



## PRESS RELEASE

# 21<sup>st</sup> Krka Annual General Meeting

**Otočec, 20 August 2015 – Krka, d. d., Novo mesto held its 21<sup>st</sup> Annual General Meeting today in Hotel Šport in Otočec, Slovenia. The present shareholders represented 58.39% of share capital with voting rights. In addition to other business, the AGM deliberated on the appropriation of accumulated profit for 2014 and decided to pay shareholders a gross dividend of EUR 2.50 per share, representing a 19% increase over the last year dividend.**

The AGM was acquainted with the Management Board's annual report, including the remuneration of the Management and Supervisory Boards, the auditor's report, and the report of the Supervisory Board on its verification and approval of the 2014 annual report. Shareholders deliberated on the appropriation of accumulated profit for 2014, and discharged the Management and Supervisory Boards from liability with respect to their work in 2014. In view of the terms-in-office of the current members of the Supervisory Board expiring in June, new members – shareholder representatives – were elected, and the AGM also appointed the auditor for the financial year 2015.

Krka's President of the Management Board and Chief Executive Jože Colarič opened the AGM by presenting Krka's operations highlights for 2014 and the Group's sales results for the first half of 2015.

Krka Group product and service sales totalled EUR 599.9 million in the six months to June 2015, up EUR 0.5 million compared to the same period last year. Sales volume at Group level increased by 5.2% compared to the same period last year.

The most sales, EUR 185.9 million, which is 31.0% of total Group sales, were recorded in Region East Europe. Economic challenges faced by most countries in that Region, including both Krka's key markets the Russian Federation and Ukraine have driven the overall value of sales in the Region down by 16% compared to the first half of last year. Nonetheless, in several markets in the Region Krka's market shares increased.

The second largest sales region was West Europe, where Krka sold EUR 162.7 million worth of products, which is 27.1% of its total sales. Sales there having increased by 33% from the same period last year, this is Krka's fastest growing sales region. For several consecutive periods good results have chiefly been attributable to Krka's subsidiaries, the total sales via which increased by 57%. Sales via unaffiliated companies were also up, by 5%. The third largest area in terms of sales was Region Central Europe, where Krka sold EUR 137.2 million worth of products in the reported period, which is 22.8% of total sales. Sales increased by 5% compared to the same period last year, with sales up in all markets of the Region apart from the Czech Republic and Lithuania.

Sales in Region South-East Europe totalled EUR 60.5 million, which represents 10.1% of total sales. Sales were down compared to the same period last year in both key markets, Romania and Croatia, and in Serbia, attributable to the legally regulated decreases in the prices of pharmaceuticals. Overall sales in the Region thus decreased by one fifth compared to the same period last year. In the domestic market sales totalled EUR 38.7 million, which is 6.5% of total sales and an increase by 1% compared to the same period last year. Product sales in Region Overseas Markets amounted to EUR 14.7 million, which is 2.5% of overall sales and represents a 20% increase from last year's sales in the six months to June.

Prescription pharmaceuticals represent 84.7% of Krka Group sales. They generated EUR 507.9 million of revenues, up 1% compared to the same period last year. Their sales increased in regions West Europe (up 34%), Central Europe (up 4%), Slovenia (up 3%) and the smallest sales region, Overseas Markets (up 23%). In regions East Europe and South-East Europe sales were down. Non-prescription product sales totalled EUR 50.9 million (down 14%), and represent 8.5% of total sales. The sales decrease for this product group was mainly the result of lower sales in the Russian Federation and Ukraine. Animal health product sales totalled EUR 26 million (up 15%), which is 4.3% of overall Group sales. Sales increased in all regions apart from Slovenia, where they remained on the same level year-on-year. Health resort and tourist services of the Terme Krka Group generated EUR 14 million of sales in the first half of 2015, down 3% compared to the same period last year. They represent 2.3% of overall Group sales. Other sales totalled EUR 1.1 million, which is 0.2% of total sales.

The Group's results for the first half year were again influenced by Russian rouble exchange rate movements. After having depreciated at the end of last year, the rouble rose over the initial months of 2015 relative to the euro, but it nevertheless averaged almost 26% below its last year's six-month average level. Rouble-denominated sales in the Russian market were up 13% from last year's first half, with euro-denominated sales down 15%. Due to the negative oil price trend, which has a strong impact on the rouble exchange rate, Krka has hedged the risk of the weakening rouble exchange rate with forwards.

## Resolutions passed by the Annual General Meeting

The AGM passed the resolution proposed by the Management and Supervisory Boards to appropriate EUR 181,488,404.86 of the 2014 accumulated profit as follows:

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|------------------------------|-------------------|
| • For dividends              | EUR 81,407,692.50 |
| • For other revenue reserves | EUR 50,040,356.18 |
| • For retained earnings      | EUR 50,040,356.18 |

The pay-out of dividends, in the amount of EUR 2.50 gross per share, shall commence within 30 days after the AGM has been concluded. The shareholder records in the share register at KDD – Centralna klirinško depotna družba (Central Securities Clearing Corporation), d. d., Ljubljana, as at 25 August 2015 shall apply for the dividend pay-out.

The AGM approved and gave its consent to the work of the Management and Supervisory Boards in the financial year 2014, and discharged them from liability for performance of their duties.

The shareholders elected the following new members – shareholder representatives - of the Krka Supervisory Board, to start their terms-in-office as at the day of being elected by the AGM: Prof. Julijana Kristl PhD, Jože Mermal, Matej Pirc, Andrej Slapar, Simona Razvornik Škofič and Anja Strojin Štampar MSc & MBA. Shareholders elected the proposed candidates for five-year terms-in-office.

The shareholders appointed Ernst & Young Revizija, poslovno svetovanje, d. o. o., Ljubljana as the auditor for the financial year 2015.

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 electronic information dissemination system (ESPI).