



## **PRESS RELEASE**

Otočec, 4 July 2019 – The 25th Annual General Meeting of Krka, tovarna zdravil, d. d., Novo mesto is due at the Šport Hotel in Otočec today. At the beginning, the President of the Management Board and CEO of Krka Jože Colarič presented the key business results of the Krka Group for 2018 and certain preliminary operating results of the Krka Group for the first six months of 2019. The Supervisory Board will discuss the final unaudited operating results of the Company and the Group for the first half of this year at its regular meeting of 31 July, and Krka will publish them the next day.

The shareholders will vote on the proposed resolutions. We will inform you about the adopted resolutions in a separate press release.

### **Krka Group operations in the first half of 2019**

#### **Preliminary Group sales by region**

The Krka Group generated €761.8 million in sales, of which revenue from contracts with customers on sales of products and services amounted to €759.7 million. Sales increased by €82.3 million and were 12% higher than in the same period last year.

Sales of products and services in markets outside Slovenia totalled €714.7 million and constituted 94% of Krka Group total sales. Sales volume amounted to 7.4 billion units (tablets, capsules, injections, etc.), a 4% increase over the same period last year.

Sales increased in all regions. Accounting for 33.1% of total sales, the largest sales region of the Group was Region East Europe. Sales there reached €251.5 million, up €33.1 million or 15% over year-to-date. The Russian Federation remained our largest individual market. Product sales amounted to €166.8 million, up 9% over the same period last year. Double-digit sales growth was also recorded in most other markets of Eastern Europe and Central Asia.

In terms of sales, second largest region was Region West Europe, where sales reached €170.6 million or 22.5% of total Group sales, up €25.3 million or 17% compared to the same period last year. The highest growth was recorded in the Scandinavian countries, Spain, the United Kingdom and Portugal. In Germany, the largest market in the region, Krka sold €40.6 million worth of products, recording a 5% year-on-year increase.

In the Region Central Europe, with 22.3% of total Group sales, sales totalled €169.6 million, up €8.1 million or 5% compared to the same period last year. In Poland, the largest market in the region, Krka sold €79.5 million worth of products, recording a 6% year-on-year increase.

In Region South-East Europe, product sales amounted to €98.5 million, constituting 13% of Krka Group total sales. We sold €10.1 million or 11% more than in the same period last year. The highest growth was recorded in Bulgaria, Serbia and Romania.

In the domestic market, sales of products and services saw 4% growth and totalled €45.0 million, constituted 5.9% of total sales.

Region Overseas Markets generated product sales of €24.6 million (up 13%), accounting for 3.2% of overall Group sales.

#### **Preliminary Group sales by product and service group**

Sales increased in all product and service groups. We sold €643.2 million worth of prescription pharmaceuticals, an increase of €75.7 million or 13% over the same period last year. Prescription pharmaceuticals represented 84.7% of total Krka Group sales. Year-on-year comparison showed that sales of non-prescription products were

up 6% and generated €62.2 million in sales (8.2% of total Group sales). Sales of animal health products increased by 2% to €36.0 million, accounting for 4.7% of Krka Group total sales. Health resorts and tourist services generated €18.4 million, a 6% year-on-year increase (2.4% of total Group sales).

### **Preliminary operating results**

All estimated operating results in the first half of 2019 are better than in the same period last year.

Over year-to-date, estimated EBIT of the Group amounted to €154.9 million, up 14%, while EBITDA totalled €210.3 million, up 10%.

The Krka Group recorded estimated net profit of €139.9 million, up 37% compared to the same period in 2018.

Estimated net profit margin of the Group in the first six months of 2019 was 18.4%, estimated EBIT margin 20.3%, and estimated EBITDA margin 27.6%.

### **New products**

Krka has been developing, obtaining marketing authorisations for, and launching numerous new products. In the first half of 2019, we obtained marketing authorisations for 6 new products in 12 dosage forms and strengths.

### **Investments**

According to estimates, the Krka Group allocated €49 million to investments in the first six months, of which €39 million to the controlling company.

### **Employees**

At the end of June 2019, the Krka Group had 11,523 employees, 133 or 1% more than at the beginning of the year. Half of them were employed in subsidiaries and representative offices abroad. 53% of all Krka employees had at least university-level education. Together with agency workers, Krka had a total of 12,590 employees.

### **Investor and share information**

At the end of June 2019, Krka had 49,562 shareholders. On 30 June 2019, Krka share traded at €62.80 on the Ljubljana Stock Exchange, up 8.7% from the 2018 year-end, when it traded at €57.80.

In the first half of 2019, Krka repurchased a total of 131,620 treasury shares. At the end of June 2019, it held 1,025,067 treasury shares, accounting for 3.126% of share capital.

### **2019 business plan**

The 2019 plan projects sales at €1.375 billion and net profit at €172 million. We intend to allocate over €124 million to investment projects, primarily to increase and upgrade production facilities and the infrastructure, and 10% of our revenue to research and development.

The Management Board remains committed to pursuing the strategy of a stable dividend policy and intends to allocate at least 50% of net profit of the Krka Group majority holders to dividend payout with due consideration given to financial needs of the Krka Group related to investments and acquisitions.

The Management Board is optimistic about the 2019 business year. If the conditions in our main markets remain roughly the same until the end of the year, we estimate that sales and especially profit will exceed our plans approved on 21 November 2018.