



PRESS RELEASE

18th Annual General Meeting of Krka, d. d., Novo mesto

Otočec, 4 July 2013 – Krka, d. d., Novo mesto held its 18th Annual General Meeting today in Hotel Šport in Otočec, Slovenia. Shareholders were acquainted with the Management Board's annual report, the remuneration of the Management and Supervisory Boards, and the Supervisory Board's report on its verification and approval of the 2012 Annual Report. The General Meeting also adopted a resolution on the appropriation of accumulated profit for 2012, and discharged the Management and Supervisory Boards from liability for 2012.

Operations in the first half of 2013

Sales by region

The Krka Group sold EUR 597.1 million worth of products and services in the first half of 2013, up EUR 31.8 million, or 6%, compared to the first half of last year. Sales in markets outside Slovenia, which represent 93% of the Group's total sales, amounted to EUR 553.8 million, up EUR 35.5 million, or 7%, compared to the same period last year. Krka Company sales were up 13% to EUR 587.4 million.

Krka's leading sales region was **Region East Europe**, where Krka generated EUR 211.2 million, which is more than 35% of overall Group sales. Compared to the same period last year, sales there increased by EUR 43.3 million, or 26%, which is the highest absolute as well as relative sales growth among all Krka's sales regions. The second largest region in terms of sales value was **Region West Europe and Overseas Markets**, where Krka generated EUR 139.7 million, which is 23% of total Group sales. Compared to the same period last year, sales there increased by EUR 1.0 million, or 1%. Sales in **Region Central Europe** amounted to EUR 134.9 million, which is a decrease by EUR 3.0 million, or 2%, compared to the same period last year, and which represents 23% of Group sales. Sales in **Region South-East Europe** amounted to EUR 68.0 million, which represents 11% of Group sales and is a decrease by 8% compared to the same period last year. Amounting to EUR 43.3 million, sales in **Slovenia** decreased by 8% compared to the same period last year and represent just over 7% of Krka Group sales. Krka's largest individual market was the Russian Federation, where sales amounted to EUR 149.1 million, which is up 30% compared to the first half of last year.

Sales by product and service groups

The Krka Group sold EUR 495.7 million worth of **prescription pharmaceuticals**, an increase by 5% compared to the same period last year. Prescription pharmaceuticals represent 83% of total Krka Group sales. The sales of **non-prescription products** amounted to EUR 64.7 million, which represents 11% of total Group sales and is an increase by 23% compared to the same period last year. **Animal health products** contributed EUR 22.0 million, which is 3% less than in the same period last year and represents 4% of total sales. **Health resort and tourist services** generated a further EUR 14.2 million, which is down 11% compared to the same period last year and represents almost 3% of total sales.

Investments

Krka has allocated EUR 182 million for this year's investments.

In June 2012 construction works started at Krka's central location at Ločna in Novo mesto, Slovenia for **Notol 2**, a solid dosage pharmaceuticals production plant. This is the largest investment in Krka's history, its estimated investment value amounting to EUR 200 million. The target annual production capacity of the 55,000 m² plant is 4.5 billion finished products.

Also ongoing is the investment into Krka's subsidiary **Farma GRS, d. o. o.**, a company that Krka founded together with partners in a project aimed at advancing the pharmaceuticals industry. The project's investment value is EUR 45 million and it is being co-funded by the European Union, contributing over EUR 10 million from the European Regional Development Fund.

In the summer of 2012 Krka started constructing the **Sinteza 1** plant in Krško, Slovenia, which will increase their API and intermediates production capacity. The investment, worth an estimated EUR 85 million, will provide for maximum production flexibility and foster a speedy transition to large scale production of complex APIs and intermediates. The plant will also enable production in a controlled environment, consistent with the European Community Regulation on chemicals and their safe use (REACH).

Krka is building another new plant and expanding its logistics centre in the Russian Federation (**Krka-Rus II**). The plant, with the target production capacity of 1.8 billion tablets and capsules per year, and a total surface area of ca. 36,000 m², is consolidating Krka's status as a domestic pharmaceuticals producer in this country. The project's estimated investment value is EUR 135 million and first stage will be finished this year.

In April the Krka subsidiary Terme Krka opened the **Otočec Adventure Park**. The Adventure Park is diversifying Krka's tourist offer, increasing the area's tourist appeal, and providing an innovative form of recreation to families and the youth who wish to be active outdoors in their free time. The project was co-funded by the European Agricultural Fund for Rural Development (EAFRD) under Axis 4: LEADER.

Employees

At the end of June the Krka Group had 9,839 employees, an increase by 378, or 4%, from the beginning of the year. Almost 51% of Krka employees work outside Slovenia, and 53% of the Krka team have a university level education or higher.

Investor and share information

At the end of June 2013 Krka had a total of 65,574 shareholders. The proportion of shareholdings held by international investors increased by 0.7 of a percentage point since the beginning of the year, currently amounting to 19.5%. On 30 June 2013 Krka's share traded on the Ljubljana Stock Exchange at EUR 51.00.

Consistent with the authorisation granted by the 16th Annual General Meeting and in compliance with the valid regulations, Krka continues to acquire treasury shares. In the first half of 2013 the company thus acquired 115,920 treasury shares via the Ljubljana Stock Exchange, worth a total of EUR 5,926,571. At the end of June 2013 it thus held 2,420,234 treasury shares, which represents 6.83% of its share capital.

The president of the Management Board of Krka, d. d. Jože Colarič announced that the new company's strategy for the period 2014 – 2018, which would be presented by the Management Board to the Supervisory Board in November this year, supposed to entail a higher level of indebtedness and a higher dividend pay-out ratio (more than one third of the profit for the previous period).

Resolutions adopted by the 18th Annual General Meeting

In order to align amounts with the latest balance of treasury shares, President of the Management Board of Krka, d. d. Jože Colarič put forward a counter proposal at the General Meeting proposing that the 2012 accumulated profit in the amount of EUR 177,930,458.96 be appropriated as follows:

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| – for dividends | EUR 53,139,476.46, |
| – for other revenue reserves | EUR 62,395,491.25, |
| – for retained earnings | EUR 62,395,491.25. |

The General Meeting passed this proposal, distributing to shareholders gross dividends of EUR 1.61 per share, as proposed in the notice convening the General Meeting. The remaining accumulated profit will be allocated to other revenue reserves and retained earnings. Dividend payments will commence within 60 days of the General Meeting, to shareholders recorded in the share register of the Central Securities Clearing Corporation (KDD) as at 9 July 2013.

The agenda of the General Meeting also included proposals by the shareholders Societe Generale – Splitska banka d. d. and Hypo Alpe-Adria-Bank d. d. to cancel treasury shares, to reverse the resolution of the 16th General Meeting authorising the acquisition of treasury shares and replace it with a new resolution, and to amend the Krka Articles of Association. The proposed resolutions were not passed.

Following the proposal of the Krka Supervisory Board, shareholders appointed Ernst & Young Revizija, poslovno svetovanje, d. o. o., Ljubljana as the auditor for the financial year 2013.

The Krka Management Board will publish the adopted resolutions in the Saturday edition of the Delo newspaper, in the Ljubljana Stock Exchange electronic information dissemination system SEOnet and in the Polish Financial Supervision Authority electronic information dissemination system (ESPI).

