bp
EBIT margin	4.7%	4.5%	+22 bp	6.8%	6.1%	+67 bp
Net profit margin after MI	2.4%	2.7%	-34 bp	4.4%	4.3%	+6 bp

Key highlights:

- gross margin growth → EUR 7.6 million lower cost of goods sold,
- EBIT margin growth → additional impact of EUR 1.2 million lower other operating expenses,
- lower net profit margin after MI → higher tax liabilities compared to 1-9 2013 when the tax base was significantly lowered by tax losses from previous periods carried forward,
- normalized results better than reported on all levels.

One-off items:

1-9 2014:

- EUR -5.2 million of net effect,
- most significant item EUR -6.7 million of severance payments.

1-9 2013:

- EUR -4.4 million of net effect,
- most significant item EUR -4.7 million of severance payments.

Prescription drugs price reduction significantly influenced profitability

SBA Pharmaceuticals	REPORTED RESULT			EXCLUDING ONE-OFF ITEMS		
(in EUR million)	1-9 2014	1-9 2013	% change	1-9 2014	1-9 2013	% change
Sales revenue	75.6	77.0	(1.8%)	75.6	77.0	(1.8%)
Gross profit	39.8	42.2	(5.7%)	39.8	42.2	(5.7%)
EBITDA	11.3	13.7	(17.6%)	11.7	14.5	(19.6%)
EBIT	7.2	9.4	(23.8%)	7.6	10.2	(26.1%)
Net profit after MI	4.7	5.6	(16.1%)	5.1	6.4	(20.7%)
Gross margin	52.6%	54.8%	-214 bp	52.6%	54.8%	-214 bp
EBITDA margin	15.0%	17.8%	-287 bp	15.5%	18.9%	-343 bp
EBIT margin	9.5%	12.2%	-273 bp	10.0%	13.3%	-329 bp
Net profit margin after MI	6.2%	7.3%	-106 bp	6.7%	8.3%	-160 bp

Key highlights:

- lower gross margin → price reduction on prescription drugs led to lower sales revenues, growth of cost of goods sold due to larger production volumes,
- lower EBIT margin → mitigated by EUR 0.3 million lower other operating expenses,
- lower net profit margin after minorities → mitigated by EUR 0.5 million lower interest expenses on loans and lower tax liability.

One-off items:

1-9 2014:

- EUR -0.4 million of severance payments.

1-9 2013:

- EUR -0.8 million of severance payments.

The positive effects of the restructuring process are still not fully noticeable

Podravka Group	REPORTED RESULT			EXCLUDING ONE-OFF ITEMS		
(in EUR million)	1-9 2014	1-9 2013	% change	1-9 2014	1-9 2013	% change
Sales revenue	333.6	344.6	(3.2%)	333.6	344.6	(3.2%)
Gross profit	137.8	142.1	(3.0%)	137.8	142.1	(3.0%)
EBITDA	33.5	36.3	(7.8%)	39.2	41.4	(5.4%)
EBIT	19.4	21.5	(9.8%)	25.1	26.6	(5.8%)
Net profit after MI	10.8	12.8	(15.8%)	16.4	18.0	(8.9%)
Gross margin	41.3%	41.2%	+6 bp	41.3%	41.2%	+6 bp
EBITDA margin	10.0%	10.5%	-50 bp	11.7%	12.0%	-28 bp
EBIT margin	5.8%	6.2%	-43 bp	7.5%	7.7%	-21 bp
Net profit margin after MI	3.2%	3.7%	-48 bp	4.9%	5.2%	-31 bp

Key highlights:

- gross margin growth → EUR 6.6 million lower cost of goods sold,
- lower EBIT margin → mitigated by EUR 1.5 million lower other operating expenses,
- lower net profit margin after minorities → mitigated by EUR 0.9 million lower interest expenses on loans, negative impact of higher tax liabilities,
- normalized result better than reported on all levels.

One-off items:

1-9 2014:

- EUR -5.6 million of net effect,
- most significant item EUR -7.0 million of severance payments.

