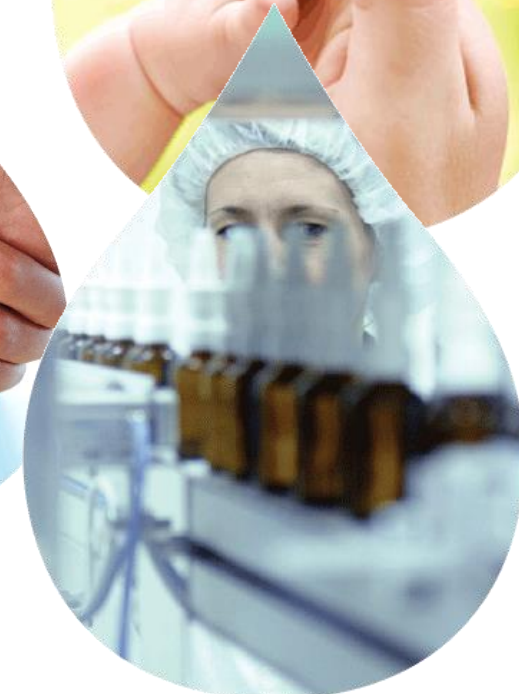


1H2018 Earnings Report

JGL Group

Mislav Vučić, CEO



SUMMARY



- 1. double-digit net sales growth:** +27% JGL Pharma¹, +20% JGL Group
 - 2. strong EBITDA growth:** from HRK -19.8 million to HRK +18.6 million²
 - 3. regained operating profitability** in the first half of the year (6.9% of EBITDA margin)
 - 4. pre-tax loss reduced** by HRK 47 million
 - 5. net debt reduced** by prepayment of EBRD loan through the company's liquidity in the amount of HRK 33.2 million
 - 6. double-digit EBITDA margin rate:** 14.0% MAT³
 - 7. net debt/EBITDA ratio nearly halved** from 7.98x to 4.27x MAT³
 - 8. completed process of destocking** in Russia
- 

¹JGL Pharma represents the Group's core business – drug manufacturing and sales (excluding the companies Adrialab d.o.o., Pablo d.o.o. and ZU Ljekarna Pablo).

²Normalised. One-off revenues and expenses related to divestments of certain brands in Russia have been excluded in order to compare JGL Group's business in 2018 with previous periods more realistically.

³MAT (Moving Annual Total)

VISIBLE INITIAL RESULTS OF BUSINESS TRANSFORMATION

JGL Pharma

- total revenue – **HRK 272 million**
- operating revenue – **HRK 269 million**
- increase in sales revenue – **27%**

JGL Group

- total revenue – **HRK 352 million**
- operating revenue – **HRK 349 million**
- increase in sales revenue – **20%**

Growth

- growth drivers – **Croatia, Russia and Ukraine**
- growing faster than the market – **all key brands**
- business development – **17 new markets, 28 new products**

Number of employees

- JGL Pharma – **780**
- JGL Group – **945**



KEY FINANCIAL RESULTS, JGL PHARMA NORMALISED



<i>in mil HRK</i>	1H 2017	1H 2018	Growth	Growth (%)
Operating revenue	214,7	269,3	54,5	25%
EBITDA	-19,8	18,6	38,4	
Pre-tax earnings	-68,2	-20,7	47,5	70%
EBITDA (%)	-9,2%	6,9%		+16,1 p.p.
EBT (%)	-31,8%	-7,7%		+24,1 p.p.

