

# General Assembly

Podravka d.d.



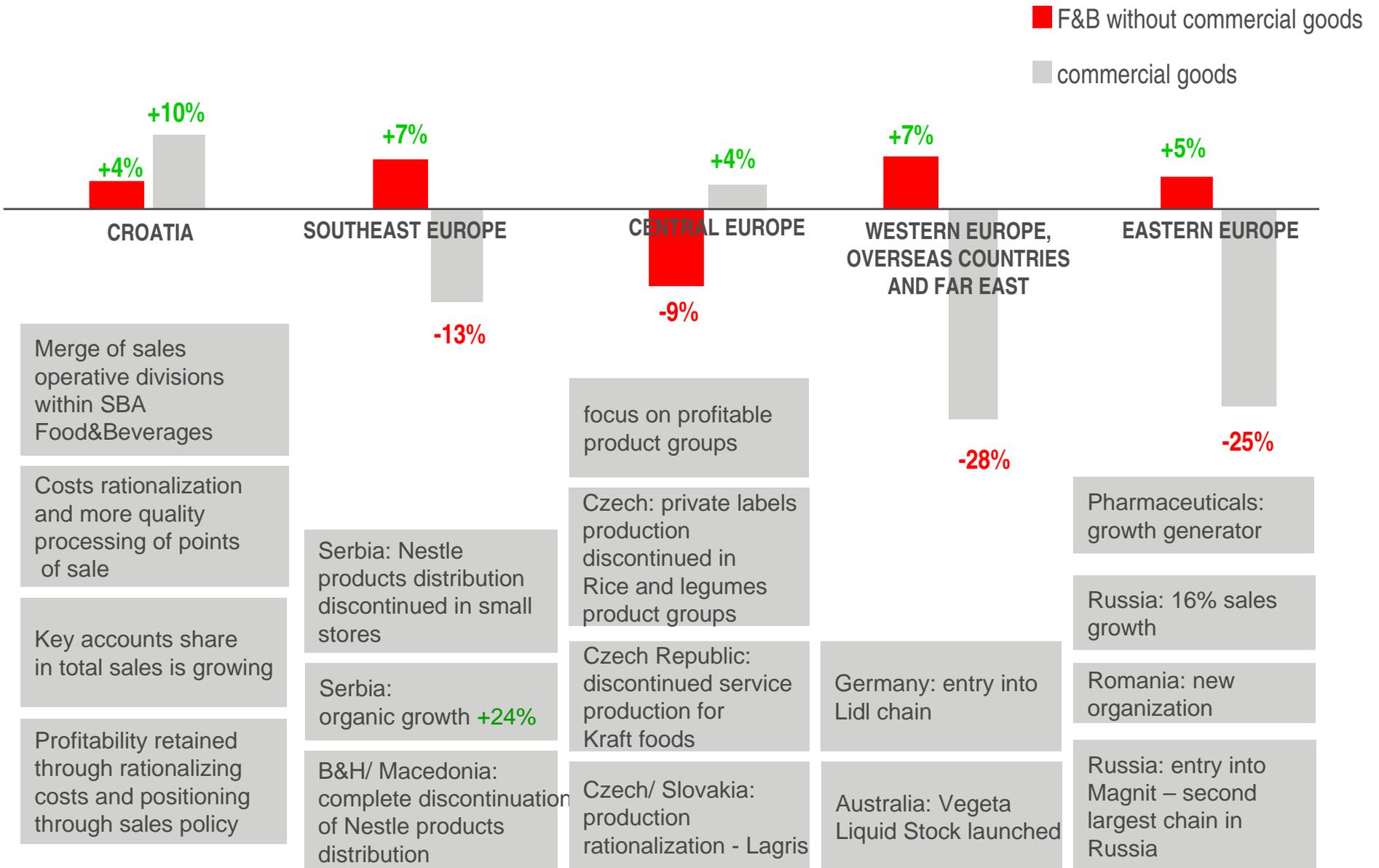
10 July 2007, Koprivnica

20006

## Business activities of Podravka Group in 2006

- organic growth
- marketing activities
- investments
- growth through acquisitions
- new products development
- optimizations of product portfolio
- distribution contract with Nestlé discontinued
- gross margin growth
- business restructuring

# Organic sales growth of Food and Beverages in 2006



# New products under Podravka brand in 2006



**Ready-made meals**  
launched in February  
2006



Dok pročitaš najnovije vijesti  
**RUČAK JE GOTOV**



Kada želiš nešto brzo i kuhano  
Podravka gotova jela najukusniji su  
izbor. Jednostavna su za pripremu i  
gotova u trenu.

Pripremi ih brzo i uživaj polako.



**Tortilla chips  
and dips** launched  
in November 2006



**Jams extra**  
launched in  
November 2006



**Ready-made  
sauces** launched  
in June 2006



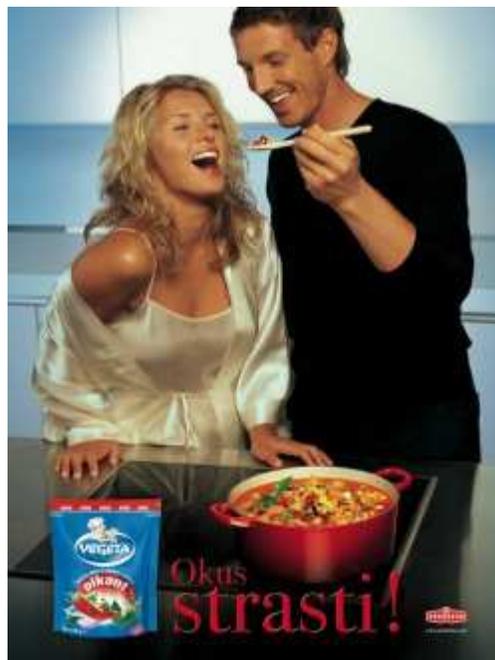
**Chopped tomato**  
launched in February  
2006



# New products under Podravka brand in 2006



Vegeta piquant launched in September 2006



Vegeta Liquid Stock launched to Australian market in May 2006



- food seasonings sales growth in 2006 was 34%

- market share increase in total food seasonings market from 22% to 29%

With Vegeta Dishes Taste Better!

**NEW** Recipes!

For new ideas please visit: [www.vegeta.com.au](http://www.vegeta.com.au)

"Chicken with sesame and ginger"

# New products under Lino and Čokolino brand in 2006

July 2007



## Lino®

Lino baby food with probiotic launched in July 2006



**Lino PRVI OKUSI**

**RIŽA KUKURUZ**

OLIGOFUKTOZA  
SEDEM VITAMINA  
KALCIJ  
MAGNEZIJ  
JOD

**NOVO!**

**OLIGOFUKTOZA**

**INULIN**

**FOS**

Prebiotik prijatelj zdravlja

Prirodna i zdrava Lino dječja hrana



## Čokolino®

Čokolino cream spread launched in September 2006



Čokolino cereals launched in February 2006

# Baby food factory investment



# Eva in Podravka product portfolio



one of the most accepted canned fish brands in Croatia and SouthEast Europe (GfK research)



among top brands for recognizability, use and popularity in sardines category in the markets of Croatia and SouthEast Europe (GfK research)