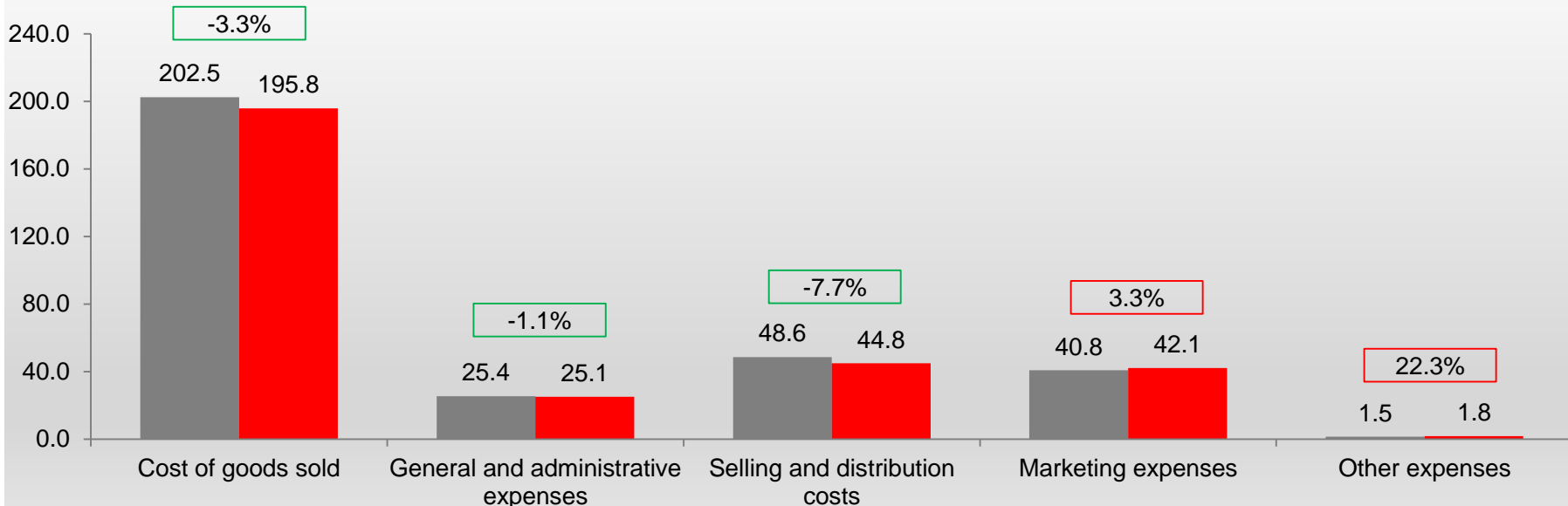
1-9 2013:

- EUR -5.2 million of net effect,
- most significant item EUR -5.5 million of severance payments.

Total normalized operating expenses lower by EUR 9.0 million

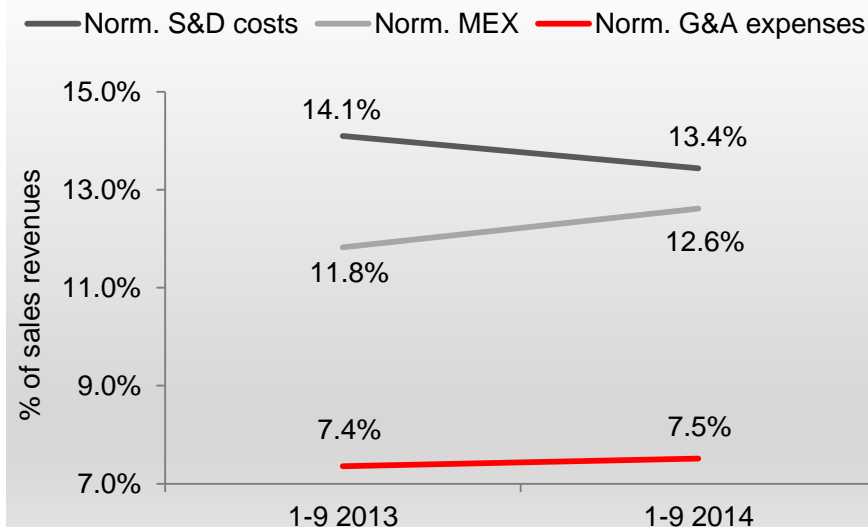
Normalized operating expenses in EUR million

■ 1-9 2013 ■ 1-9 2014



Key highlights:

- cost of goods sold → positive impact of favourable trends of key raw material prices, lower personnel expenses,
- general and administrative expenses → lower personnel expenses,
- selling and distribution costs → lower reservations for trade account receivables, lower rental costs,
- marketing expenses → stronger marketing activities in the segments of baby food and breakfast food,
- other expenses → slightly higher net realized FX differences.



