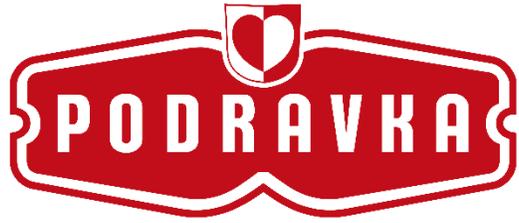




Podravka Inc. General Assembly

June 3rd 2015, Koprivnica, Croatia





Key highlights of 2014

SBA Food and Drinks in 2014

SBA Pharmaceuticals in 2014

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Short overview of 1 - 3 2015

Significant events in 2014



February

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

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



February /
April

Continuation of the restructuring process:

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



April

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

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



July

Refinancing of loan liabilities:

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



August

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

- in 2014 Podravka gained in total 63.95% of shares of Mirna d.d.,
- new Supervisory Board and Management Board has been appointed,
- consolidated into Group as of 30/03/2015.



December

Termination of production in Poland:

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

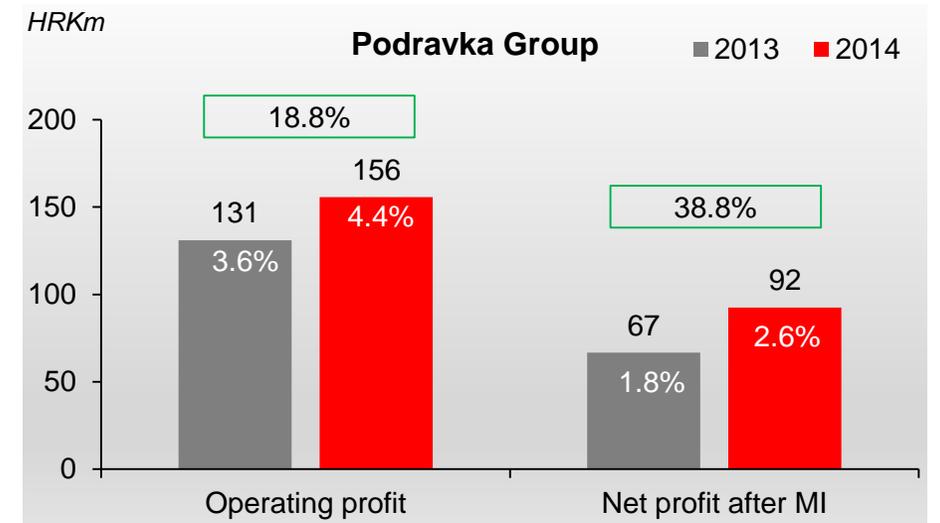
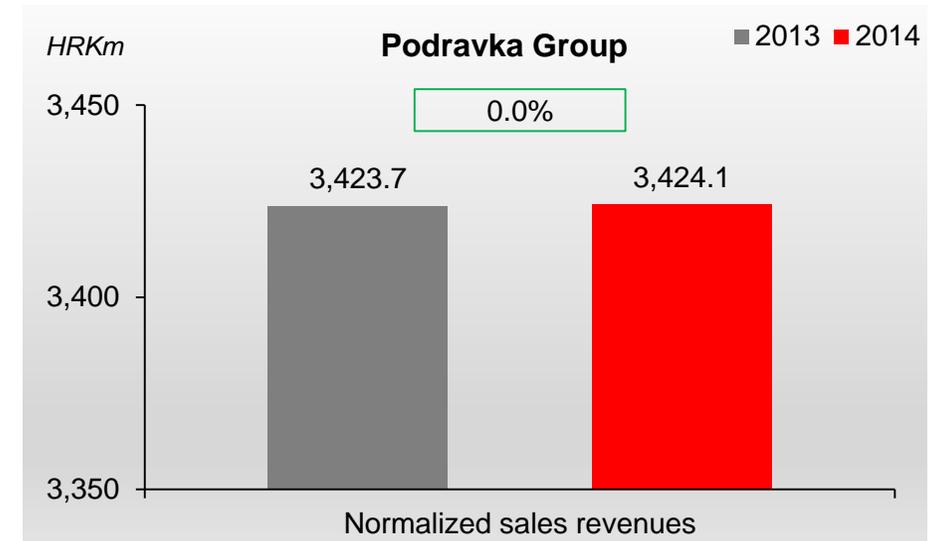
Profitability improvement in 2014 despite pressure on sales revenues

PODRAVKA GROUP			
(in HRKm)	2014	2013	2014/2013
Reported sales revenues	3,502.6	3,626.0	(3.4%)
Programmes under restructuring*	119.3	202.3	(41.0%)
Net positive / (negative) FX differences	(40.8)	-	n/a
Normalized sales revenues	3,424.1	3,423.7	0.0%

*including the acquisition of PIK product range.

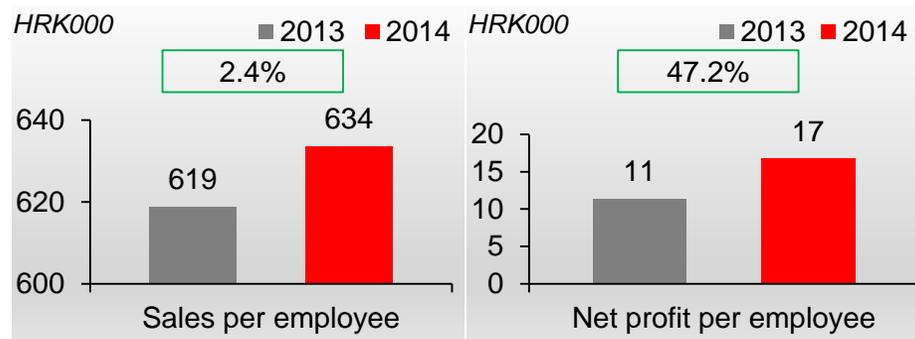
Podravka Group's profitability improvement in 2014:

- operating profit grew 18.8% with 83 basis points higher operating margin,
- net profit after MI grew 38.8% with 80 basis points higher net profit margin.



*Operating profit and Net profit after MI on the reported level.