category with high growth potential and expanding the range with new products



since 2007 the sales of products under Eva brand is shown within Podravka brands

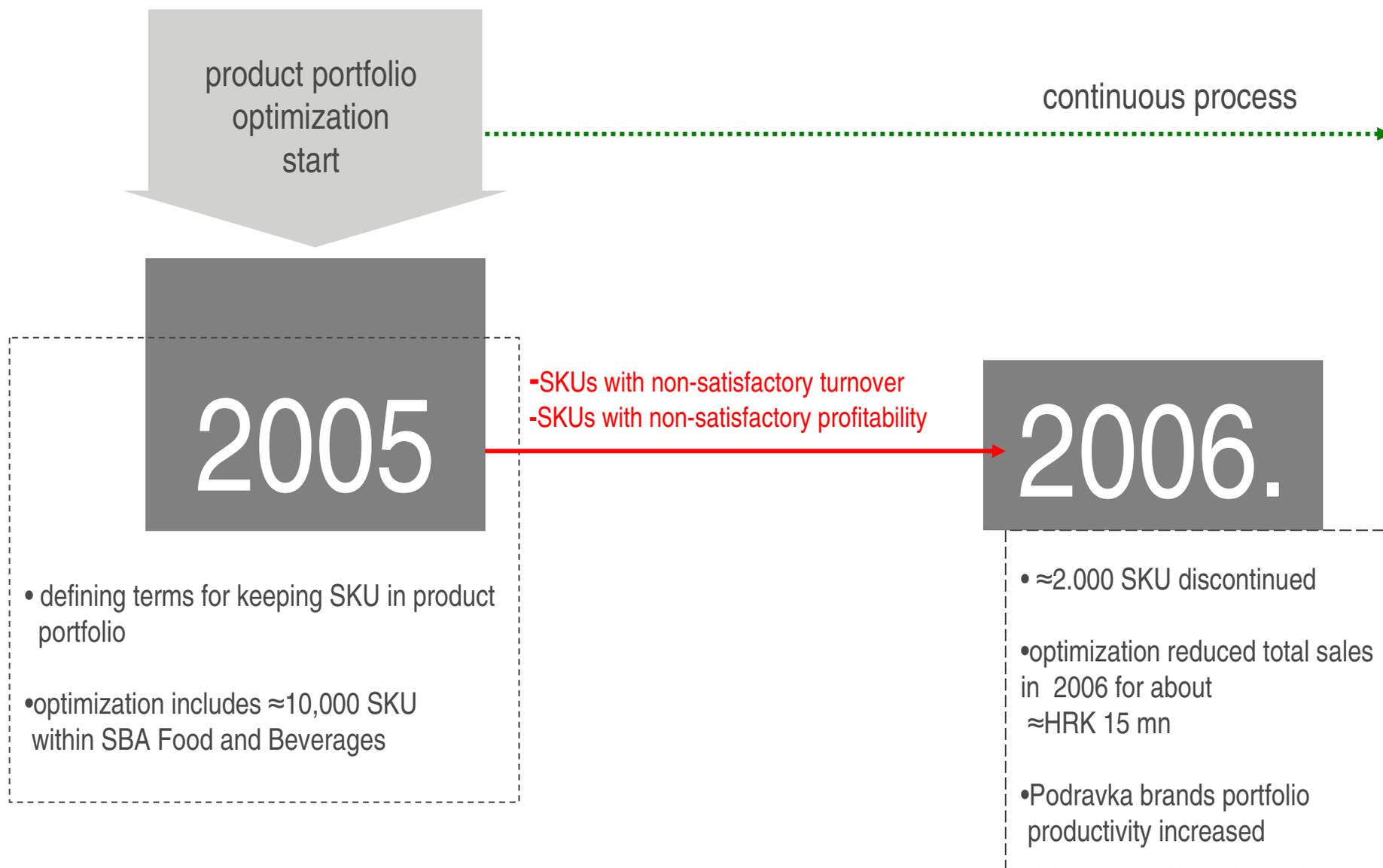
## Sardines



## Tuna



# Product portfolio optimization (SKU)

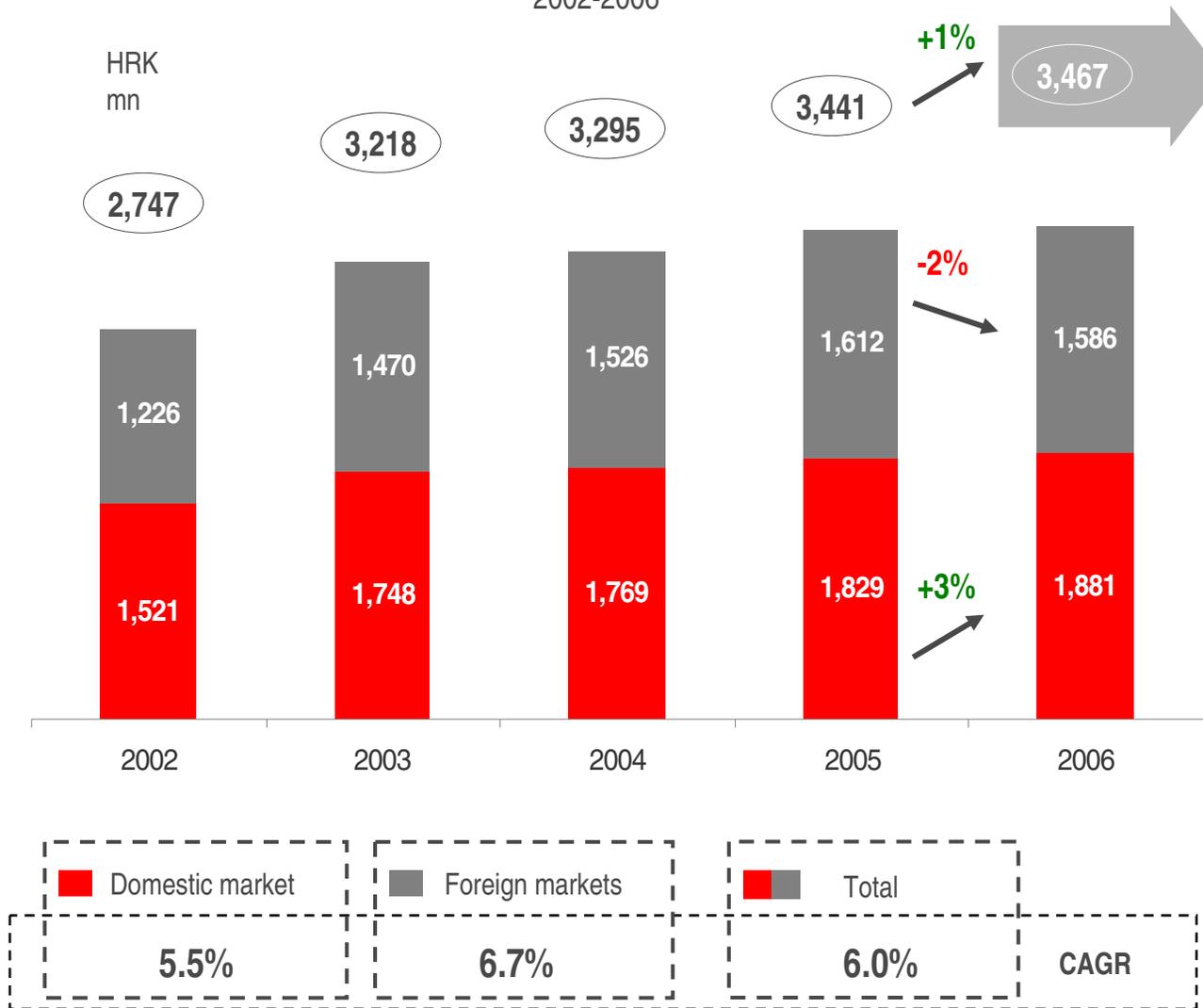


# Podravka Group Sales in 2006

Sales growth in domestic and foreign markets

2002-2006

HRK  
mn



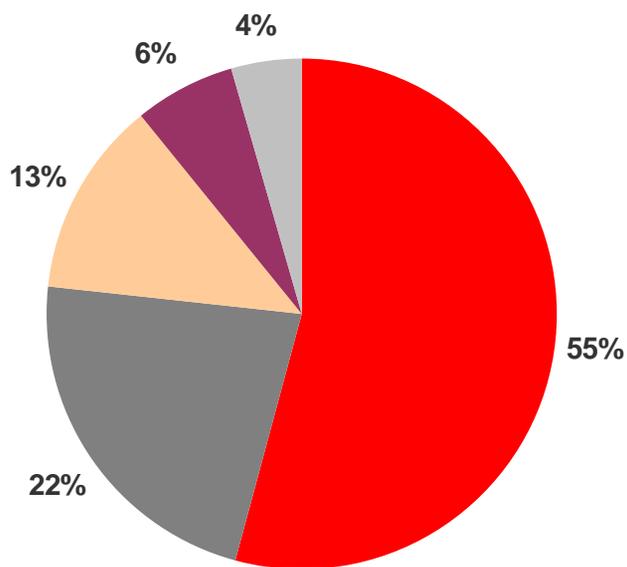
-total sales drop of commercial goods of HRK 21 mn completely compensated by organic growth

- highest sales growth for categories of branded products:

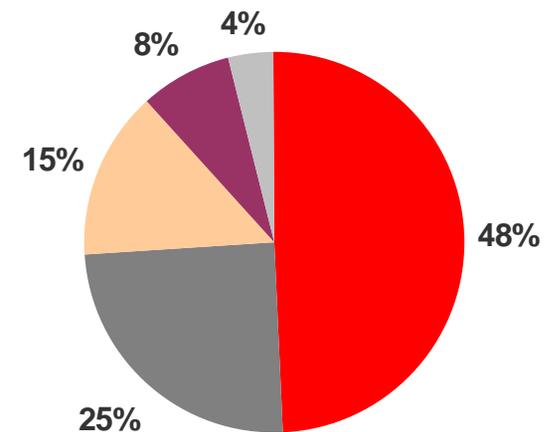
- Baby food, sweets and snack 7%
- Meat and meat products 5%
- Podravka dishes 4%
- Fruit and vegetables 4%

# Sales structure per markets

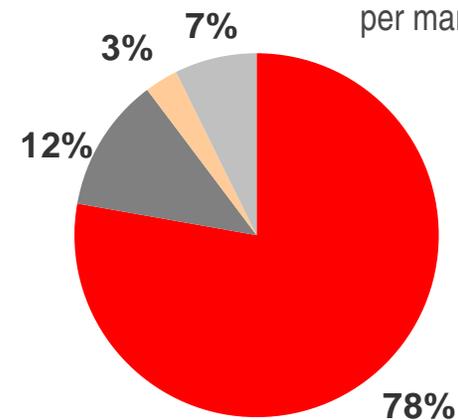
Podravka Group sales structure per markets



Food & Beverages sales structure per markets



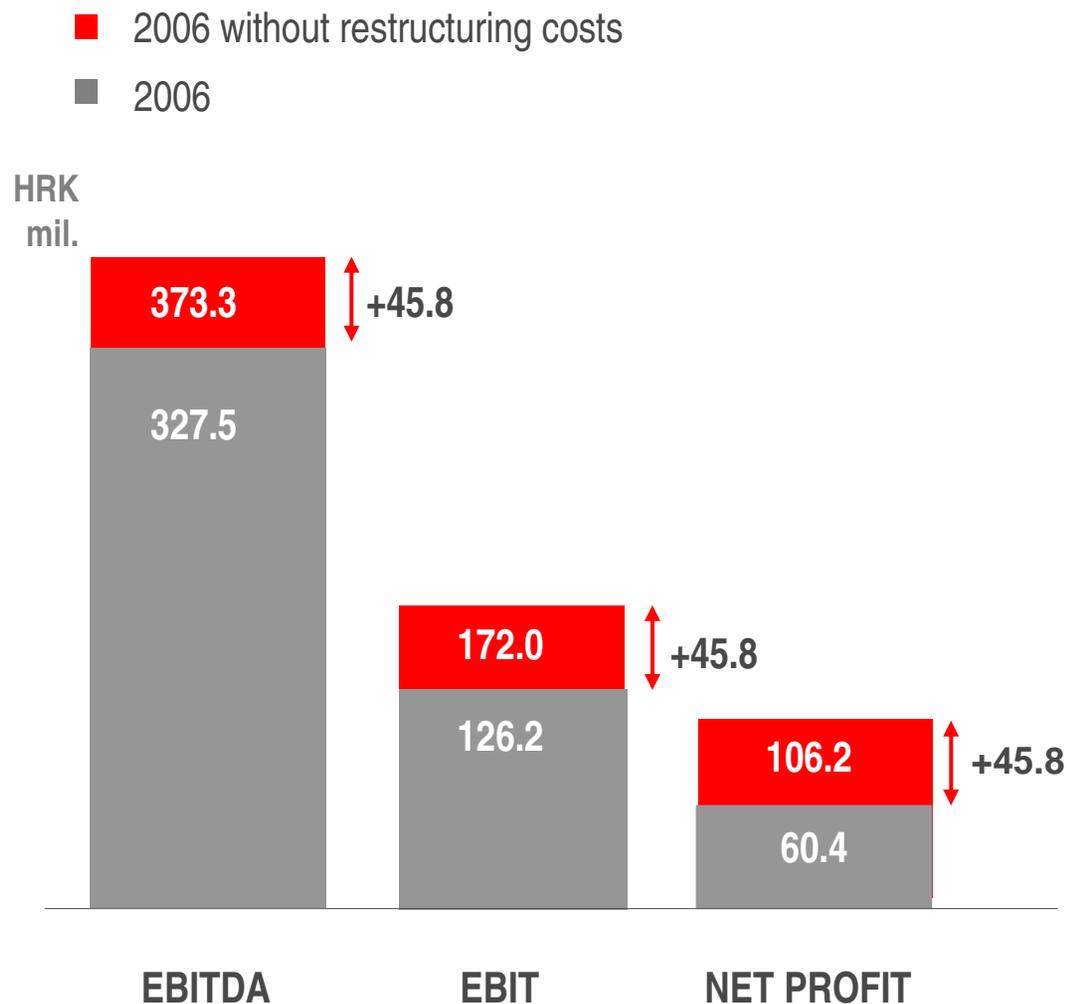
Pharmaceuticals sales structure per markets



- Croatia