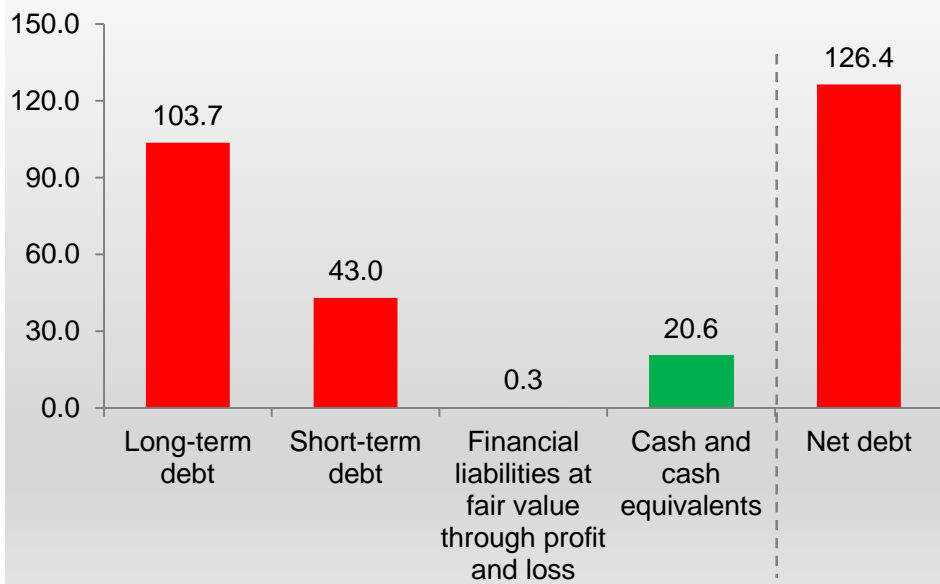
Still low level of indebtedness

(in EUR thousands)	1-9 2014	2013	% change
Net debt	126,398	116,649	8.4%
Interest expense	6,098	6,964	(12.4%)
Net debt/Norm. EBITDA	2.4	2.1	12.9%
Norm. EBITDA/Interest expense	8.8	8.0	9.6%
Equity to total assets ratio	49.9%	48.9%	+98 bp

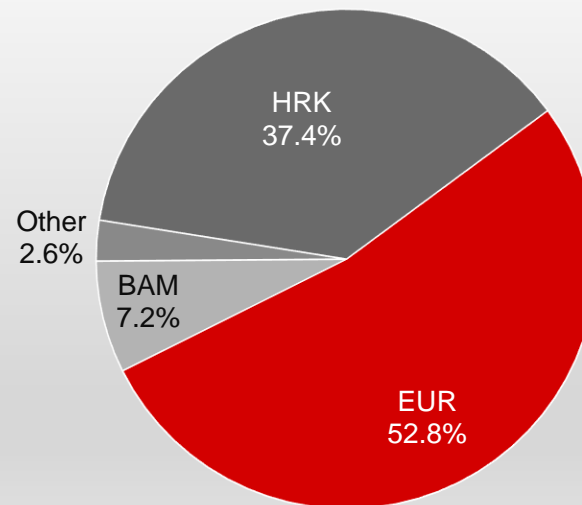
Key highlights:

- net debt growth → result of EUR 6.7 million financial debt increase and EUR 3.0 million lower cash and cash equivalents,
- lower interest expenses → result of refinancing under favourable commercial terms and repayment of a part of a loan,
- weighted average cost of debt → 3.4% on 30.09.2014.

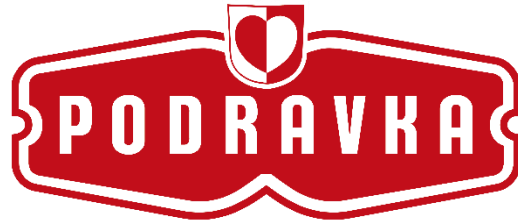
Net debt components in EUR million on 30/09/2014



Currency structure of debt on 30/09/2014



Note: P&L indicators calculated on the trailing twelve month basis; BS indicators taken on 30/09/2014.



