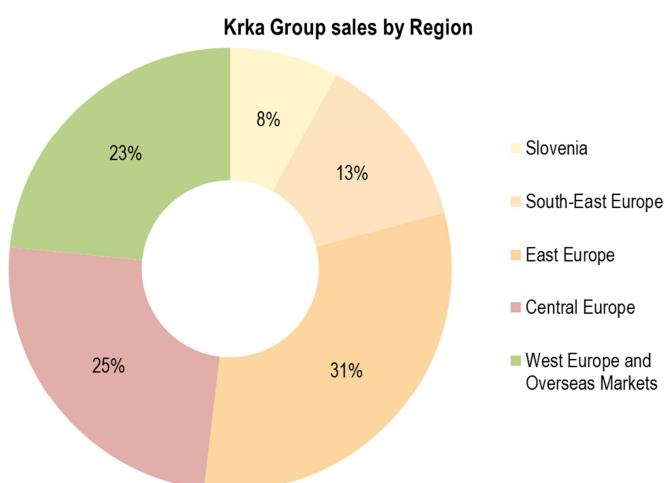


PRESS RELEASE

Krka's business performance in 2012

Novo mesto, 24 January 2013 – The Krka Management Board held a press conference today presenting to the public business performance of the Krka Company and the Krka Group for 2012, which the Krka Supervisory Board had discussed at its yesterday's meeting. President of the Management Board Jože Colarič said that Krka Company sales had increased by 8% from 2011, to EUR 1,035.3 million, and have thus reached and exceeded the one-billion EUR mark for the first time. Krka Group sales had amounted to EUR 1,143.3 million, up 6% compared to 2011, and have thus exceeded the one-billion EUR mark for the third consecutive year. On the basis of preliminary unaudited financial statements net profit of the Krka Company is expected to reach EUR 155 million. According to first estimates net profit of the Krka Group is expected to be slightly higher than net profit of the Krka Company. Unaudited financial statements for the Group and Company for 2012 will be released on 14 March.

Krka Group sales by Region



The Krka Group sold EUR 1,143.3 million worth of products and services in 2012, of which EUR 1,052.3 million, which is 92% of Group sales, in markets outside Slovenia. Sales growth was recorded in the sales regions East Europe (up 24%), West Europe and Overseas Markets (up 5%) and South-East Europe (up 1%), while sales in Regions Central Europe and Slovenia decreased by 2 and 11%, respectively, compared to 2011.

Krka's leading sales region is Region **East Europe**. It contributed 31% to total sales, which is EUR 354.2 million, and sales growth was recorded in all its markets. In the Russian Federation, one of Krka's key markets and Krka's largest single market, product sales reached EUR 244.2

million, an increase by a quarter from 2011. Other larger markets in the Region that recorded double-digit sales growth were Ukraine (up 17%), Kazakhstan (up 27%), Uzbekistan (up 33%), Belarus (up 34%) and Moldova (up 15%).

Krka's second largest region in terms of sales is Region **Central Europe**, where sales amounted to EUR 282.4 million, which is one quarter of overall sales. The largest market in the Region and one of Krka's key markets is Poland, where product sales were EUR 111.6 million, up 2% from 2011. In the Czech Republic, the second largest market in Region Central Europe, sales amounted to EUR 67.0 million, an increase by 4% compared to 2011. Key market Hungary was the third most important market in the Region in terms of sales value, with sales there amounting to EUR 48.7 million in 2012, down 24% compared to last year. The main reason for decreasing sales is strong price reductions caused by austerity measures in the field of health care. The other markets in the Region recorded rising sales in 2012, with growth being the highest, 9%, in Estonia, and with sales up 8% in Lithuania and Latvia, and by 7% in Slovakia.

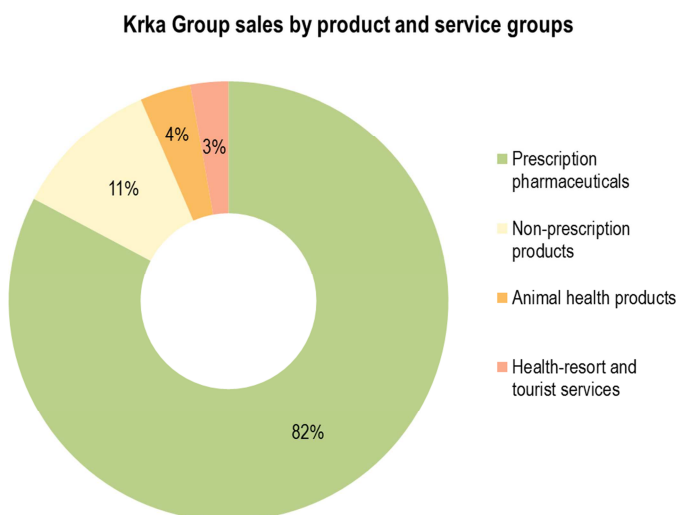
Third in terms of sales is Region **West Europe and Overseas Markets**, where Krka sold EUR 267.6 million worth of products, which is 23% of total Group sales. They mainly increased sales via partners operating in the new overseas markets, and from sales via Krka's own strengthened sales network operating in the markets of Germany, the Nordic countries, Portugal, Austria and Ireland. Krka's own sales network was expanded to the Spanish, Italian and French markets. Having contributed EUR 65.8 million to total sales in 2012, Germany remains the Region's most important market. Other important markets in the Region that recorded sales growth include the UK and