- SouthEast Europe
- Central Europe
- Western Europe, overseas countries and Orient
- Eastern Europe



# Restructuring process in 2006



Management Board decides to continue the restructuring process in parts of the company performing non-basic activities

Koprivnička tiskarnica d.o.o. spin-off

Companies in Poland merged

New Collective Agreement signed

Severance payments

Internal reallocation of employees with the purpose of reducing seasonal/occasional workers

# Business results without the effect of restructuring costs

HRK mn

Podravka Group	Results without restructuring costs			Reporting results		
	2006	2005	06/05	2006	2005	06/05
Sales	3,467.5	3,441.4	1%	3,467.5	3,441.4	1%
Gross profit	1,351.2	1,336.9	1%	1,351.2	1,336.9	1%
EBITDA	373.3	315.9	18%	327.5	308.5	6%
EBIT	172.0	92.9	85%	126.2	85.5	48%
Net profit	106.2	70.0	52%	60.4	62.6	-4%
Gross margin %	39.0	38.8	12 bp	39.0	38.8	12 bp
EBITDA margin %	10.8	9.2	159 bp	9.4	9.0	48 bp
EBIT margin %	5.0	2.7	226 bp	3.6	2.5	116 bp
Net margin %	3.1	2.0	103 bp	1.7	1.8	-8 bp