- increase in operating revenue **+25%**
- strong EBITDA growth from HRK -19.8 million to **HRK +18.6 million**

MAT results

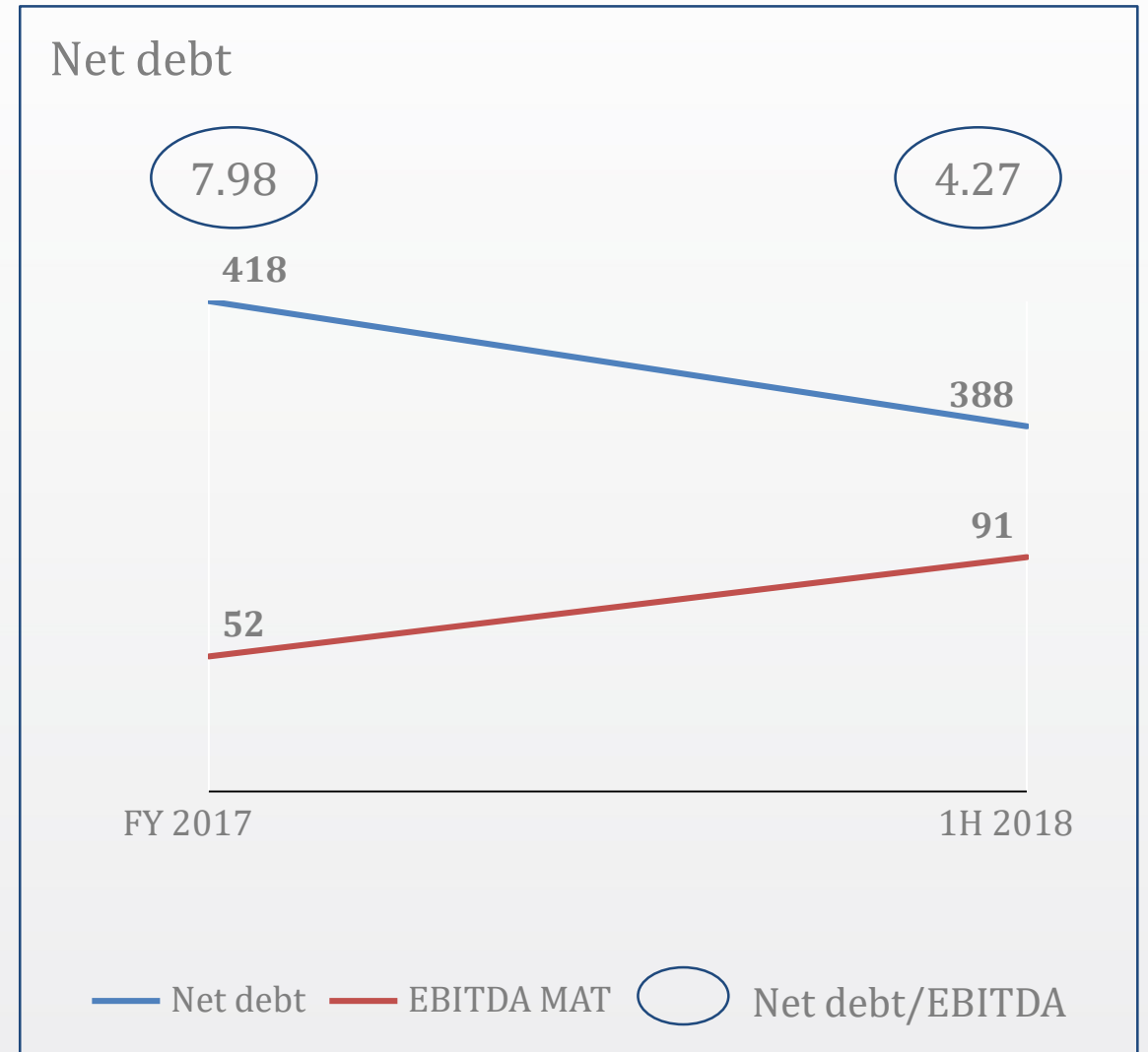
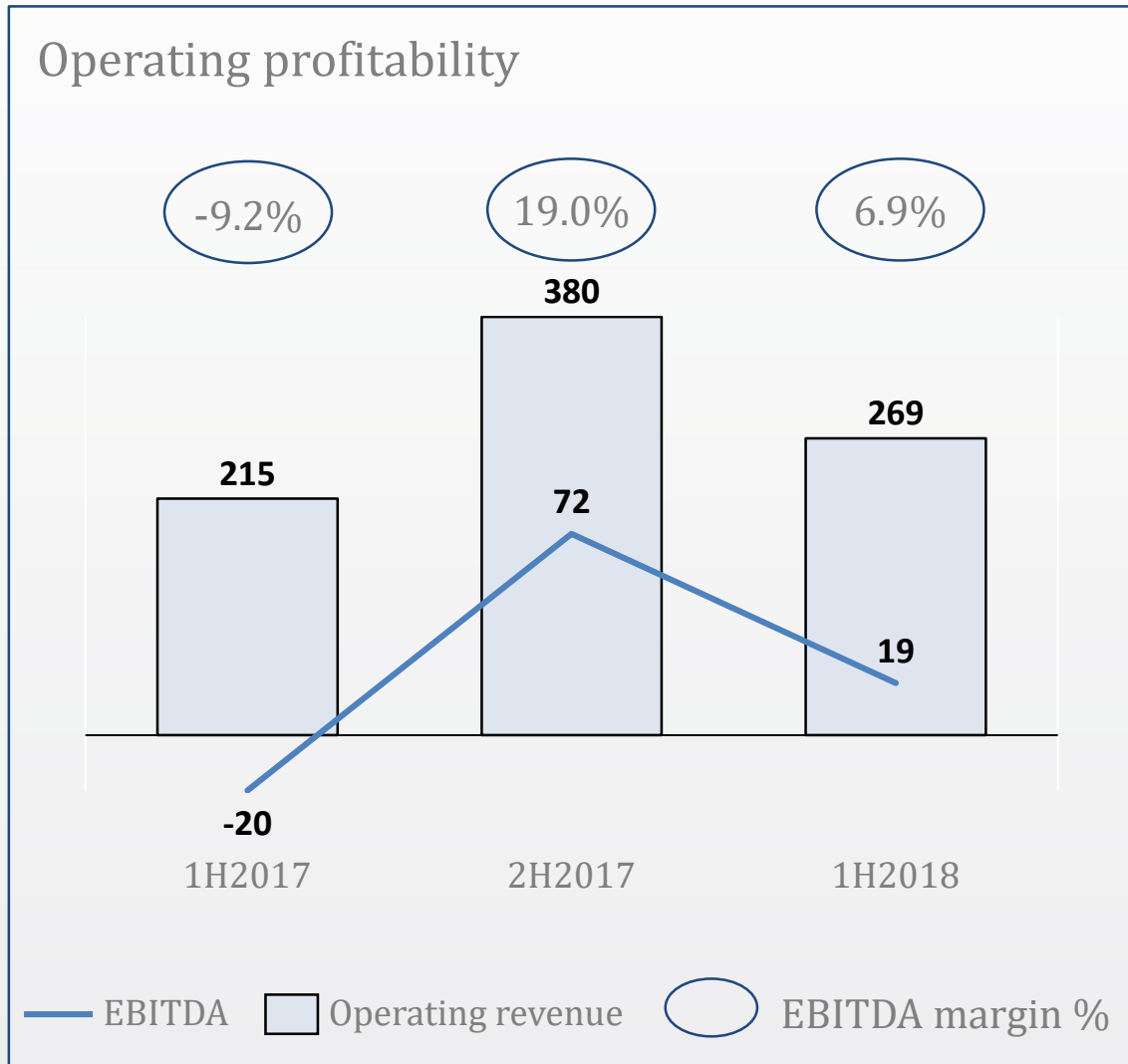
<i>u mil. HRK</i>	1H 2017	FY 2017	1H 2018
Operating revenue	426,9	594,4	648,9
EBITDA	-56	52,4	90,8
EBITDA %	-13,1%	8,8%	14%
Net debt	417,8 ⁴	417,8	387,7
Net debt/EBITDA	-7,5	8,0	4,3