The Company

Business

Main brands

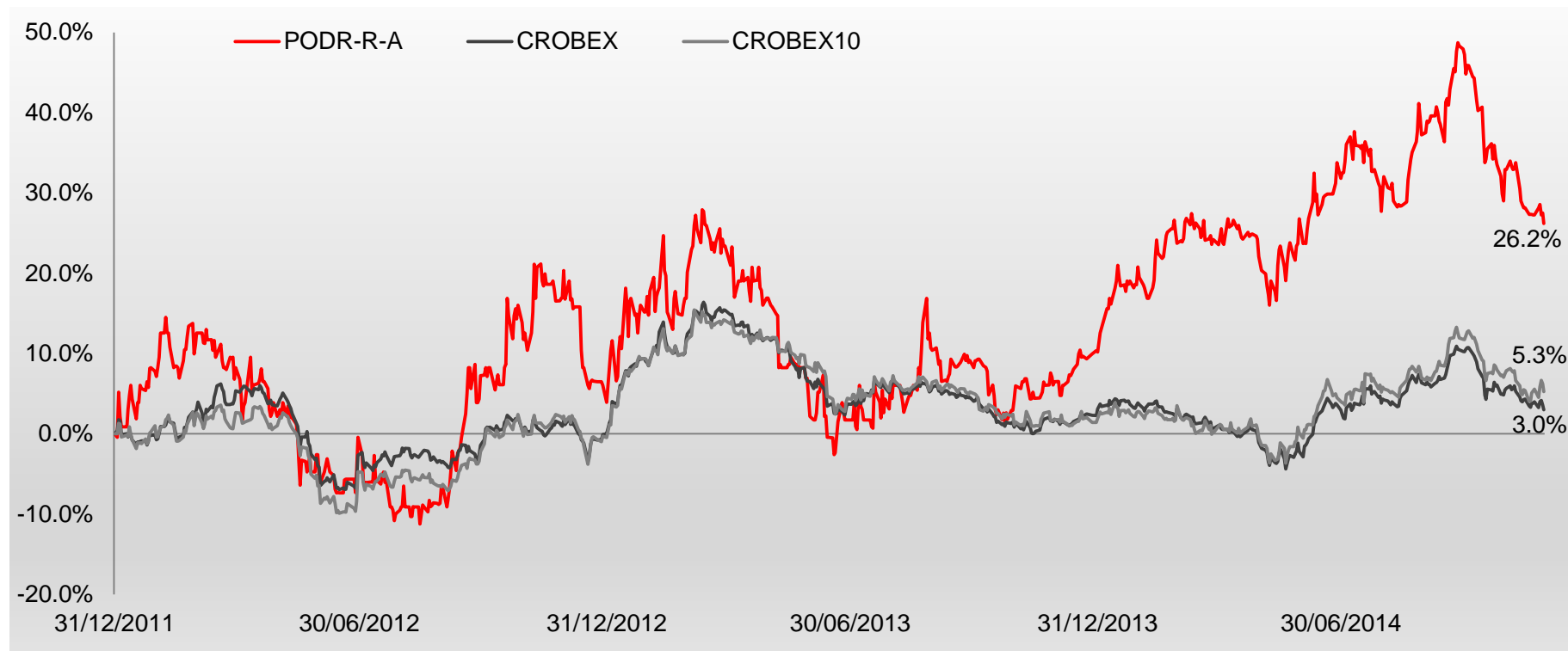
Financials

1-9 2014 business results

Share

Closure

Podravka's share outperformed ZSE indices since 2012

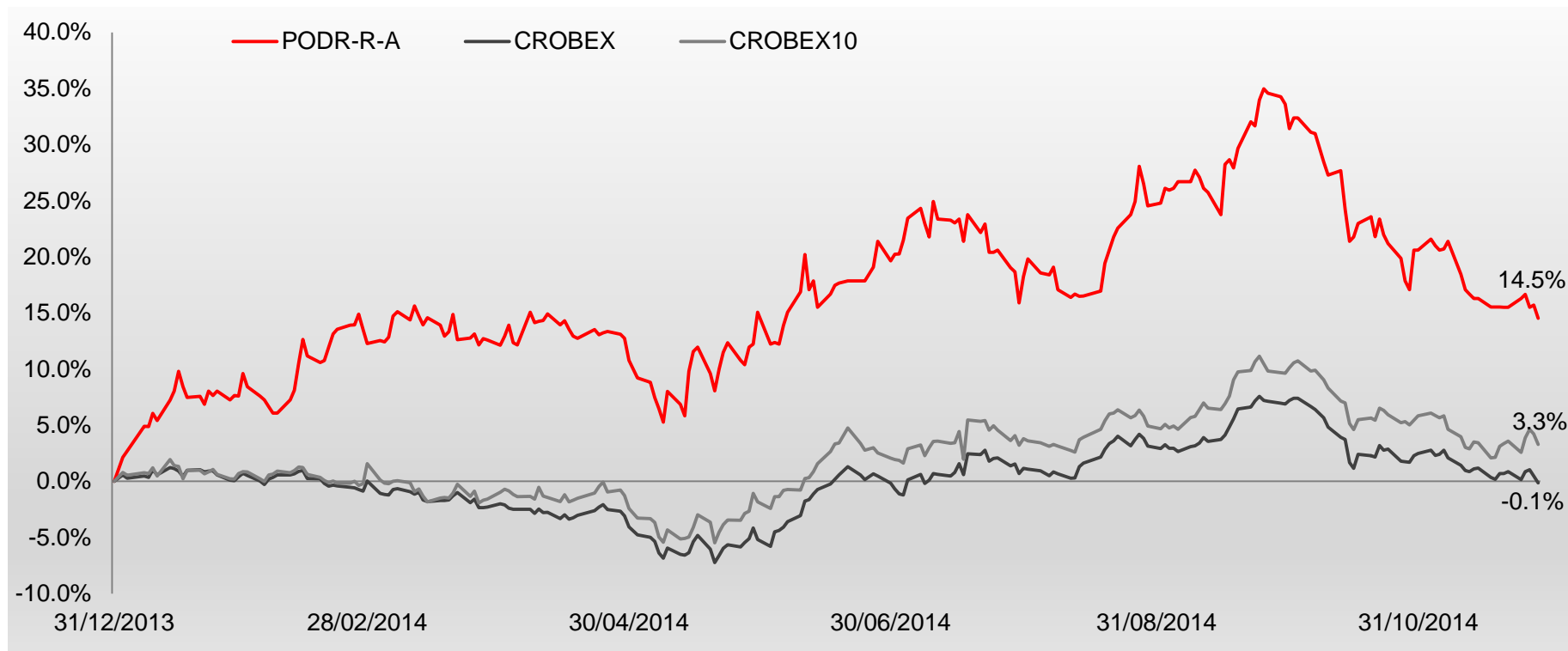


	28/11/2014	31/12/2011	% change
PODR-R-A (closing price in EUR)	38.4	30.4	26.2%
CROBEX (closing points)	1,792.0	1,740.2	3.0%
CROBEX10 (closing points)	1,027.5	976.2	5.3%

Two Market Makers in charge of providing liquidity for Podravka share:

- Interkapital Securities d.o.o. → agreement signed on 09/09/2013,
- Zagrebačka banka d.d., part of UniCredit Group → agreement signed on 08/09/2014.

In 2014 stable growth of Podravka's share



	28/11/2014	31/12/2013	% change
PODR-R-A (closing price in EUR)	38.4	33.5	14.5%
CROBEX (closing points)	1,792.0	1,794.3	-0.1%
CROBEX10 (closing points)	1,027.5	994.9	3.3%
	1-11 2014	1-11 2013	% change
Average daily number of transactions	13	9	45.4%
Average daily volume (units)	1,543	694	122.2%
Average daily turnover (EUR)	60,543	23,930	153.0%