Ireland (up 30%), France (up 11%), the Nordic countries (up 10%), the Benelux (up 9%), Portugal (up 4%), and the Arabian Peninsula with Iran, where sales doubled.

In Region **South-East Europe** Krka sold EUR 148.1 million of products in 2012, which represents 13% of Group sales. The Region's largest market is Romania, where sales amounted to EUR 47.0 million, followed by Croatia, where Krka sold EUR 35.2 million worth of products. Double-digit sales growth was recorded in Serbia, while sales also increased in Bosnia and Herzegovina, Macedonia, Bulgaria and Kosovo.

In **Slovenia** Krka sold EUR 91.0 million worth of products and services, which is 8% of Group sales. The majority came from prescription pharmaceuticals.

Krka Group sales by product and service groups



Krka's most important group of products in terms of sales value remain **prescription pharmaceuticals**. They contributed EUR 944.6 million to overall sales, up 7% from 2011. The best-selling therapeutic group of prescription pharmaceuticals in 2012 was again products treating cardiovascular diseases, followed by pharmaceuticals treating gastrointestinal and metabolic disorders, and by medicines for the central nervous system.

Non-prescription product sales amounted to EUR 123.0 million, up 8% year-on-year, while **animal health product** sales were up 12% to EUR 42.8 million. **Health resort and tourist services** generated EUR 31.9 million of sales, a decrease by 9% compared to the year before.

Other sales revenues of the Krka Group amounted to EUR 1.1 million.

Estimated profit and unaudited financial statements

Preliminary unaudited net profit of the Krka Company for 2012 amounts to EUR 154.6 million, operating profit totals EUR 163.0 million, and profit before tax is EUR 176.6 million.

According to first estimates net profit of the Krka Group is expected to be slightly higher than net profit of the Krka Company.

Unaudited financial statements for the Krka Group and the Krka Company will be released on 14 March.

Research and development

In 2012 Krka acquired marketing authorisations for 14 new products in 25 pharmaceutical dosage forms and strengths. In different countries Krka was granted 612 new approvals for various products.

They acquired marketing authorisations for eight new prescription pharmaceuticals. They obtained approvals for three new medicines, capecitabine, exemestane and letrozole, Krka entered the area of oncology medications. Capecitabine, manufactured in the form of film-coated tablets in three strengths, is a substance treating colon and stomach cancer, and breast cancer. Exemestane in the form of 25 mg film-coated tablets is used to treat early and advanced hormone-dependant breast cancer in postmenopausal women. Likewise used to treat breast cancer in postmenopausal women, letrozole in the form of 2.5 mg film-coated tablets is applied when immediate operation is inappropriate. This medicine is also efficient in post-operative treatment and after other treatment as well as in preventing early and advanced forms of cancer from spreading. All three cancer treatment products are administered orally, making them patient-friendly and easy to take, and allowing for home treatment.

The range of products for the treatment of high blood pressure was supplemented with the fixed-dose combination of olmesartan and the diuretic hydrochlorothiazide in the form of film-coated tablets in four strengths, which was approved in nine European countries. Likewise in nine European countries approval was granted for Prenessa Q-Tab (perindopril) in two strengths, in the new form of orodispersible tablets which make the medicine easier to

take. In 17 European countries Krka obtained marketing authorisations for Karbis (candesartan) tablets in four strengths, and acquired approvals for valsartan film-coated tablets, likewise in four strengths. Atoris (atorvastatin), a medicine treating cardiovascular diseases, was authorised in the form of film-coated tablets in three strengths in 12 European countries.

In all West European markets Krka acquired marketing authorisations for sildenafil orodispersible tablets in three strengths, a medicine for erectile dysfunction. In the area of antidiabetic medications they obtained new approvals for pioglitazone, treating type-2 diabetes, and for Gliclada (gliclazide) modified-release tablets in the new dosage of 60 mg. The innovative pharmaceutical form of prolonged-release tablets enables 24-hour glycemic control with a once-daily administration, ensuring an optimally even release of the substance.