- double-digit EBITDA margin rate **+14%**
- net debt reduced through the company's liquidity by prepayment of an EBRD loan **HRK 33.2 million**

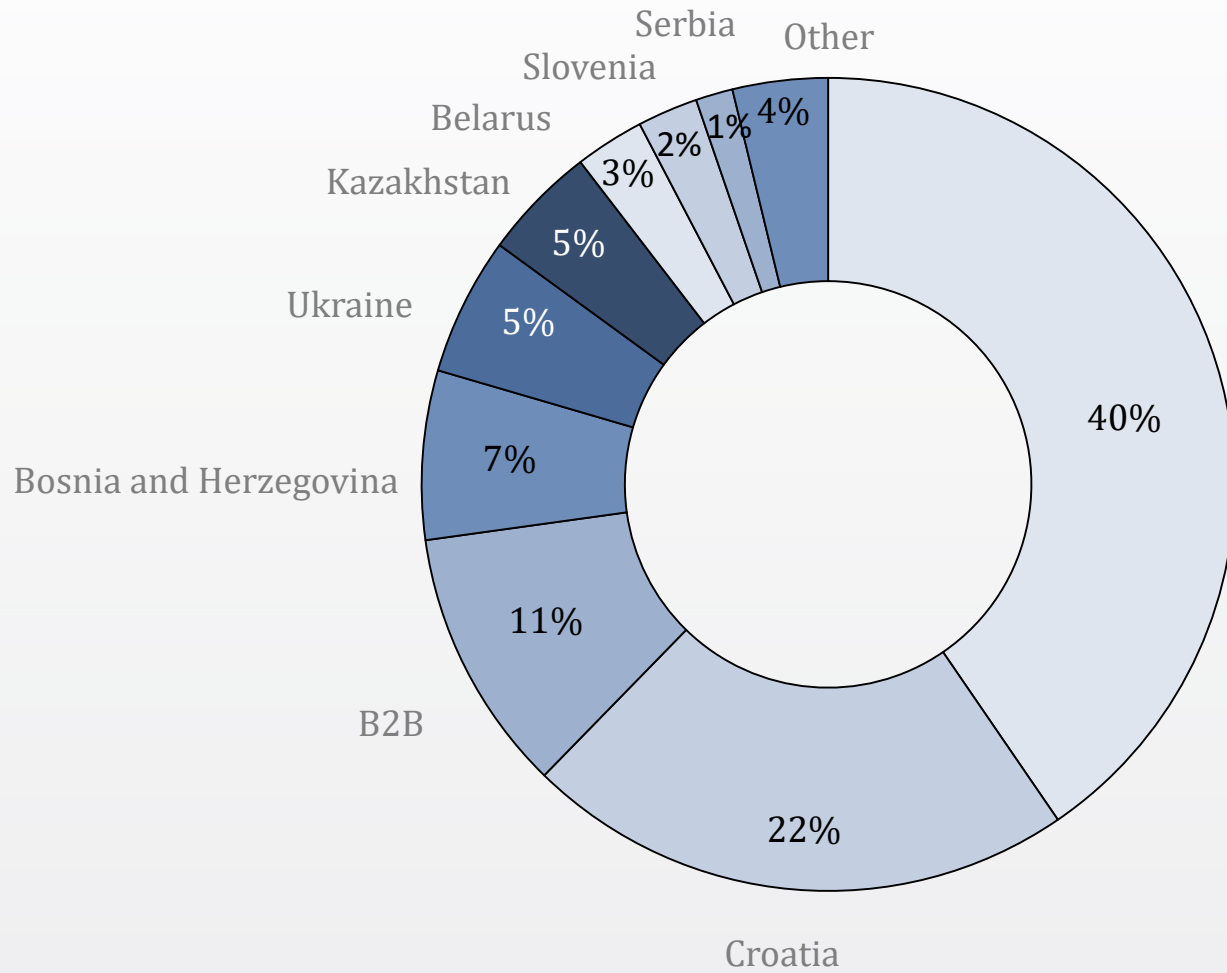
⁴Net debt on 31 December 2017