Key performance indicators improvement in 2014

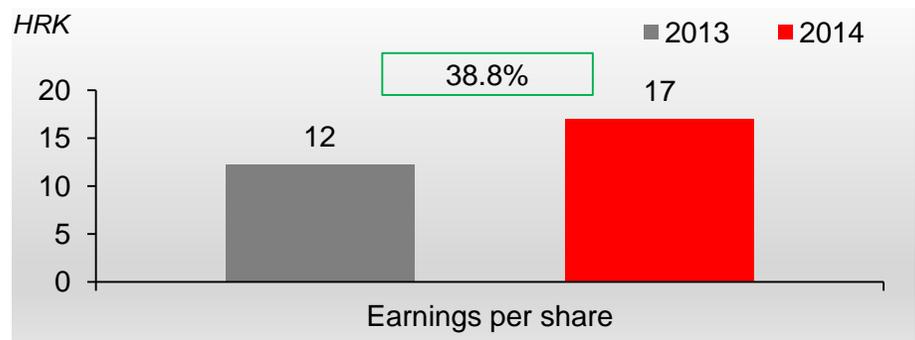
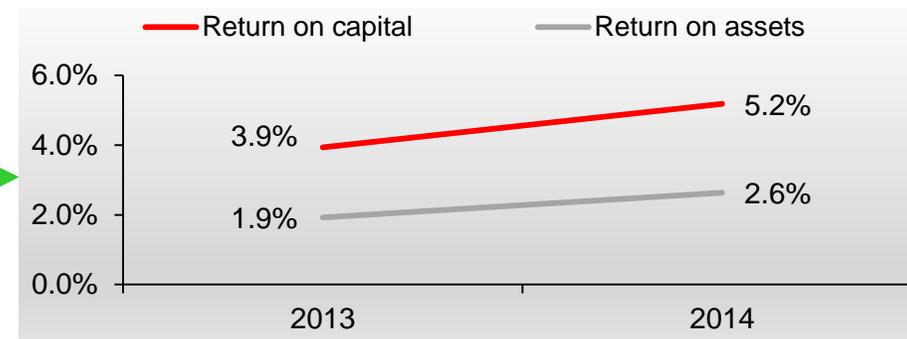


Sales revenues per employee and net profit per employee increased:

- sales revenues per employee increased 2.4% to HRK 634 thousands,
- net profit after MI per employee increased 47.2% to HRK 17 thousands.

Improved return indicators in 2014:

- return on capital improved in 2014 by 124 basis points to 5.2%,
- return on assets improved in 2014 by 71 basis points to 2.6%.

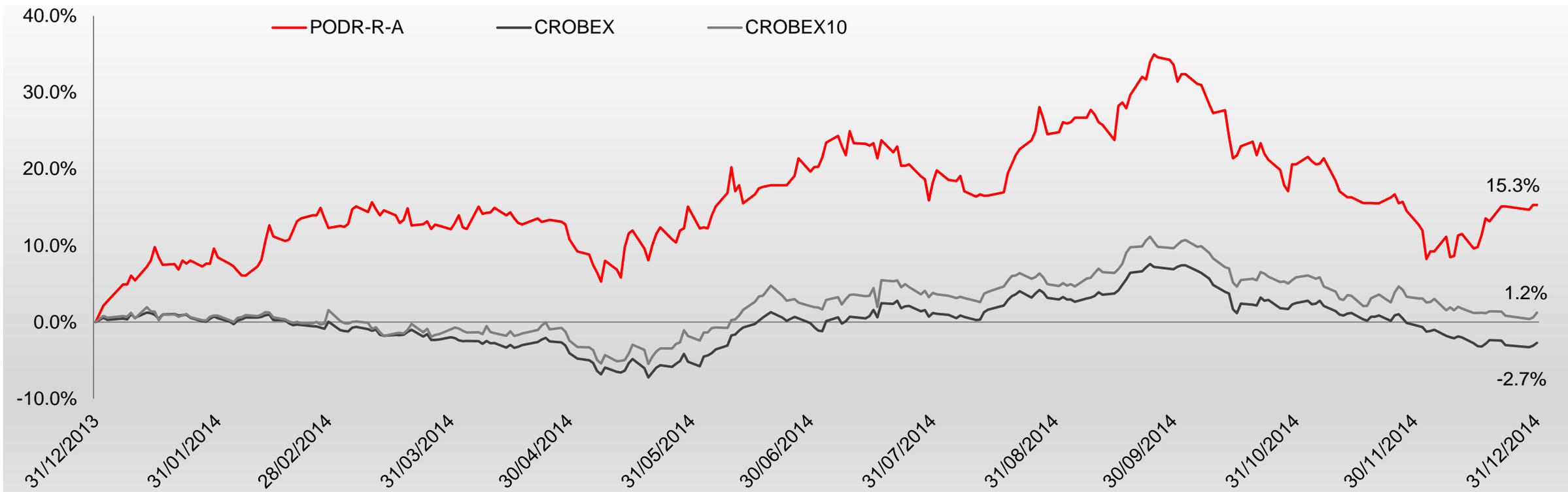


Podravka Group's earnings per share grew in 2014:

- Podravka Group's earnings per share grew 38.8% in 2014 to HRK 17.

*Performance indicators calculated on the reported level.

Podravka's share outperformed the domestic capital market in 2014



(in HRK; in units)

	2014	% change
Average daily price	296.3	16.3%
Average daily number of transactions	13	39.6%
Average daily volume	1,562	105.4%
Average daily turnover	463,450.7	134.2%
Earnings per share	17.1	38.8%

Performance among Crobex10 components

Share price increase in 2014	3rd highest
Turnover increase in 2014 yoy	highest
Volume increase in 2014 yoy	2nd highest

➤ 6th most liquid share on the ZSE in 2014.



Key highlights of 2014

SBA Food and Drinks in 2014

SBA Pharmaceuticals in 2014

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Key factors effecting SBA Food and Drinks in 2014

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

- end of 2013 → exit from fresh meat and frozen programme,
- early April 2014 → exit from bakery programme,
- beverage segment → for sale and the scope of operations is reduced, 20% higher EBITDA than in 2013.



Consumer prices deflation and retail power shifting:

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



Foreign exchange differences → HRK 13.7 million of negative net impact on sales revenues:

- primarily the effect of Czech koruna and Australian dollar.