Podravka is being traded below peer group level

Company	Country	Business	EV/Sales	EV/EBITDA	EV/EBIT	P/E
Atlantic Grupa d.d.	Croatia	Food	1.0	8.2	11.9	14.1
Greencore Group plc	Ireland	Food	1.1	13.0	18.9	24.9
Nestle S.A.	Switzerland	Food	2.8	14.8	18.0	24.3
Orkla ASA	Norway	Food	1.8	13.6	18.5	24.7
Otmuchow S.A.	Poland	Food	0.6	6.8	13.5	27.3
Premier Foods plc	UK	Food	1.8	7.2	12.1	-
Unilever plc	UK	Food	2.3	12.7	14.6	18.5
Average Food			1.6	10.9	15.3	22.3
Adjusted* average Food			1.6	11.0	15.3	23.1
Hikma Pharmaceuticals plc	UK	Pharma	4.3	12.0	14.3	19.6
Krka d.d.	Slovenia	Pharma	1.6	5.8	8.3	11.2
Recordati S.p.A	Italy	Pharma	3.1	11.5	13.5	18.2
Richter Gedeon Nyrt.	Hungary	Pharma	1.8	10.6	20.4	20.7
Stada Arzneimittel AG	Germany	Pharma	1.7	8.0	12.8	13.3
Average Pharma			2.5	9.6	13.9	16.6
Adjusted* average Pharma			2.2	10.0	13.6	17.0
Podravka Group EBITDA Food			56.9%	56.9%	56.9%	56.9%
Podravka Group EBITDA Pharma			43.1%	43.1%	43.1%	43.1%
Weighted average peer group			2.0	10.3	14.7	19.9
Weighted adj. average peer group			1.9	10.6	14.6	20.5
Podravka Group reported			0.7	7.6	22.4	31.7
Podravka Group normalized**			0.7	6.3	9.8	8.4

Source: Bloomberg, data obtained on 01/12/2014; for Podravka Group PPS on 28/11/2014, BS figures on 30/09/2014, 10/2013 – 9/2014 P&L figures.

*Excluding maximal and minimal value to eliminate the effect of extreme values; **Calculated excluding one-off items.

Analyst coverage reveals positive expectations

COMPANY ANALYSIS - Podravka Group
InterCapital Research

InterCapital

FIMA
FEDERAL INVESTMENT MANAGEMENT ASSOCIATION

Podravka d.d.