# Suggested dividend for 2006

total number of shares	5,420,003
- treasury shares (3 July 2007)	18,206

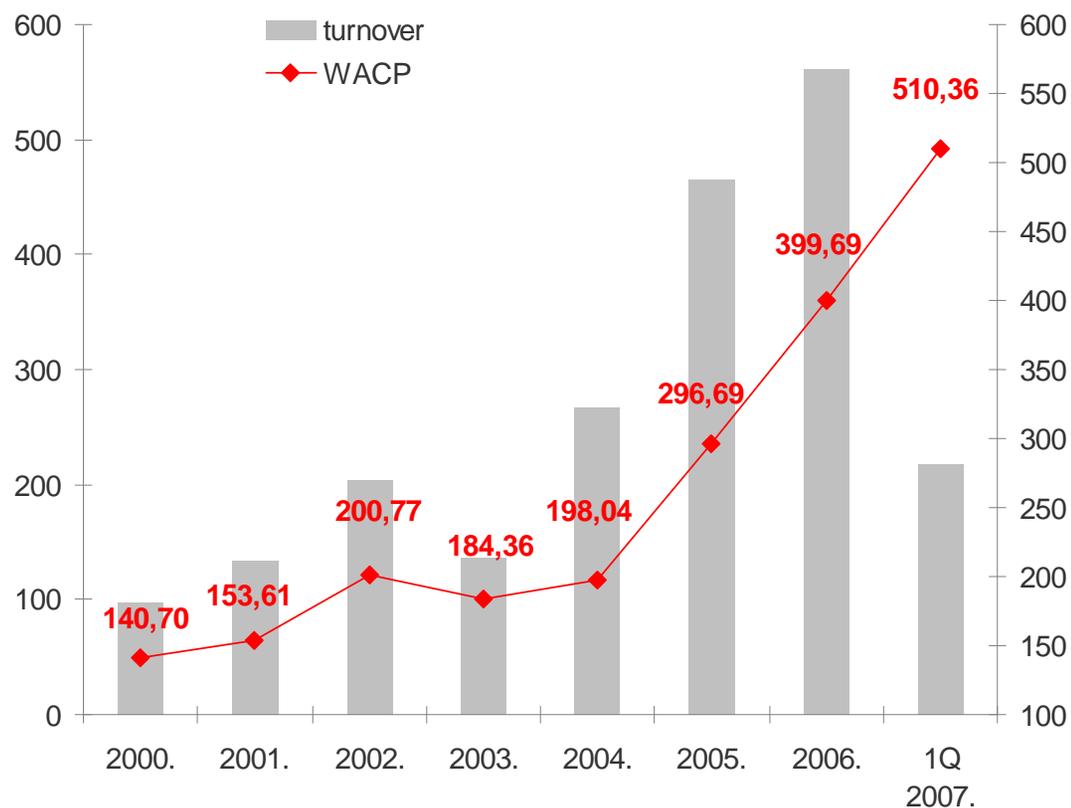


dividend amounting to  
**HRK 27,008,985**  
 will be paid by 31 Dec 2007

Remaining current profit  
 HRK 3,464,892

Other reserves  
 HRK 23,544,093

# PODR-R-A turnover and price



## 31 December 2006

Close price (HRK)	470,01
Market capital. (HRK mil.)	2.547,5
12 months max / min (HRK)	495 / 315,01
12 months turnover (mil. HRK )	671,8
Average daily turnover (HRK mil.)	2,69
Free float (%)	73

## Indicators

	2006	2005
EPS	11.2	11.7
P/E	41.8	27.1
BVPS	322.3	354.5
P/B	1.5	0.9
P/S	0.7	0.5

## WACP

2005

2006

change

HRK 296,69

HRK 399,69

+35%

2007

# Podravka Group results in 1st quarter 2007

HRK mn

PODRAVKA GROUP	1-3 2007			1-3 2006			change	Food and Beverages			Pharmaceuticals		
	1-3 2007	1-3 2006	change	1-3 2007	1-3 2006	change		1-3 2007	1-3 2006	change			
Sales profit	716.6	758.2	-5%	594.9	635.8	-6%	121.7	122.4	-1%				
Gross profit	301.2	295.5	2%	231.1	226.8	2%	70.1	68.7	2%				
EBITDA	76.4	78.9	-3%	54.7	52.7	4%	21.7	26.2	-17%				
EBIT	30.5	25.0	22%	18.8	10.0	88%	11.7	15.0	-22%				
Net profit	15.0	16.2	-8%	8.1	6.8	19%	6.9	9.4	-27%				
Profitability margins													
Gross margin	42.0	39.0	300 bp	38.8	35.7	310 bp	57.6	56.2	140 bp				
EBITDA margin %	10.7	10.4	30 bp	9.2	8.3	90 bp	17.9	21.4	-350 bp				
EBIT margin %	4.3	3.3	100 bp	3.2	1.6	160 bp	9.6	12.3	-270 bp				
Net margin %	2.1	2.1	0 bp	1.4	1.1	30 bp	5.6	7.7	-210 bp				

# Awards

## February 2007



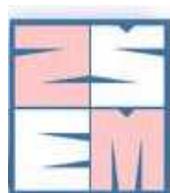
Reputation Institute awarded Podravka for excellence in corporate reputation among Croatian companies in 2006. Podravka holds 21st position in the global scale of companies with the best corporate reputation.

## March 2007



Partners for Financial Stability (PFS) Program  
[www.pfsprogram.org](http://www.pfsprogram.org)

A research by Zagreb School of Economics and Management (ZSEM) in cooperation with East-West Management Institute, places Podravka among best rated companies for quality in reporting to the investor public and social responsibility.



## May 2007



Brands: Podravka, Vegeta, Čokolino and Fini-Mini received Superbrand award in Croatia



Superbrand Russia 2006 - Second time in a row Vegeta received Superbrand award in Russia.



Brand Eva received Cropak award for best packaging in category of Croatian products. Since 2004 this award is given by the Institute for Packaging and Graphic Arts, Packaging trade journal and Tectus company.

# Warzywko and Perfecta



Polish Agency for the protection of market competition approved Podravka purchase of Warzywko and Perfecta brands



Warzywko- Polish brand for universal and special food seasoning and bouillons



Perfecta- universal food seasoning brand sold in Russia, Ukraine and Romania



Purchasing Warzywko Podravka will strengthen its leader position on Polish market of food seasonings



Purchasing Warzywka Podravka enters “medium price” segment on Polish market and expands consumer base and profiles

## Warzywko



## Perfecta



# Purchasing Lero brand



Podravka purchased Lero brand, to strengthen its market position in category of non-alcoholic beverages



With this purchase Podravka expands its existing product assortment to category of juices, nectars, syrups and other non-alcoholic beverages packed in modern and technologically advanced packaging



Introducing Lero into its exististing sales structure, Podravka will realize costs synergy in sales and distribution



Purchasing Lero Podravka also took over contractual obligations on service production for third parties: Cockta, Orangina and other brands in non-alcoholic beverages category