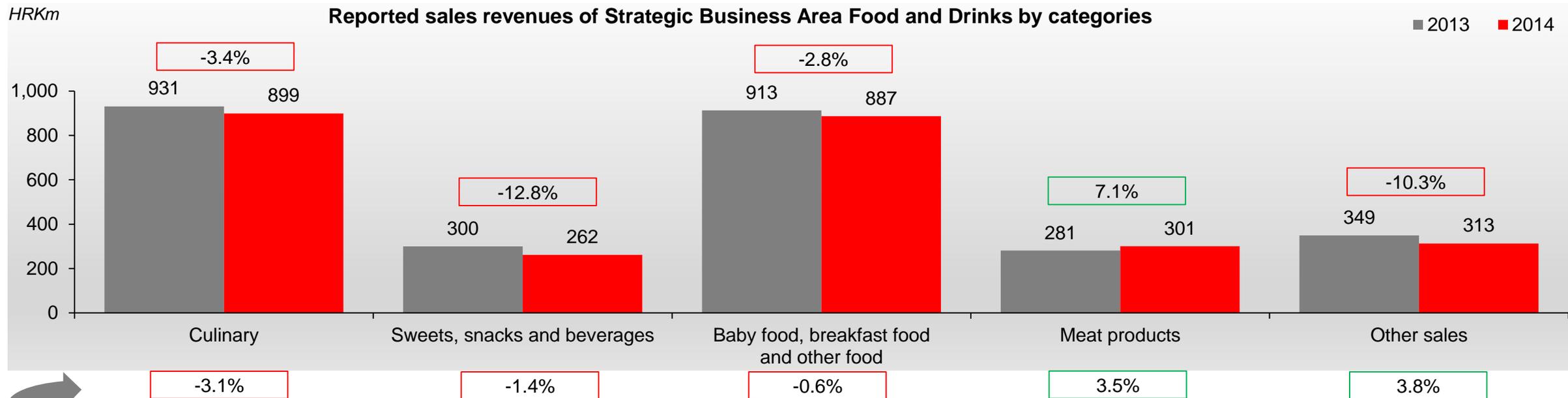
Acquisition of a portion of PIK assortment:

- player No2 in pate in Croatia.

Restructuring efforts showing results:

- lower personnel expenses, costs in logistics.

Delivered sales revenues per category in line with exceptionally challenging year

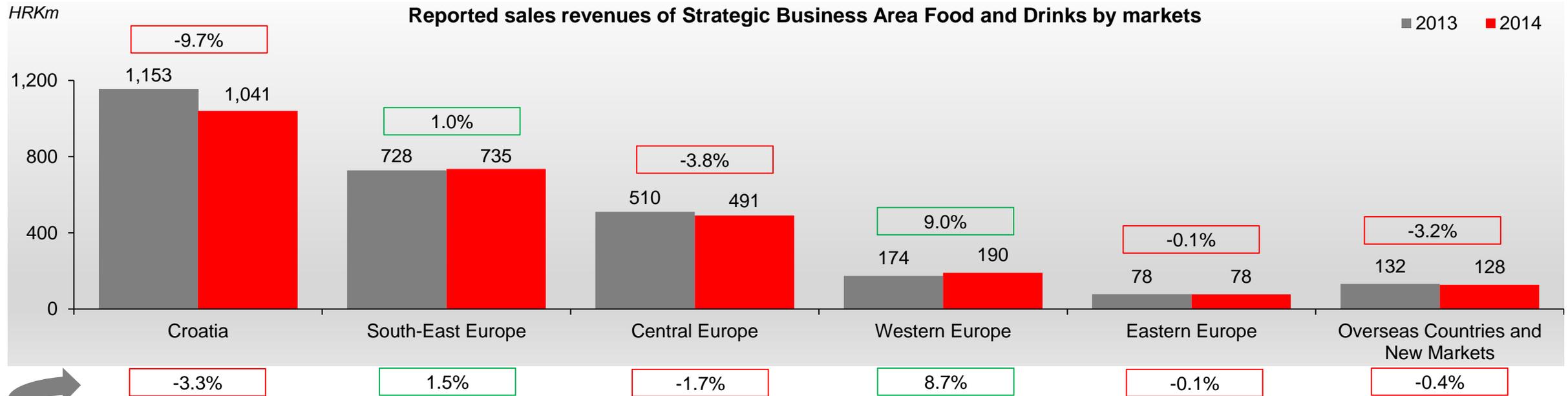


➤ sales revenues per category % change excluding programmes under restructuring, PIK assortment and FX differences

Key highlights:

- culinary → sales revenues growth in Western Europe as a result of strong move from ethnic to main-stream retail channels; pressure on sales revenues from advancing private label and price discounting in the market of Croatia, growth of private labels in the market of Poland, change of distribution model in the markets of Russia and Australia and distributor change in the market of USA,
- sweets, snacks and beverages → growth of key subcategory of powdered snacks; intentionally lower sales to some key customers, reduced scope of operations and adverse weather conditions negatively affected sales revenues of beverages subcategory,
- baby, breakfast and other food → Mediterranean food subcategory growth in both Adria and Europe region; intentionally lower sales to some key customers,
- meat products → double digit growth of the sausage products subcategory in the Croatian market with focus on the extension of the economy product range.

In 2014 prerequisites have been made for stronger organic growth on the international markets



➤ sales revenues per markets % change excluding programmes under restructuring, PIK assortment and FX differences

Key highlights:

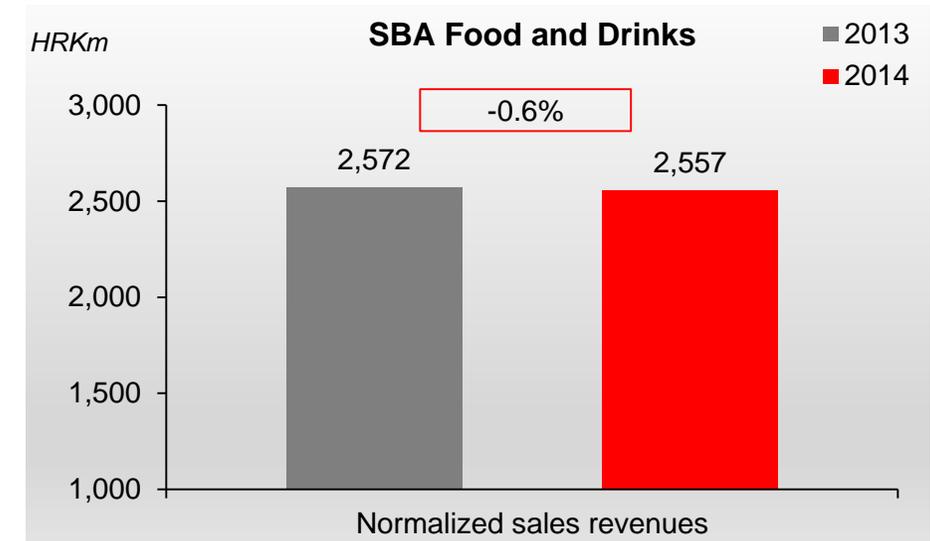
- Croatia → HRK 91.8 million of negative effect of programs under restructuring, 2.2% decrease in food and beverages local retail prices*,
- South-East Europe → sales revenues growth was recorded in all markets except Slovenia, significant growth in Mediterranean food subcategory,
- Central Europe → double-digit growth of Mediterranean food assortment, Czech koruna negative FX impact,
- Western Europe → majority of markets and all product categories recorded growth in sales, strong move from ethnic to main-stream retail channels,
- Eastern Europe → distribution model change, double digit growth of Podravka soups sales, sales from distributors grew 25.0% in volume,
- Overseas Countries and New Markets → negative FX impact from Australian dollar, distribution model change on the market of Australia , distributor change in USA.