Food and Pharmaceuticals March 31st 2014

Potential for Efficiency Improvement Offers Weakness

	2012	2013	2014	2015	2016
Net sales	5,624,864	5,655,631	5,826,200	5,764,794	5,824,674
EBITDA	239,291	279,263	382,200	369,200	427,400
Adjusted EBITDA (excl. non-recur)	240,000	280,000	380,000	360,000	420,000
EBIT	159,500	189,500	289,500	269,500	329,500
Net income	119,500	139,500	239,500	219,500	279,500
EPS	0.52	0.52	0.92	0.82	1.02
EBITDA margin	4.2%	4.9%	6.5%	6.4%	7.3%
EBIT margin	2.8%	3.3%	5.0%	4.7%	5.7%
Net income margin	2.1%	2.5%	4.1%	3.8%	4.8%
ROE	10.2%	11.2%	17.2%	15.2%	18.2%
FY13	106.3	122	162	152	182
FY14	124	144	184	174	204
FY15	142	162	202	192	222
FY16	160	180	220	210	240
FY17	178	208	248	238	268
FY18	196	226	266	256	286
FY19	214	244	284	274	304
FY20	232	262	302	292	322
FY21	250	280	320	310	340
FY22	268	298	338	328	358
FY23	286	316	356	346	376
FY24	304	334	374	364	394
FY25	322	352	392	382	412
FY26	340	370	410	400	430
FY27	358	388	428	418	448
FY28	376	406	446	436	466
FY29	394	424	464	454	484
FY30	412	442	482	472	502
FY31	430	460	500	490	520
FY32	448	478	518	508	538
FY33	466	496	536	526	556
FY34	484	514	554	544	574
FY35	502	532	572	562	592
FY36	520	550	590	580	610
FY37	538	568	608	598	628
FY38	556	586	626	616	646
FY39	574	604	644	634	664
FY40	592	622	662	652	682
FY41	610	640	680	670	700
FY42	628	658	698	688	718
FY43	646	676	716	706	736
FY44	664	694	734	724	754
FY45	682	712	752	742	772
FY46	700	730	770	760	790
FY47	718	748	788	778	808
FY48	736	766	806	796	826
FY49	754	784	824	814	844
FY50	772	802	842	832	862
FY51	790	820	860	850	880
FY52	808	838	878	868	898
FY53	826	856	896	886	916
FY54	844	874	914	904	934
FY55	862	892	932	922	952
FY56	880	910	950	940	970
FY57	898	928	968	958	988
FY58	916	946	986	976	1006
FY59	934	964	1004	994	1024
FY60	952	982	1022	1012	1042
FY61	970	1000	1040	1030	1060
FY62	988	1018	1058	1048	1078
FY63	1006	1036	1076	1066	1096
FY64	1024	1054	1094	1084	1114
FY65	1042	1072	1112	1102	1132
FY66	1060	1090	1130	1120	1150
FY67	1078	1108	1148	1138	1168
FY68	1096	1126	1166	1156	1186
FY69	1114	1144	1184	1174	1204
FY70	1132	1162	1202	1192	1222
FY71	1150	1180	1220	1210	1240
FY72	1168	1198	1238	1228	1258
FY73	1186	1216	1256	1246	1276
FY74	1204	1234	1274	1264	1294
FY75	1222	1252	1292	1282	1312
FY76	1240	1270	1310	1300	1330
FY77	1258	1288	1328	1318	1348
FY78	1276	1306	1346	1336	1366
FY79	1294	1324	1364	1354	1384
FY80	1312	1342	1382	1372	1402
FY81	1330	1360	1400	1390	1420
FY82	1348	1378	1418	1408	1438
FY83	1366	1396	1436	1426	1456
FY84	1384	1414	1454	1444	1474
FY85	1402	1432	1472	1462	1492
FY86	1420	1450	1490	1480	1510
FY87	1438	1468	1508	1498	1528
FY88	1456	1486	1526	1516	1546
FY89	1474	1504	1544	1534	1564
FY90	1492	1522	1562	1552	1582
FY91	1510	1540	1580	1570	1600
FY92	1528	1558	1598	1588	1618
FY93	1546	1576	1616	1606	1636
FY94	1564	1594	1634	1624	1654