As to antipsychotics, Krka obtained marketing authorisations in seven European countries for ziprasidone capsules in four strengths, and the proton pump inhibitor pantoprazole was approved in the form of gastro-resistant tablets in six European countries.

They also acquired marketing authorisations for one new non-prescription product and five new animal health products.

Investments

Krka spent EUR 152.4 million on investments in 2012, of which the controlling company invested EUR 67.8 million and subsidiaries EUR 84.6 million. The majority of these investments have been directed towards increasing and modernising production capacity and research and development capacity.

In June 2012 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 at Ločna in Novo mesto, Slovenia. The 55,000 m² plant investment value is EUR 200 million, and its target capacity is 4.5 billion finished products per year. Production is planned to start in 2015.

Also ongoing is the investment into Krka's subsidiary Farna GRS, d. o. o., founded together with partners in a project aimed at development of the pharmaceutical industry. New research, development and production capacity is being set up at Krka's location at Ločna, with an investment value of EUR 45 million, which is co-funded by the European Regional Development Fund with slightly over EUR 10 million. The newly founded company will set up the infrastructure for developing new products and technologies related to pharmaceutical chemistry and technology. In the facilities of the Production centre for the final processing of active ingredients test production started in 2012, while the new Chemicals development centre will start operations in 2013.

During the summer of 2012 construction work started at Krka's location in Krško, Slovenia on the Sinteza 1 plant, which will increase their API and intermediates production capacity. The project investment value is over EUR 85 million. Within this project Krka will also construct the infrastructure required for production process. The Sinteza 1 plant will allow for production flexibility and enable transfer to the large scale of production of new APIs and intermediates in the shortest time possible. This plant will also foster production in a controlled environment, consistent with the European Community Regulation on chemicals and their safe use (REACH). Mechanical and electrical wiring installation works started in 2012, with manufacturing equipment planned for installation in the second half of 2013. Production in the new plant will start at the end of 2014.

The Sterile product production plant is gradually increasing injectables production to 130 million per year. The installation of new technological equipment was completed by the end of 2012, while process qualifications and the gradual transfers of technologies from existing lines in the old injectables facility will continue until the end of March 2013 when production is planned to start on the new equipment.

The Bršljin plant is undergoing an upgrade of technological equipment, aimed at increasing its production capacity for animal health products with biocidal effect.

One of the most important ongoing investments of the Krka Group is the construction of a new plant and the expansion of the logistics centre Krka Rus 2 in the Russian Federation. The estimated investment value is EUR 135 million and will consolidate Krka's position as a domestic producer of pharmaceuticals in the country. The plant's target production capacity is 1.8 billion tablets and capsules per year. Construction is going according to plan and works should be completed at the end of 2013.

Employees

At the end of 2012 the Krka Group had 9,461 employees, of which 4,764 (50.3%) worked in Slovenia and 4,697 (49.7%) abroad. Compared to the figures for 2011, the number of employees at Group level increased by 513 or 6%.

The number of Krka's employees working outside Slovenia increased by 352 or 8%, while in Slovenia it rose by 161 or 3%. In Slovenia staff numbers are increasing the most in the product supply and R&D departments, while abroad Krka mainly strengthened its marketing and sales teams.

At the end of 2012, 52% of Krka Group employees held bachelors' or higher academic degrees.

Investor information

On the last trading day in 2012 Krka traded at EUR 50.00 on the Ljubljana Stock Exchange, down 5% from year-end 2011 when it traded at EUR 52.90. In the same period the Slovene blue-chip index SBI TOP advanced by 8%. Krka's market capitalisation at year-end 2012 totalled EUR 1.8 billion.

In 2012 the average daily trading volume on the Ljubljana Stock Exchange was EUR 0.6 million, making Krka shares again the most traded security on the Ljubljana Stock Exchange.

At the end of 2012 Krka had 68,026 shareholders, 6% less than at year-end 2011 when there were 72,720. International investors increased their shareholdings the most in the reported period, to almost 19% of all issued shares. The shareholdings of Slovenian state-owned funds – restitution fund Slovenska odškodninska družba and pension fund manager Kapitalska družba with its PPS fund – remained unchanged, while the holdings of other Slovenian shareholders, i.e. investment companies and funds, other companies and individual investors, decreased.

Consistent with the authorisation granted by its General Meeting, Krka started purchasing treasury shares in the second half of 2010 and has continued the buyback into 2012. It purchased 282,622 treasury shares on the Ljubljana Stock Exchange last year so that at the end of 2012 it held 2,307,739, representing 6.5% of its share capital. In 2012 Krka's shareholders received a gross dividend of EUR 1.50 per share.

Since April 2012 Krka shares have also been listed on the Warsaw Stock Exchange.