*Source; the Croatian Bureau of Statistics.

Sales revenues impacted by programmes under restructuring and FX

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

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



Key highlights:

- maintaining No1 market position in key categories in Croatia despite unfavourable surroundings,
- well perceived consumer orientation to „small pleasures“ product categories supported powdered sweets and salted snacks sales growth,
- growth of the Mediterranean food subcategory in all regions,
- double digit growth of sales from distributors on the market in Russia indicate increase in demand for Podravka's products,
- healthy growth of all product categories in Western Europe, especially Culinary,
- programmes under restructuring → HRK 94.8 million negative impact on sales revenues,
- 2,2% decrease in food and beverages local retail prices,
- foreign exchange differences → HRK 13.7 million negative net impact on sales revenues,
- growing interest in private label products and cheaper brands in Poland and Slovenia required not only redefinition of the sales terms and promotional activities, but also credit management policies,
- change of distribution model in Australia, USA and Russia → short-term change in the delivery dynamics.

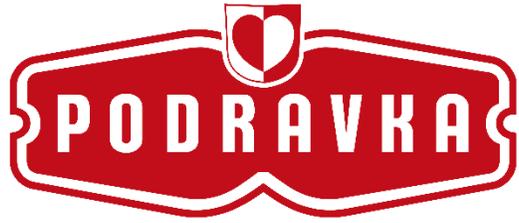
SBA Food and Drinks profitability significantly improved

2014 (in HRK millions)	Reported			Normalized		
Gross profit	1,012.4		(0.6%)	1,013.1		(1.0%)
EBITDA	196.2		9.6%	250.9		8.1%
EBIT	75.4		450.1%	158.6		15.5%
Net profit after MI	28.8		100.0%	112.0		25.5%

2014 (% of sales revenues)	Reported			Normalized		
Gross margin	38.0%		+132 bp	38.1%		+116 bp
EBITDA margin	7.4%		+95 bp	9.4%		+106 bp
EBIT margin	2.8%		+234 bp	6.0%		+101 bp
Net profit margin after MI	1.1%		+108 bp	4.2%		+99 bp

Key highlights:

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



Key highlights of 2014

SBA Food and Drinks in 2014

SBA Pharmaceuticals in 2014

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Key factors that affected SBA Pharmaceuticals in 2014

Foreign exchange differences, primarily Russian ruble:

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



Volume growth:

- Croatia → volume growth of 7.0%,
- Russia → volume growth of 14.0% from wholesalers to the market,
- total SBA → volume growth of 10.6%.



Croatian Health Insurance Fund (CHIF):

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



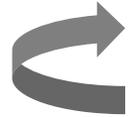
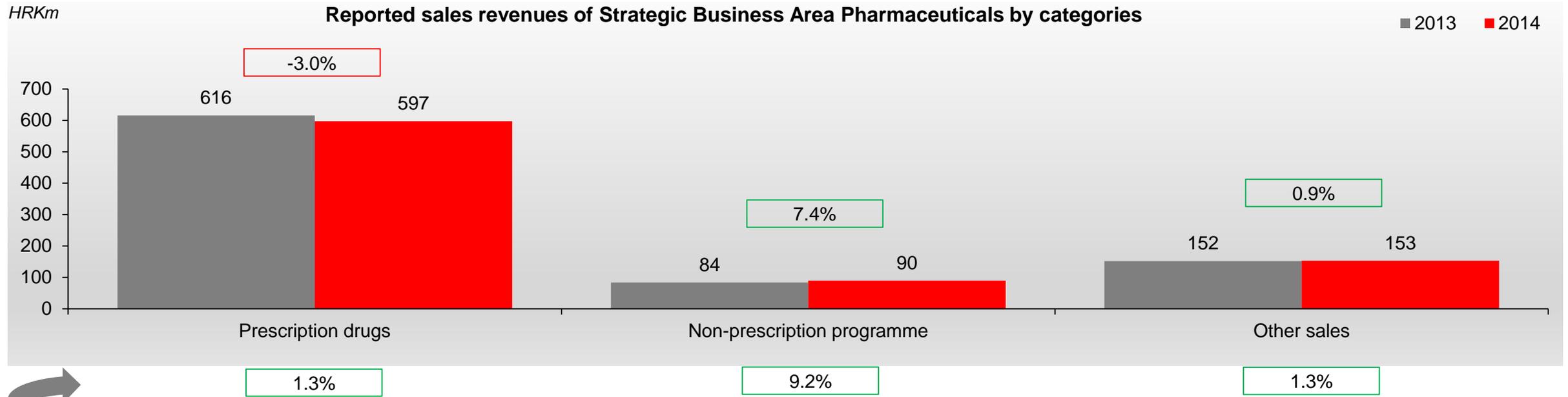
Opening new markets in Central Europe:

- first full year of doing business on polish market.