FY95	1582	1612	1652	1642	1672
FY96	1600	1630	1670	1660	1690
FY97	1618	1648	1688	1678	1708
FY98	1636	1666	1706	1696	1726
FY99	1654	1684	1724	1714	1744
FY00	1672	1702	1742	1732	1762
FY01	1690	1720	1760	1750	1780
FY02	1708	1738	1778	1768	1798
FY03	1726	1756	1796	1786	1816
FY04	1744	1774	1814	1804	1834
FY05	1762	1792	1832	1822	1852
FY06	1780	1810	1850	1840	1870
FY07	1798	1828	1868	1858	1888
FY08	1816	1846	1886	1876	1906
FY09	1834	1864	1904	1894	1924
FY10	1852	1882	1922	1912	1942
FY11	1870	1900	1940	1930	1960
FY12	1888	1918	1958	1948	1978
FY13	1906	1936	1976	1966	1996
FY14	1924	1954	1994	1984	2014
FY15	1942	1972	2012	2002	2032
FY16	1960	1990	2030	2020	2050
FY17	1978	2008	2048	2038	2068
FY18	1996	2026	2066	2056	2086
FY19	2014	2044	2084	2074	2104
FY20	2032	2062	2102	2092	2122
FY21	2050	2080	2120	2110	2140
FY22	2068	2098	2138	2128	2158
FY23	2086	2116	2156	2146	2176
FY24	2104	2134	2174	2164	2194
FY25	2122	2152	2192	2182	2212
FY26	2140	2170	2210	2200	2230
FY27	2158	2188	2228	2218	2248
FY28	2176	2206	2246	2236	2266
FY29	2194	2224	2264	2254	2284
FY30	2212	2242	2282	2272	2302
FY31	2230	2260	2300	2290	2320
FY32	2248	2278	2318	2308	2338
FY33	2266	2296	2336	2326	2356
FY34	2284	2314	2354	2344	2374
FY35	2302	2332	2372	2362	2392
FY36	2320	2350	2390	2380	2410
FY37	2338	2368	2408	2398	2428
FY38	2356	2386	2426	2416	2446
FY39	2374	2404	2444	2434	2464
FY40	2392	2422	2462	2452	2482
FY41	2410	2440	2480	2470	2500
FY42	2428	2458	2498	2488	2518
FY43	2446	2476	2516	2506	2536
FY44	2464	2494	2534	2524	2554
FY45	2482	2512	2552	2542	2572
FY46	2500	2530	2570	2560	2590
FY47	2518	2548	2588	2578	2608
FY48	2536	2566	2606	2596	2626
FY49	2554	2584	2624	2614	2644
FY50	2572	2602	2642	2632	2662
FY51	2590	2620	2660	2650	2680
FY52	2608	2638	2678	2668	2698
FY53	2626	2656	2696	2686	2716
FY54	2644	2674	2714	2704	2734
FY55	2662	2692	2732	2722	2752
FY56	2680	2710	2750	2740	2770
FY57	2698	2728	2768	2758	2788
FY58	2716	2746	2786	2776	2806
FY59	2734	2764	2804	2794	2824
FY60	2752	2782	2822	2812	2842
FY61	2770	2800	2840	2830	2860
FY62	2788	2818	2858	2848	2878
FY63	2806	2836	2876	2866	2896
FY64	2824	2854	2894	2884	2914
FY65	2842	2872	2912	2902	2932
FY66	2860	2890	2930	2920	2950
FY67	2878	2908	2948	2938	2968
FY68	2896	2926	2966	2956	2986
FY69	2914	2944	2984	2974	3004
FY70	2932	2962	3002	2992	3022
FY71	2950	2980	3020	3010	3040
FY72	2968	2998	3038	3028	3058
FY73	2986	3016	3056	3046	3076
FY74	3004	3034	3074	3064	3094
FY75	3022	3052	3092	3082	3112
FY76	3040	3070	3110	3100	3130
FY77	3058	3088	3128	3118	3148
FY78	3076	3106	3146	3136	3166
FY79	3094	3124	3164	3154	3184
FY80	3112	3142	3182	3172	3202
FY81	3130	3160	3200	3190	3220
FY82	3148	3178	3218	3208	3238
FY83	3166	3196	3236	3226	3256
FY84	3184	3214	3254	3244	3274
FY85	3202	3232	3272	3262	3292
FY86	3220	3250	3290	3280	3310
FY87	3238	3268	3308	3298	3328
FY88					