## Syrup



## Fruit juices



## Non-alcoholic beverages



# Podravka Group sales in 1st quarter 2007

## Sales characteristics

### Podravka Group

Sales HRK 717 mn

Change (07/06) -5%

### Organic growth

Podravka brand HRK 473 mn

Change (07/06) +3%

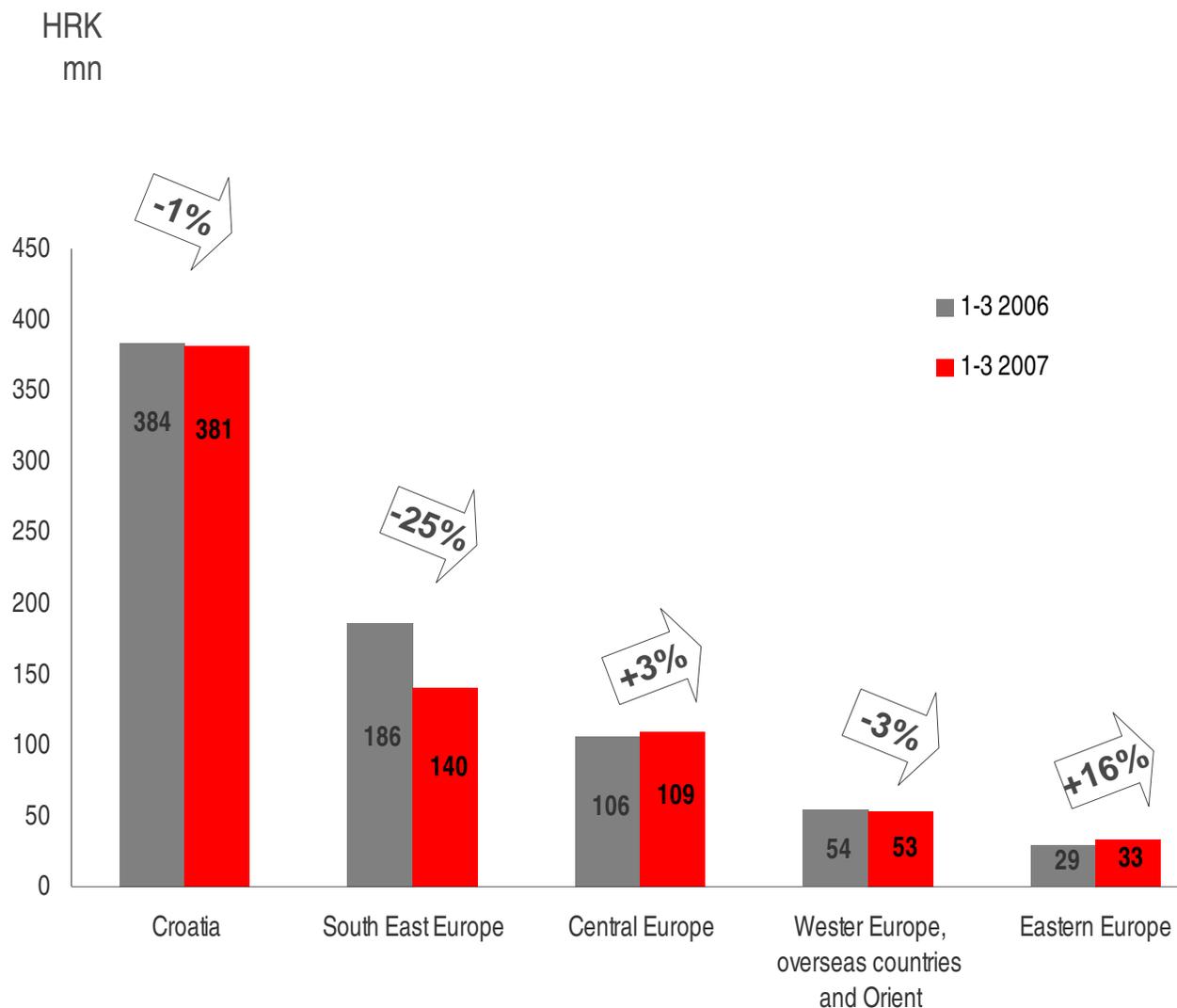
Commercial goods HRK 70 mn

Change (07/06) -46%

Pharmaceuticals HRK 122 mn

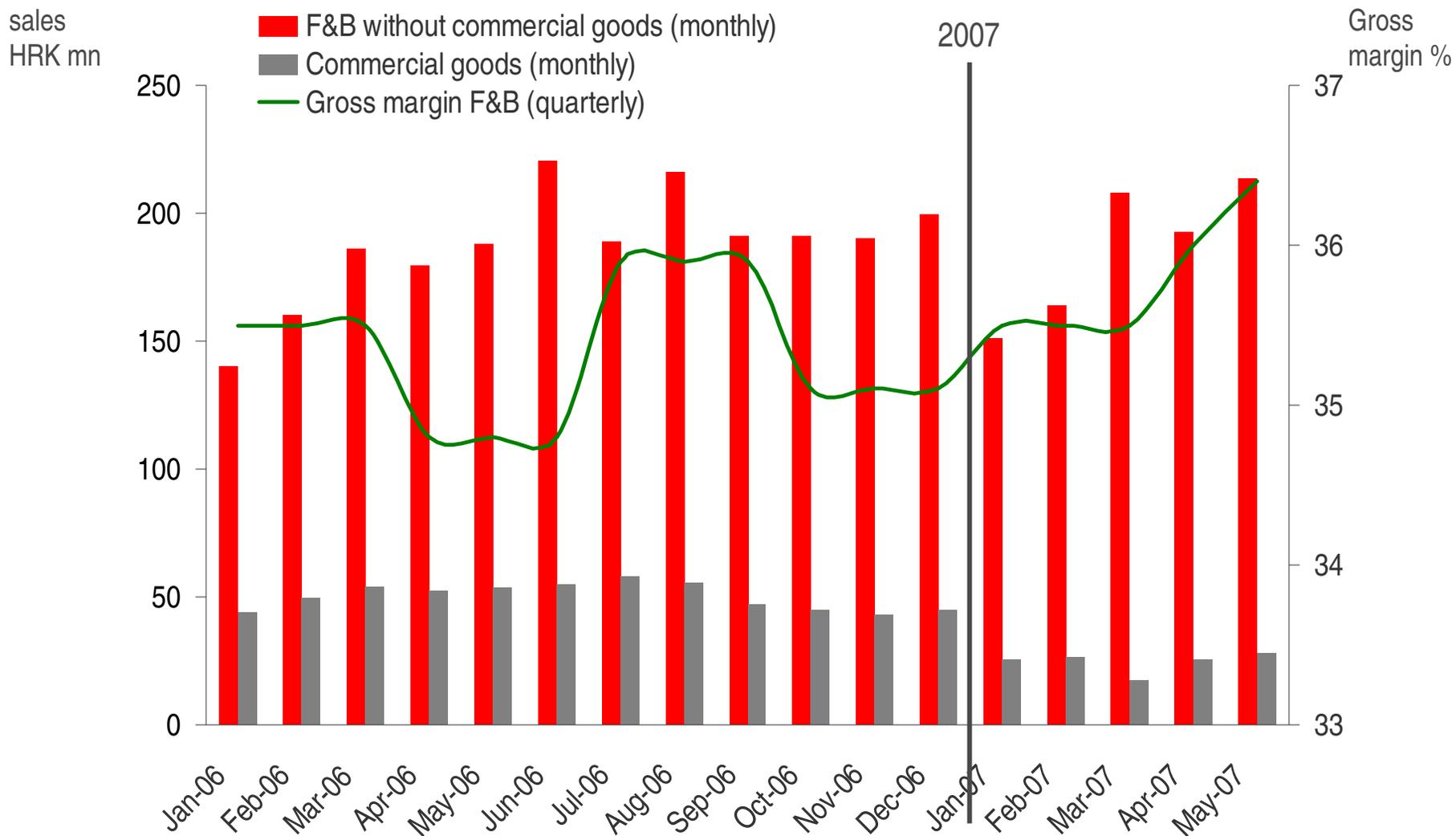
Change (07/06) -1%

## Podravka Group sales per markets

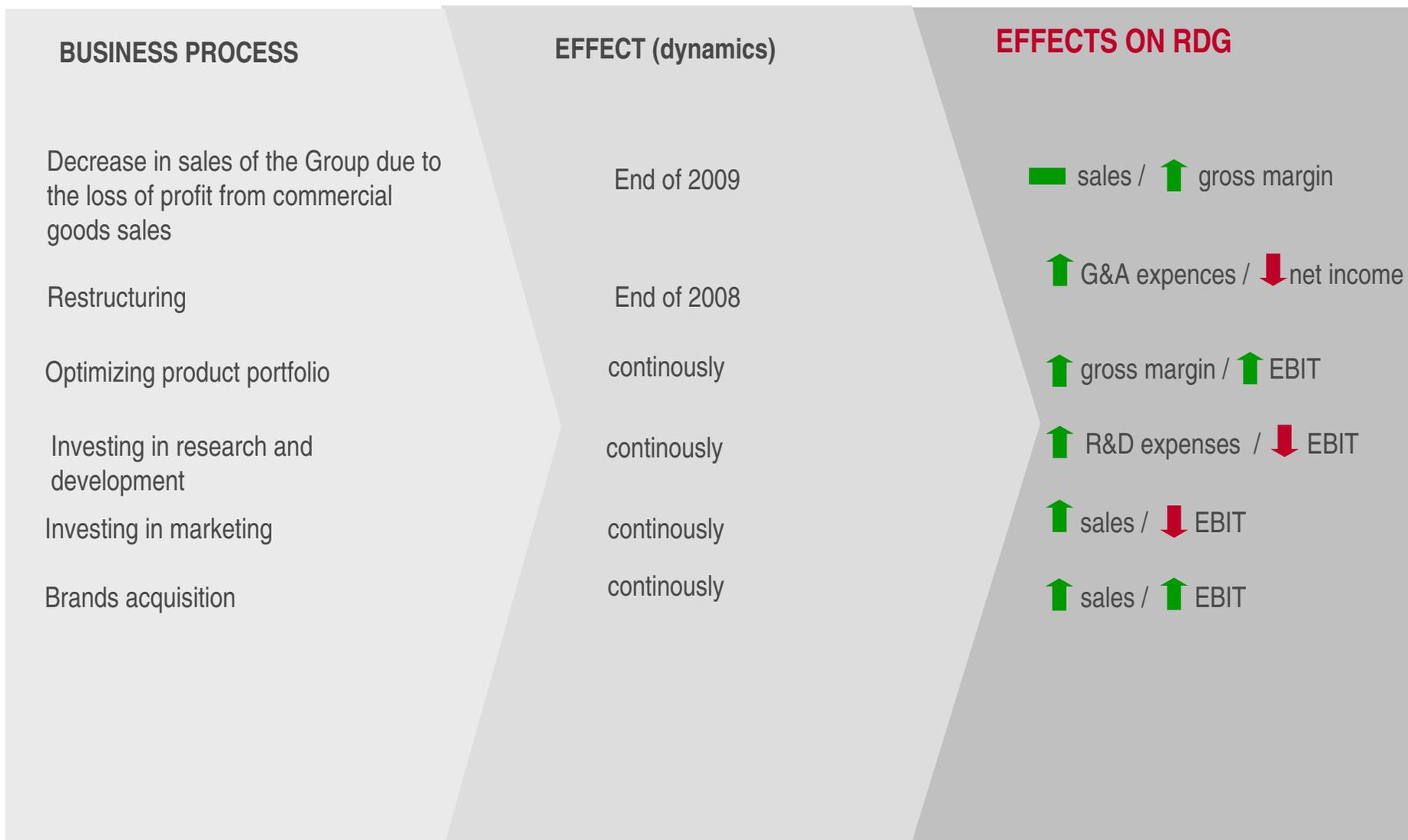


# Positive movement of Food&Beverages profitability

Sales movement and profitability of Food & Beverages



# Effects on business results in 2007



# New members of the Supervisory Board

SUPERVISORY BOARD	