Supply chain efficiency:

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

Pharmaceuticals volume growth of 10.6% in 2014

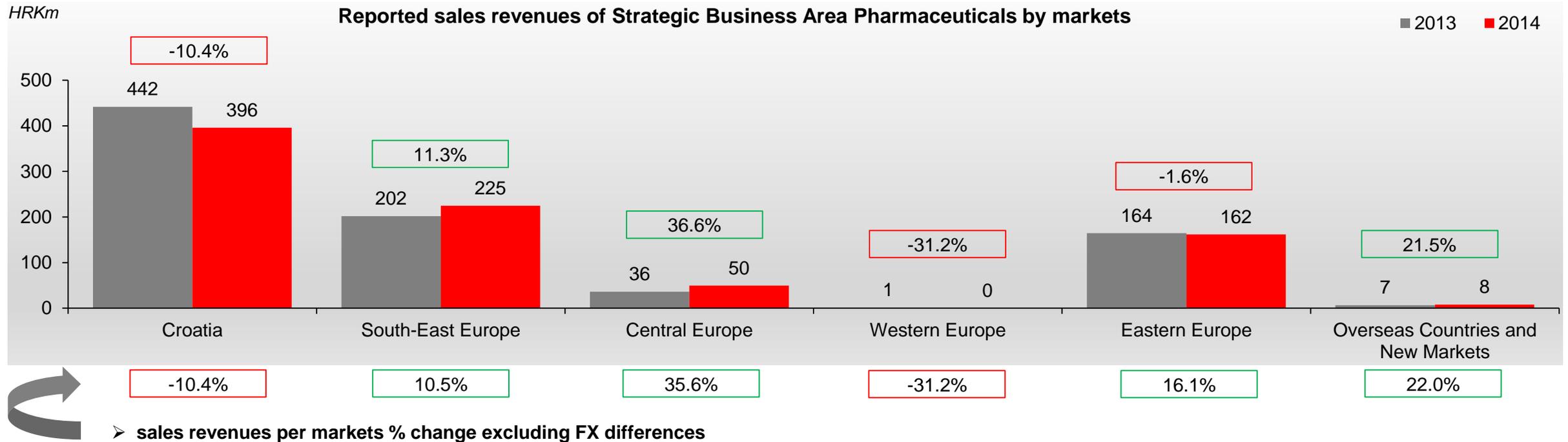


➤ sales revenues per category % change excluding FX differences

Key highlights:

- prescription drugs → volume growth in the Croatian market of 7.0%, volume growth in the Russian market 14.0% from wholesalers to the market; HRK 26.4 million of negative net FX impact on sales revenues, estimated HRK 57.2 million of negative impact on sales revenues form CHIF,
- non-prescription programme → OTC subcategory recorded 14.1% higher sales with strong growth in the Croatian and Russian markets.

Sales revenues of international markets grew 8.2%

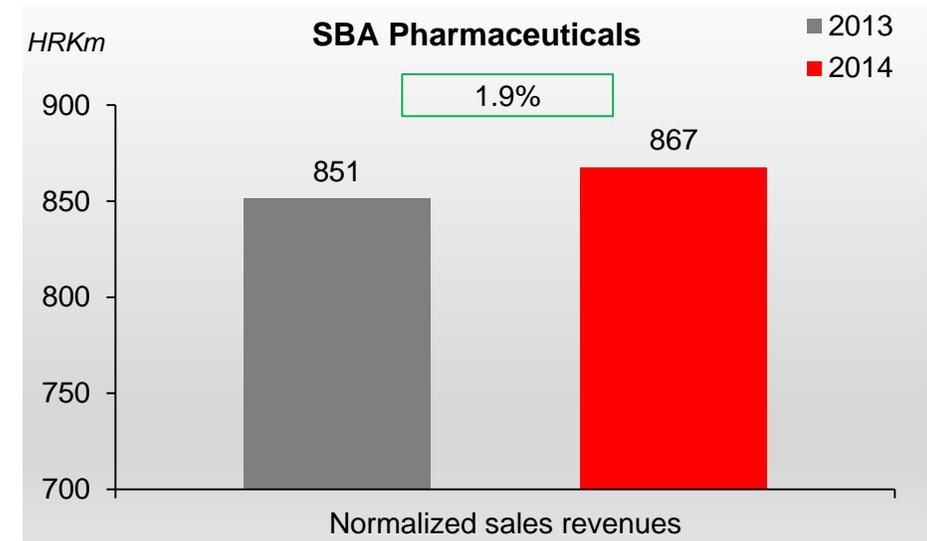


Key highlights:

- Croatia → estimated 57.2 million of negative effect from CHIF; growth in volume terms of 7.0%, gross margin growth as a result of supply chain efficiency,
- South-East Europe → all countries and categories recorded sales growth, double digit growth of sales revenues in Bosnia and Herzegovina,
- Central Europe → all countries recorded sales growth, especially in Czech, growth of derma sub segment, entry into the Polish market,
- Eastern Europe → sales from distributors on the market in Russia grew 14.0% in volume terms, HRK 29.3 million negative effect of the Russian ruble.

Sales revenues impacted by CHIF and FX

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



Key highlights:

- SBA Pharmaceuticals grew 10.6% in volume terms,
- 7.0% sales growth in volume terms on the market of Croatia,
- despite negative influence of CHIF, the market of Croatia recorded gross margin growth as a result of supply chain efficiency,
- volume growth of 14.0% on the market of Russia from wholesalers to the market ,
- entry with derma sub segment into new markets in Central Europe,
- net foreign exchange differences → HRK 27.1 million of negative impact on sales revenues,
- HRK 57.2 million of estimated negative impact form Croatian Health Insurance Fund on sales revenues.

FX and CHIF negatively affected profitability

2014 (in HRK millions)	Reported			Normalized		
Gross profit	463.5		(4.3%)	463.5		(4.3%)
EBITDA	122.0		(29.9%)	128.9		(28.8%)
EBIT	80.2		(31.6%)	87.1		(36.9%)
Net profit after MI	63.6		(29.3%)	70.5		(36.3%)

2014 (% of sales revenues)	Reported			Normalized		
Gross margin	55.2%		-171 bp	55.2%		-171 bp
EBITDA margin	14.5%		-675 bp	15.3%		-677 bp
EBIT margin	9.5%		-423 bp	10.4%		-585 bp
Net profit margin after MI	7.6%		-300 bp	8.4%		-461 bp

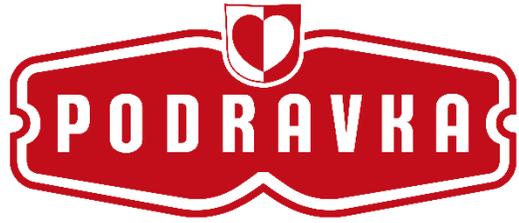
Key highlights:

➤ Sales revenues:

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

➤ Profitability:

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



Key highlights of 2014

SBA Food and Drinks in 2014

SBA Pharmaceuticals in 2014

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Short overview of 1 - 3 2015