The Company

Business

Main brands

Financials

1-9 2014 business results

Share

Closure

Future lays outside the region

INTERNATIONALIZATION AS KEY DRIVER OF FUTURE GROWTH

- strong focus on the internationalization in the future
- reduction of dependence on the region:
 - the region accounted for 70% of sales revenues in 2013,
 - the market of Croatia accounted for 44% of sales revenues in 2013.
- the region offers limited potential for growth because of:
 - unfavourable macroeconomic outlook,
 - high market shares of Podravka brands in the region.

The region*	2013	2014	2015
Population (in millions)	23.34	23.30	23.26
Average unemployment rate	19.9%	19.7%	19.6%
Average GDP growth	1.4%	1.9%	2.6%

Volume market position**	Croatia	Slovenia	B&H
Vegeta	1	1	1
Podravka soups	1	2	1
Dehydrated baby food	1	1	1
Eva	2	4	1
Dolcela	1	2	1

CONTINUATION OF THE RESTRUCTURING PROCESS

- disposal of the beverages segment:
 - will result in further reduction of sales and distribution costs.
- optimisation of internal processes,
- investments in modernisation and robotization,
- workforce optimization with structural age/education improvement.

CONSTRUCTION OF BELUPO FACTORIES

- current Belupo factory is over capacitated:
 - work in 3 shifts.
- growing demand for Belupo products:
 - 12% volume growth of prescription drugs on the market of Croatia in 1-9 2014,
 - 11% volume growth of prescription drugs on the Russian market in 1-9 2014.



*Source: Canadean, the region - Albania, Bosnia and Herzegovina, Croatia, Macedonia, Montenegro, Serbia, Slovenia; **Source: Nielsen.

Unlocked potential



Further potential for restructuring and business optimisation



Quality brands with potential for further growth and international expansion



Own R&D department with 56 years of tradition



Acquisition capacity



Market valuation below peer group level leaves potential for share growth

Contact

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Podravka Group

Always with a heart!

WOOD's Winter in Prague, Emerging Europe Conference, December 2014