existing members	newly elected members
Marko Ećimović Boris Hmelina Goran Gazivoda Milan Artuković Ksenija Horvat Franjo Maletić	Josip Pavlović Dražen Sačer Damir Felak Dubravko Štimac Mladen Vedriš -president of the SB
6 members	5 members
11 members	

# Changes in middle management

## MIDDLE MANAGEMENT 06/07

Pavel Pichler- Market director, Czech Republic, March '06

Zoran Stoilkovski- Sales director, Macedonia, August '06

Cristina D.Saracu- Market director, Romania, October '06

Tim Bowen- Sales director, Australia and Far East,  
October '06

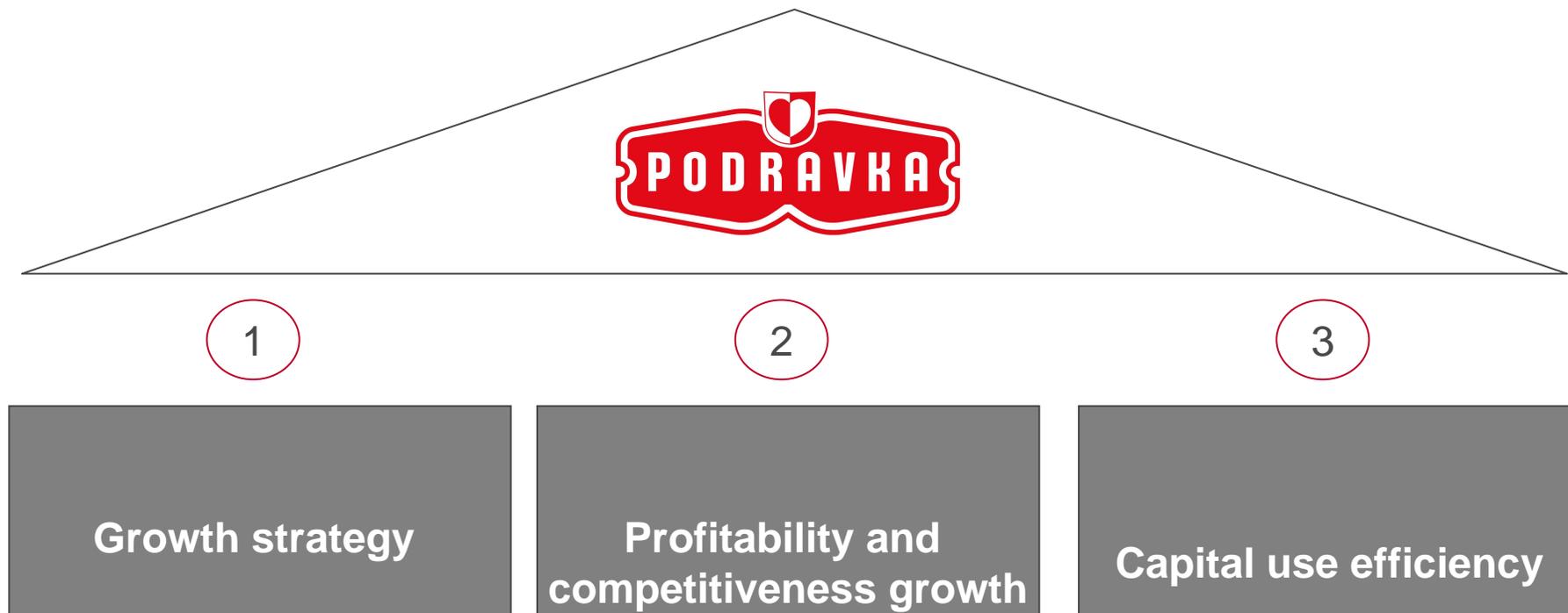
Michal Jung- Marketing director, Poland, January '07