Podravka Group's profitability margins improved

2014 (in HRK millions)	Reported			Normalized		
Gross profit	1,475.9		(1.8%)	1,476.6		(2.1%)
EBITDA	318.2		(11.6%)	379.8		(9.6%)
EBIT	155.7		18.8%	245.8		(10.7%)
Net profit after MI	92.5		38.8%	182.6		(8.7%)

2014 (% of sales revenues)	Reported			Normalized		
Gross margin	42.1%		+69 bp	42.2%		+57 bp
EBITDA margin	9.1%		-85 bp	10.9%		-75 bp
EBIT margin	4.4%		+83 bp	7.0%		-58 bp
Net profit margin after MI	2.6%		+80 bp	5.2%		-30 bp

Key highlights:

➤ Profitability:

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

➤ Tax rate:

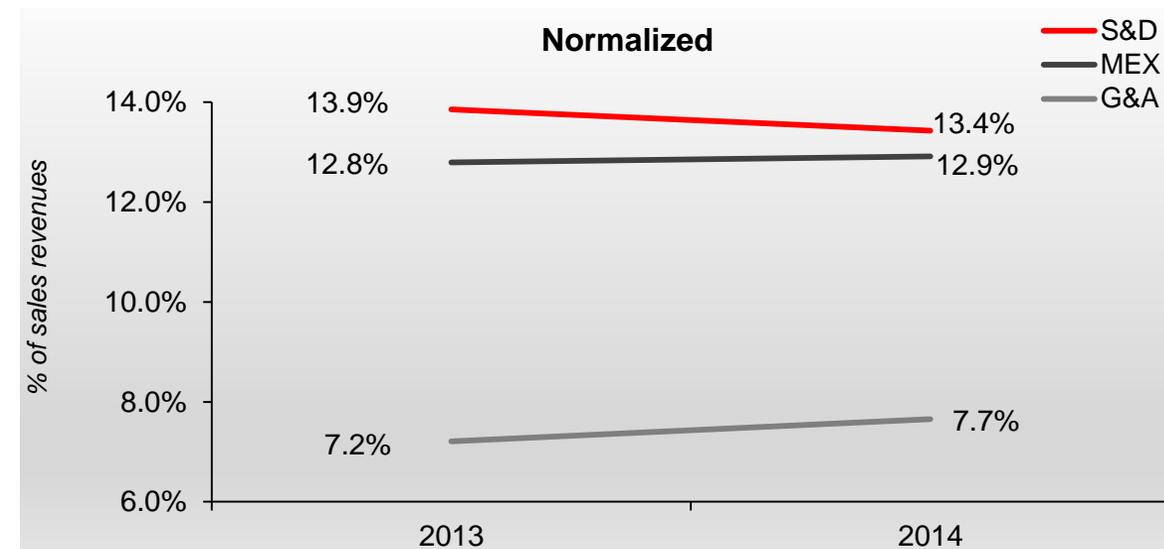
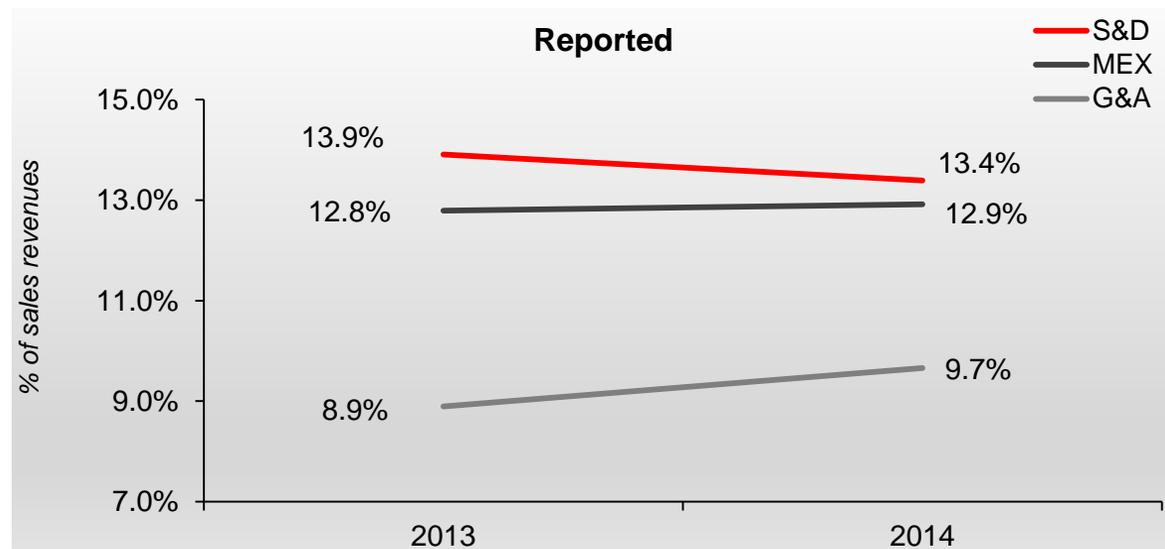
- 9% effective tax rate is strongly impacted by usage of tax incentives for reinvested profits.

Significant reduction in Podravka Group's operating expenses

Operating expenses	2014 / 2013	2014 / 2013
Cost of goods sold	 (4.5%)	 (4.4%)
General and administrative expenses	 4.9%	 2.5%
Selling and distribution costs	 (7.0%)	 (6.4%)
Marketing expenses	 (2.5%)	 (2.5%)
Other expenses	 (19.4%)	 336.1%
Total	 (4.1%)	 (2.8%)

Key highlights:

- decrease of operating expenses,
- G&A expenses excluding consulting services related to business development recorded drop of 2.0%,
- other expenses increased on the normalized level on account of 3.8x higher net realized FX differences.

