



KORPORATIVNE KOMUNIKACIJE

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PRESS RELEASE

OPERATING RESULTS OF THE PODRAVKA GROUP FOR THE FIRST
QUARTER OF 2020

**Even under difficult circumstances, the Podravka Group
continues to achieve strong growth**

- Sales revenues increased by HRK 211.3 million, or 20.8%
- Achieved net profits of HRK 91 million represents growth of 13.5% over the year before
- Double figure growth in sales of own brands was achieved in both business segments – Food and Pharmaceuticals
- Under the highly challenging and complex operating conditions, especially during the month of March, the company showed a great capacity to quickly adapt its operations to the new extraordinary situation, thereby successfully responding to numerous challenges

The supervisory board of Podravka d.d. has confirmed the unaudited operating results of the Podravka Group for the first quarter of 2020, and expressed its great satisfaction with the achieved indicators, particularly given the very challenging operating conditions caused by the COVID-19 pandemic.

“In examining the business results of the Podravka Group for the first three months of this year, above all, we have to recognise the efforts of our employees, with whom we quickly responded to various unplanned challenges, adapting our company operations to the new, extraordinary situation on the market in a very short period of time. We were able to successfully respond to



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the many negative impacts on business by increasing revenues from the sales of our products, thereby raising the profitability of the Podravka Group to an even higher level. We are particularly proud of the fact that we have succeeded in keeping our open promise to ensure the adequate supply of our products on the shelves of many shops around the world, thus making them accessible to our loyal customers,” stated **Marin Pucar, chairman of the management board of Podravka at the release of the operating results.**

The net profits of the Podravka Group for the first quarter of 2020 amounted to HRK 91 million, representing an increase of 13.5% over the same period one year earlier. The growth in sales of the own product line, with simultaneous controls of operating costs, resulted in an increase in profitability

Sales revenues of the Podravka Group grew by HRK 211.3 million to HRK 1228.7 million, representing an increase of 20.8% over the year before. This growth was the result of increasing sales revenues in both business segments, Food and Pharmaceuticals, thanks to increased sales and marketing activities. The growth in sales revenues from the first two months was further increased in March, due to the appearance of the COVID-19 pandemic.

The Food segment achieved HRK 970.9 million in sales revenues, up HRK 155.4 million over the same period one year earlier. Within this segment, all business programmes achieved growth in sales revenues, with growth in own brands by almost 21% of HRK 157.9 million. The highest growth (HRK 45.9 million) was achieved in the Culinary programme, while the business programme Žito and Lagris achieved growth of HRK 34.1 million. The programme Meat products, Meals and Spreads saw growth in sales revenues of HRK 24.1 million, the programme Podravka Food HRK 22.8 million, the programme Fish HRK 16.4 million, and the business programme Children's Food, Desserts and Snacks achieved growth of HRK 14.5 million over the year before.



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The second segment of the Podravka Group, Pharmaceuticals, achieved growth in sales revenues of HRK 257.9 million, up HRK 56 million over one year earlier. The own brands of the Pharmaceutical segment increased by HRK 40.8 million, or 25.2%. In this segment, the highest growth of HRK 25.1 million was achieved in the category Prescription Medicines, while the Over-the-counter programme achieved growth in sales revenues of HRK 15.7 million.

Examining sales results of the Podravka Group by region, the highest increase of HRK 173.8 million was recorded in the Adria region, followed by the Central Europe region (HRK 30.4 million) and the region Western Europe and Transoceanic Markets (HRK 9.1 million), while sales in the region Eastern Europe remained at similar levels to last year.

It is worthwhile to state that despite the numerous negative impacts of COVID-19 on business results (following the increase in prices of raw materials and packaging, increasing prices of transport services and hindered conditions of product delivery, impacts of currency differences, etc), after positive trends in the first two months of this year, the Podravka Group succeeded in preserving and continuing with the positive business trends in March. This once again confirms the company's capacity for rapid adaptation in this unpredictable and extraordinary situation. At this time, how future trends will impact the overall operations of the Podravka Group in 2020 is very difficult to assess, due to the uncertainties surrounding the progression of the pandemic. In any case, the company is prepared to respond to any challenges that may be expected in the forthcoming period.