Radim Kratochvil- Sales director, Czech Republic, January '07

Sonja Zarubica- Marketing director, Montenegro, June '07

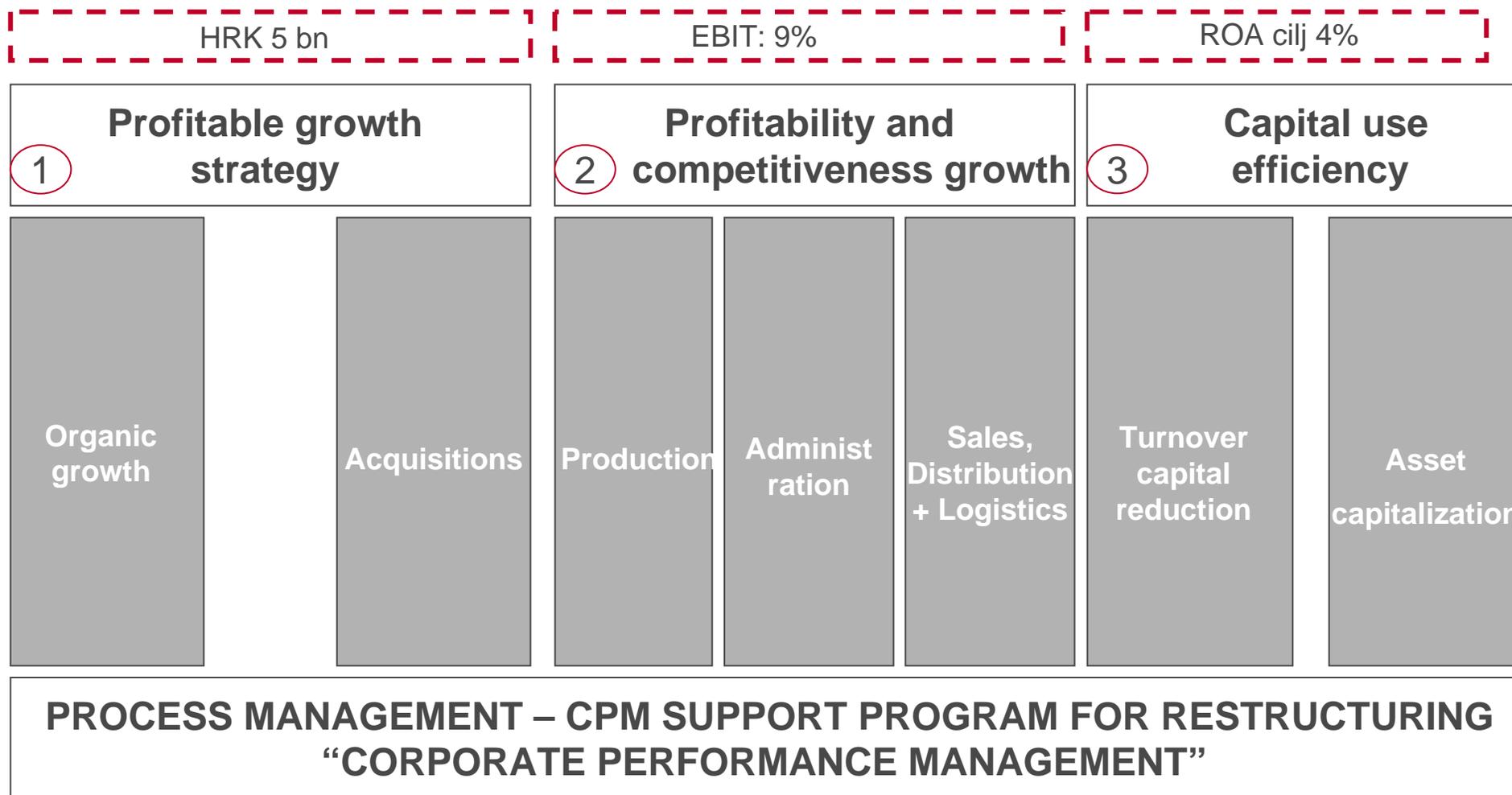
# Restructuring strategy

## Three priorities of strategic restructuring by 2011

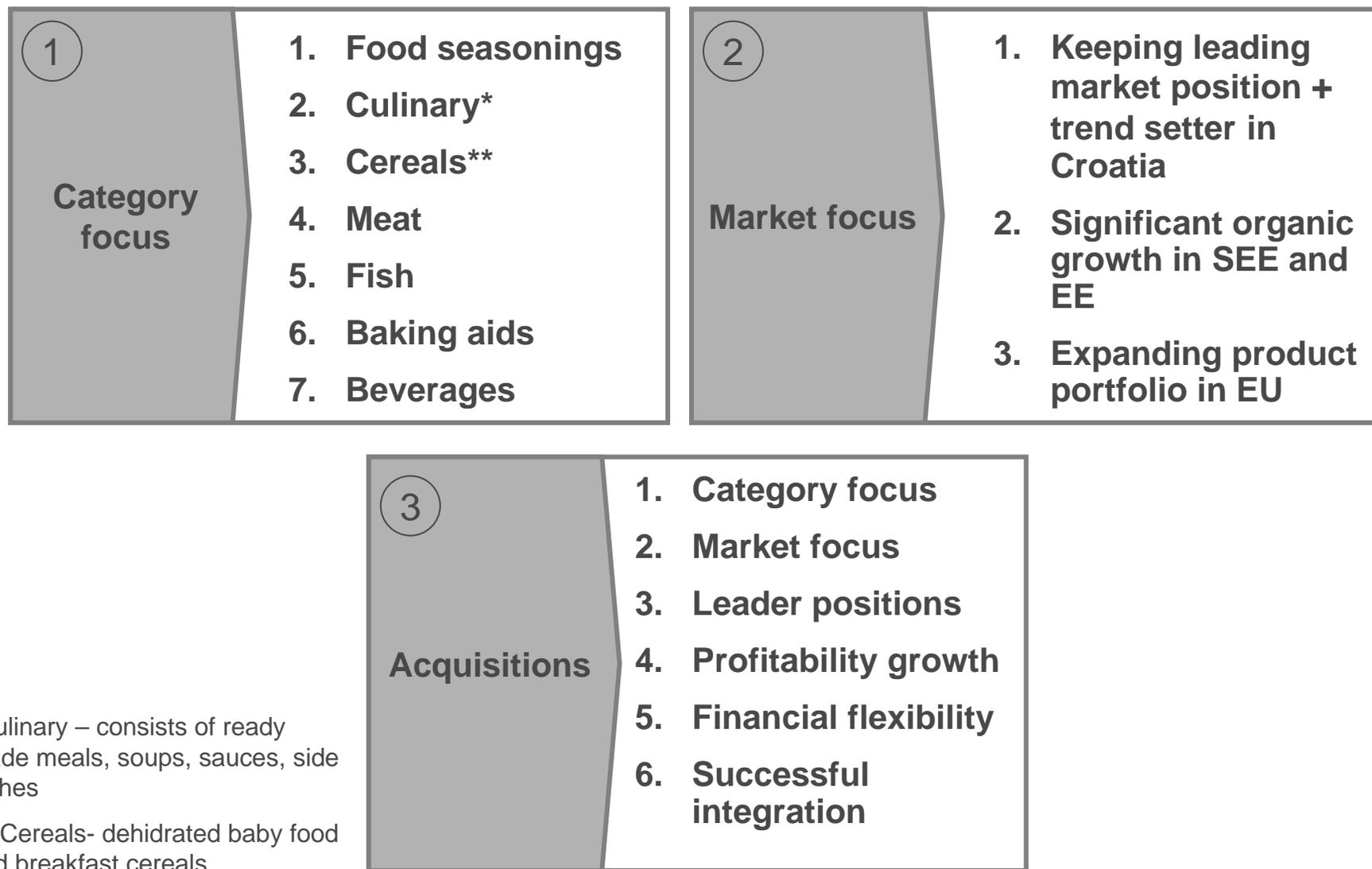


# How to realize strategic priorities?

Goals for 2011



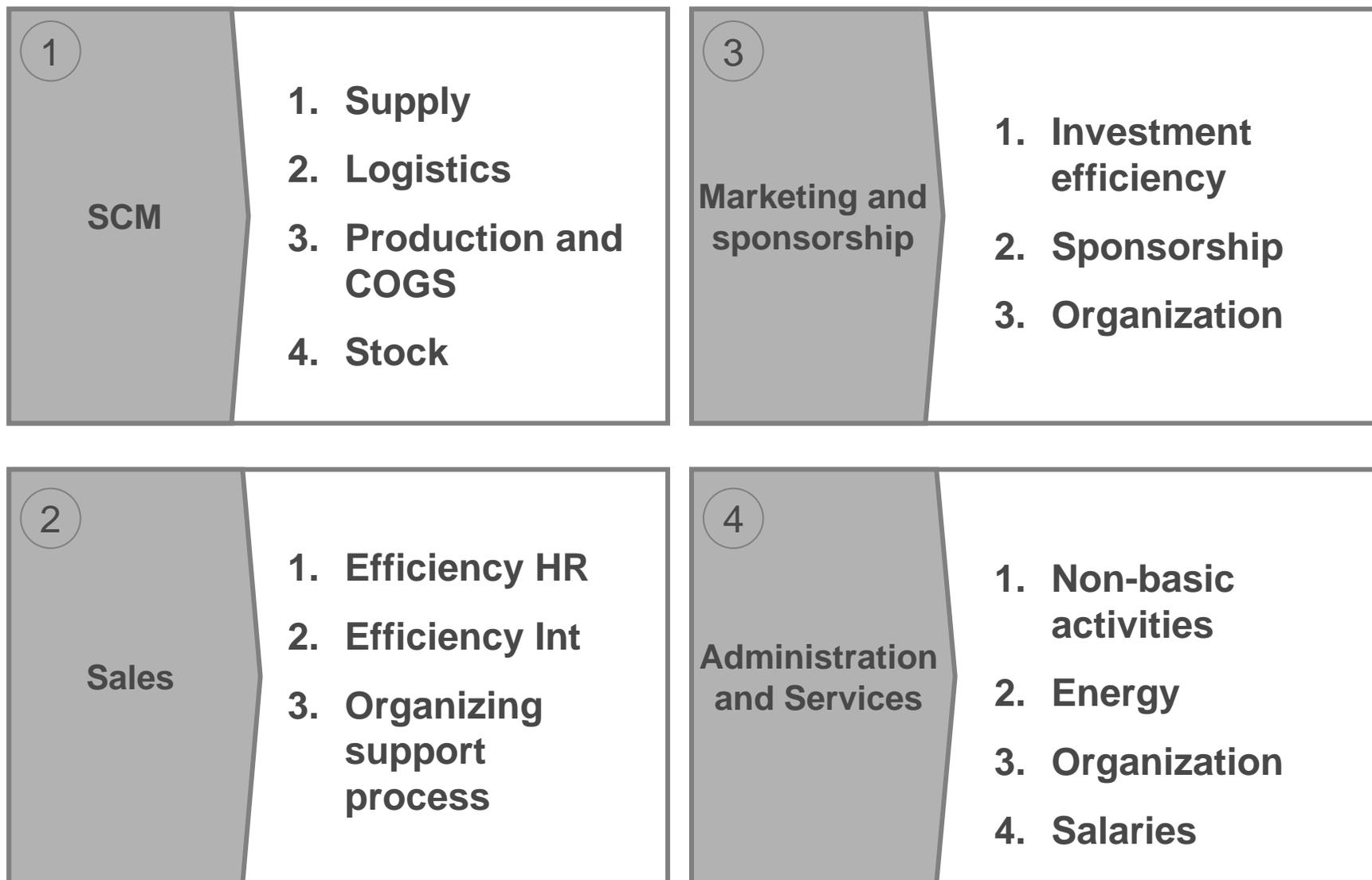
