

## **17th Annual General Meeting of Krka, d. d., Novo mesto**

Otočec, 5 July 2012 – Krka, d. d., Novo mesto held its 17th Annual General Meeting today in Hotel Šport in Otočec, Slovenia. Shareholders were acquainted with the Management Board's annual report, remuneration of the Management and Supervisory Boards, the auditor's report and the report by the Supervisory Board on its verification and approval of the 2011 Annual Report. The General Meeting also adopted a resolution on the appropriation of accumulated profit for 2011, and discharged the Management and Supervisory Boards from liability for 2011.

### **Operations in the first half of 2012**

Krka's President of the Management Board and Chief Executive Jože Colarič opened the Annual General Meeting by presenting Krka's business results for the first half of the year. The Group sold EUR 565.2 million worth of products and services in the first half of 2012, up EUR 36.4 million, or 7%, compared to the first half of 2011. Sales in markets outside Slovenia represent 92% of the Group's total sales, and were worth EUR 518.2 million, up EUR 41.1 million, or 9%, compared to last year. Krka Company sales were up 7% to EUR 521.3 million.

### **Krka Group sales by region**

Krka's leading sales region was Region East Europe, where Krka generated EUR 167.9 million and which contributed 30% of overall sales. Compared to the same period last year, sales there increased by EUR 33.4 million, or one quarter, which is the highest absolute as well as relative sales growth among all Krka's sales regions. Krka's largest individual market was the Russian Federation, where sales amounted to EUR 114.9 million, an increased by 24% compared to the first half of last year.

The second largest region in terms of sales value was Region West Europe and Overseas Markets, where Krka generated EUR 138.6 million, which was 25% of total Group sales. Compared to the same period last year, sales in this region increased by EUR 25.9 million or 23%. Sales in Region Central Europe amounted to EUR 137.9 million, a decrease by EUR 18.5 million, or 12%, compared to the same period last year, and they represent 24% of total sales. Sales in Region South-East Europe amounted to EUR 73.8 million, which is 13% of Group sales, and remained on the same level as in the comparable period last year. Amounting to EUR 47 million, sales in Slovenia decreased by 9% compared to the same period last year and represent 8% of total Krka Group sales.

### **Krka Group sales by product and service groups**

The Krka Group sold EUR 473.6 million worth of prescription pharmaceuticals in the first half of 2012, an increase by 8% compared to the same period last year. Prescription pharmaceuticals represent 84% of total Krka Group sales. The sales of non-prescription products amounted to EUR 52.4 million, which is over 9% of total Group sales and is a decrease by 3% compared to the same period last year. Animal health products contributed EUR 22.7 million (4% of total sales), up 14%, while health resort and tourist services generated a further EUR 16 million over the reported period, down 6% compared to the same

period last year. Health resort and tourist services represent 3% of total Krka Group sales.

### **Investments**

Krka allocated EUR 200 million for investment spending in 2012, however, the figure will in fact be lower, as they negotiated good pricing conditions with suppliers and contractors.

In June work started on the largest investment in Krka's history – the new oral solid dosage pharmaceutical production plant Notol 2, which is being built at Krka's central location in Novo mesto, Slovenia. The plant is worth EUR 200 million and has the target capacity of 4.5 billion finished products per year.

Also ongoing is the investment into Krka's subsidiary Farma GRS, d. o. o., which Krka founded together with partners. New research, development and production capacity is being set up at Krka's location in Ločna, Slovenia, in a project worth EUR 45 million that is co-funded by the European Union. There are also other completed or ongoing investment projects that will increase Krka's production capacity.

In Krško, Slovenia, they will shortly begin constructing a production plant for producing APIs, which will provide for maximum production flexibility and foster a transition to large scale production of complex APIs and intermediates in a controlled environment, consistent with the European Community Regulation on chemicals and their safe use (REACH).

One of the more important ongoing investments is the construction of the new production and distribution centre in the Russian Federation, worth an estimated EUR 135 million. Its target capacity is 1.8 billion tablets and capsules per year, with construction planned to finish in 2013.

### **Employees**

At the end of June 2012, the Krka Group had 9,209 employees, which is 261, or 3%, more than at the beginning of the year. As much as 49% of all Krka employees work outside Slovenia, with 51% of the Group's team having a bachelor's degree or higher.

### **Share information**

The number of shareholders amounted to 70,061 at the end of June 2012. The proportion of shareholdings held by international investors increased by 0.8 of a percentage point since the beginning of the year, currently amounting to 16.8%. On 30 June 2012, Krka's share traded at EUR 42.00.

Consistent with the authorisation granted by the 16th Annual General Meeting and the valid regulations, Krka continues to acquire treasury shares. In the first half of 2012, Krka acquired 108,813 treasury shares on the Ljubljana Stock Exchange, worth a total of EUR 5,152,803. At the end of June 2012 it thus held 2,133,930 treasury shares, which is 6.0% of the share capital.

### **Resolutions adopted by the 17th Annual General Meeting**

The General Meeting adopted resolutions as they were proposed in the notice convening the General Meeting, distributing to shareholders gross dividends of EUR 1.50 per share and allocating the remaining accumulated profit to other revenue reserves and retained earnings. Dividends will be paid within 60 days of the General Meeting, to shareholders recorded in the

share register as at 11 July 2012.

At the end of the General Meeting shareholders discussed the proposed appointment of the auditor, and accepted the Supervisory Board's proposal to appoint Ernst & Young Revizija, poslovno svetovanje, d. o. o., Ljubljana as the auditor for financial year 2012.

The Krka Management Board will publish the adopted resolutions in the Saturday edition of the Delo newspaper and on SEOnet.