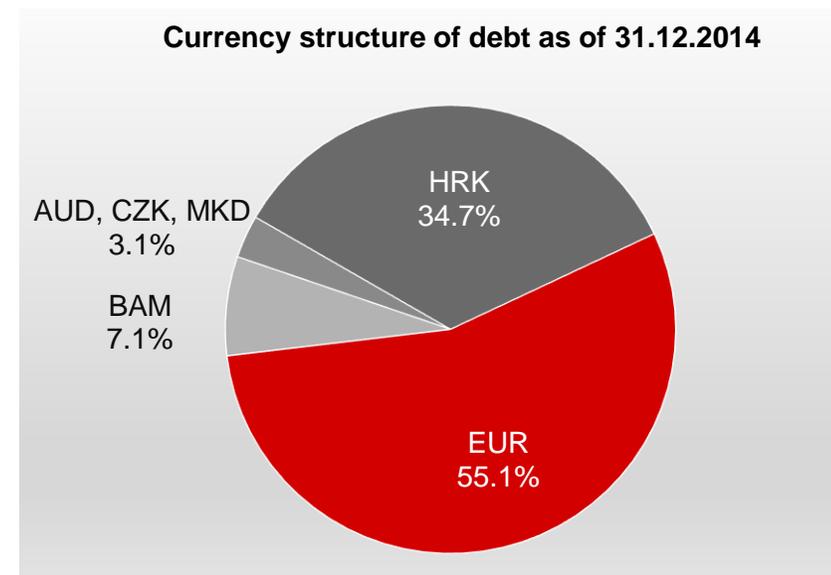


Lower debt level with improvement in financing terms

<i>(in HRK thousands)</i>	2014	2013	% change
Net debt	856,769	886,533	(3.4%)
Interest expense	43,543	52,926	(17.7%)
Net debt / Normalized EBITDA	2.3	2.1	7.6%
Normalized EBITDA / Interest expense	8.7	8.0	9.2%
Equity to total assets ratio	50.9%	48.9%	+197 bp

Key highlights:

- decrease of net debt → higher cash and cash equivalents,
- decrease of interest expense → refinancing under more favourable terms and repayment of a portion of borrowings,
- **weighted average cost of debt:**
 - on 31.12.2014 → 3.4%,
 - on 31.12.2013 → 4.3%,
 - improvement by 94 bp.

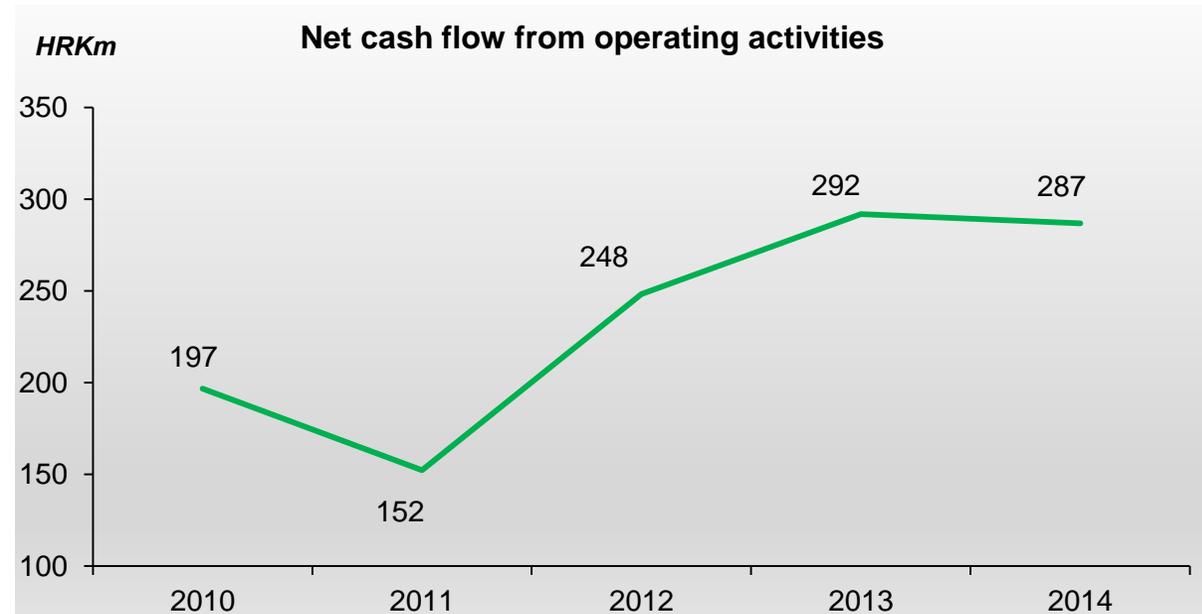


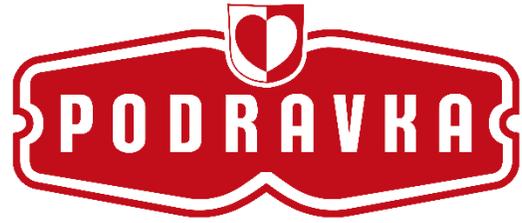
Stabile Podravka Group's net cash flow from operating activities

Working capital movement	2014	Influence
Inventories	HRK +22.3 million	- purchase of a large amount of raw materials, - takeover of inventories of canned fish, - introduction of new products.
Trade and other receivables	HRK -88.0 million	- more efficient collection in food segment, - settlement of a portion of the Croatian Health Insurance Fund liabilities.
Trade and other payables	HRK -38.5 million	- further harmonization of payment terms to suppliers.

Key highlights:

- net cash flow from operating activities → stable,
- net cash flow from investing activities → higher CAPEX by 69.1%, investment in modernization,
- net cash flow from financing activities → proceeds and repayments of borrowings almost equal.