# “Growth” program with related projects



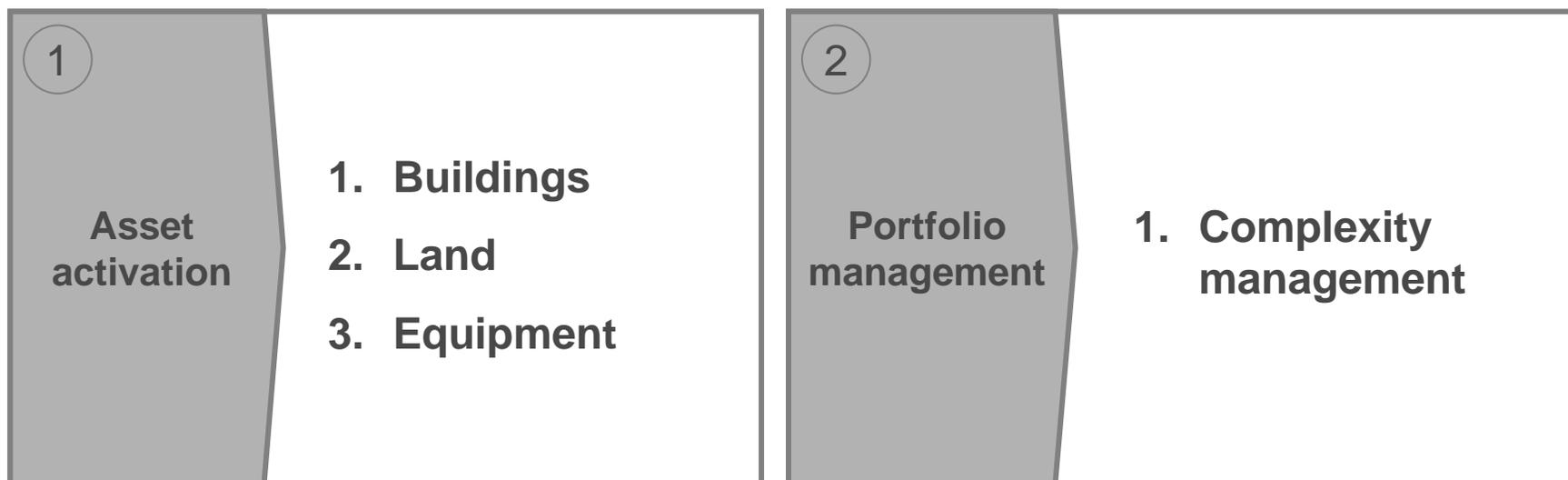
\*Culinary – consists of ready made meals, soups, sauces, side dishes

\*\* Cereals- dehydrated baby food and breakfast cereals

# “Profitability” program with related projects



# “Asset capitalization” program with related projects



Always with a heart



[www.podravka.com](http://www.podravka.com)