Key highlights of 2014

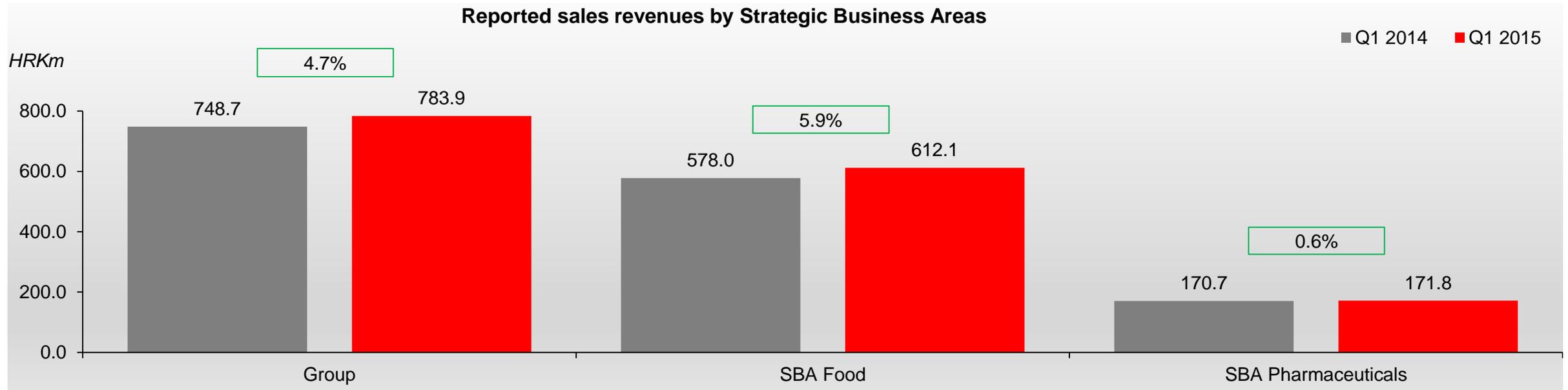
SBA Food and Drinks in 2014

SBA Pharmaceuticals in 2014

Financial reports in 2014

Short overview of 1 - 3 2015

Sales revenues growth in both strategic business areas in Q1 2015



Key highlights:

- sales revenues growth in both strategic business areas in Q1 2015 when compared to Q1 2014,
- total volume growth of SBA Food was 2.0%, while organic growth (growth of own brands excluding private label, trade goods, service production) was 3.2%,
- total volume growth of SBA Pharmaceuticals was 3.1%, while organic growth (growth of own brands excluding trade goods and services) was 5.3%.

Improved profitability of Food and Pharmaceutical segment increased Group's profitability

Q1 2015 (HRKm)	Food		Pharmaceuticals		Group	
Sales revenue	612.1	5.9%	171.8	0.6%	783.9	4.7%
Gross profit	233.7	9.0%	87.9	3.0%	321.6	7.3%
EBITDA	91.4	2,168.3%	15.6	58.8%	107.0	673.2%
EBIT	65.0	n/a	5.5	n/a	70.5	n/a
Net profit after MI	58.0	n/a	1.8	n/a	59.8	n/a

Q1 2015 (% of sales)	Food		Pharmaceuticals		Group	
Gross margin	38.2%	+109 bp	51.1%	+117 bp	41.0%	+99 bp
EBITDA margin	14.9%	+1,423 bp	9.1%	+332 bp	13.6%	+1,180 bp
EBIT margin	10.6%	+1,417 bp	3.2%	+352 bp	9.0%	+1,181 bp
Net profit margin	9.5%	+1,508 bp	1.0%	+332 bp	7.6%	+1,247 bp

Key highlights:

Food:

- HRK +24.8 million impact of Mirna d.d. consolidation in Q1 2015, HRK -45.7 million impact of severance payments in Q1 2014,
- excluding Mirna d.d. impact and severance payments, EBIT grew 51.3% to HRK 38.0 million and EBIT margin improved by 186 bp to 6.2% in Q1 2015.

Pharmaceuticals:

- profitability improvements on all levels,
- HRK -9.7 million of net realized FX differences → sole culprit for current level of profitability.

Podravka Group:

- excluding Mirna d.d. impact and severance payments, EBIT grew 71.9% to HRK 45.7 million and EBIT margin improved by 228 bp to 5.8%.

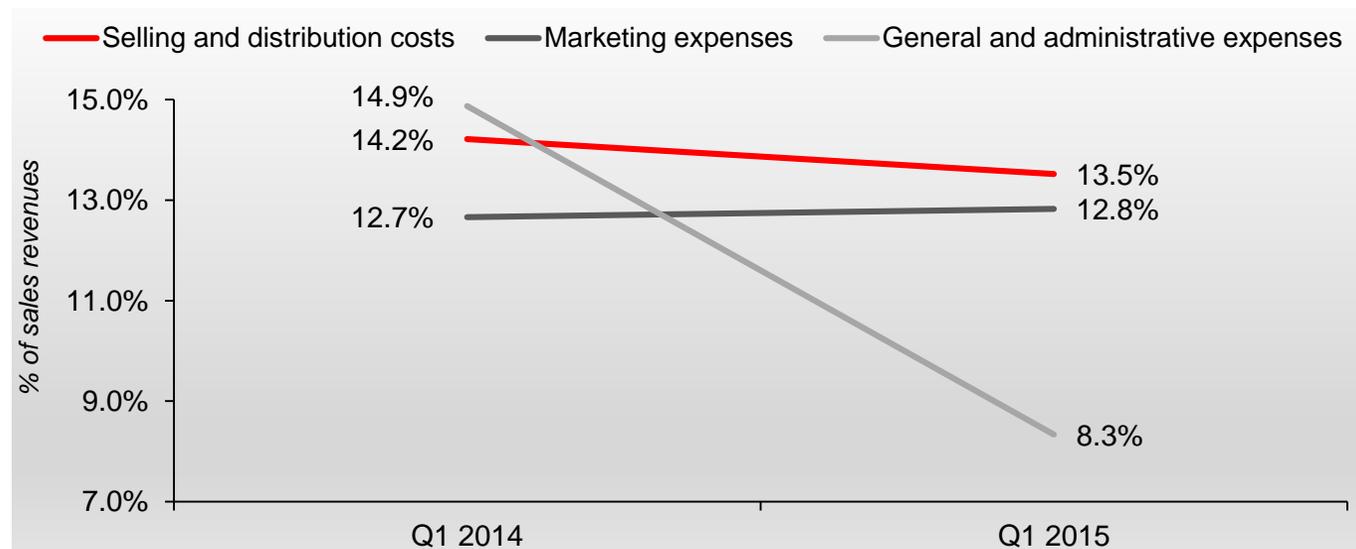
Note: P&L figures are unaudited; % change and basis points indicate QQ1 2015 / Q1 2014 change.

Further decrease of operating expenses as % of sales revenues

Operating expenses	Q1 2015 / Q1 2014	
Cost of goods sold		2.8%
General and administrative expenses		(41.3%)
Selling and distribution costs		(0.4%)
Marketing expenses		6.0%
Other expenses		(23.3%)
Total		(4.0%)

Key highlights:

- COGS had lower increase than food (+3.2%) and pharma (+3.1%) volume growth,
- general and administrative expenses 41.3% lower as a result of absence of severance payments in Q1 2015 that were burdening Q1 2014,
- lower staff costs, warehousing costs and more efficient collection of trade receivables led to lower S&D costs,
- MEX grew due to stronger marketing activities related to Easter holidays.





Podravka Inc. General Assembly

June 3rd 2015, Koprivnica, Croatia