Source: JGL

GROWING PROFITABILITY WHILE REDUCING DEBT



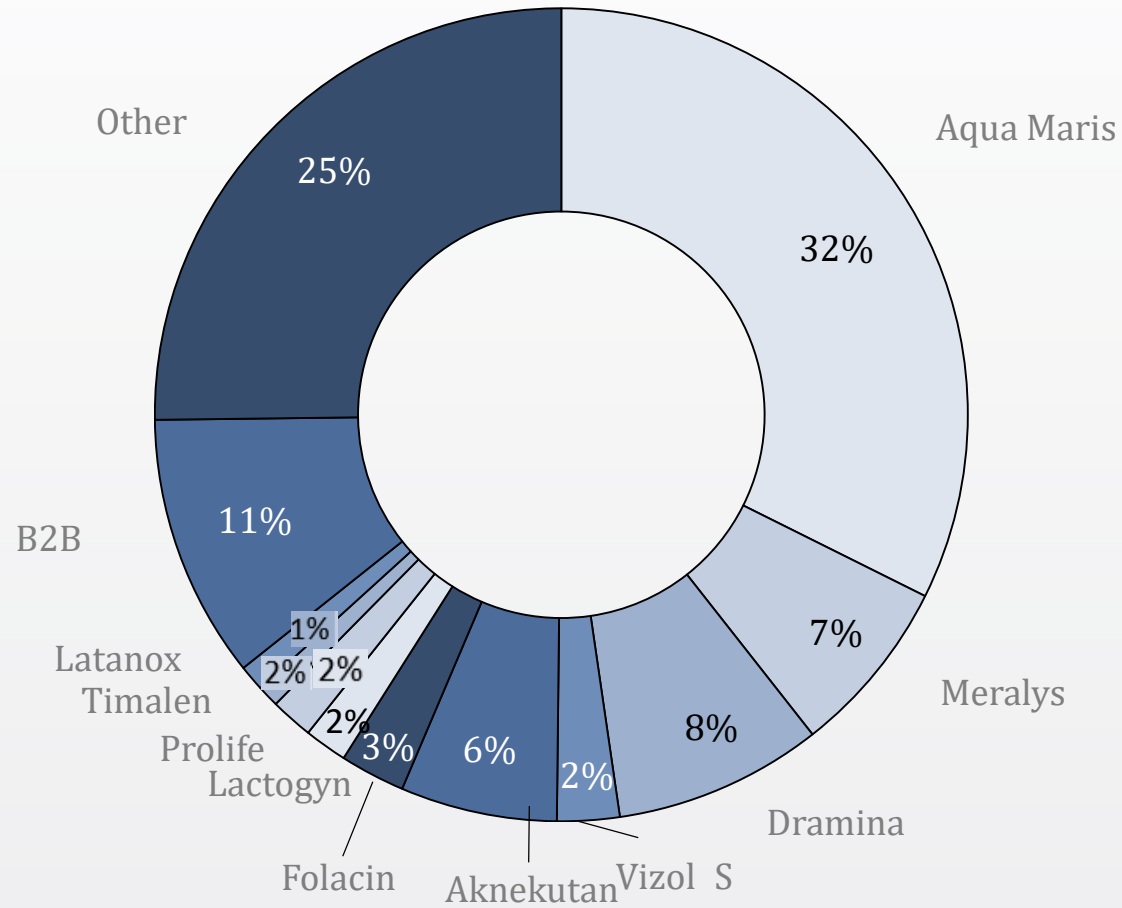
REVENUE BREAKDOWN BY MARKET, JGL PHARMA



Russia



SALES BREAKDOWN BY BRAND, JGL PHARMA

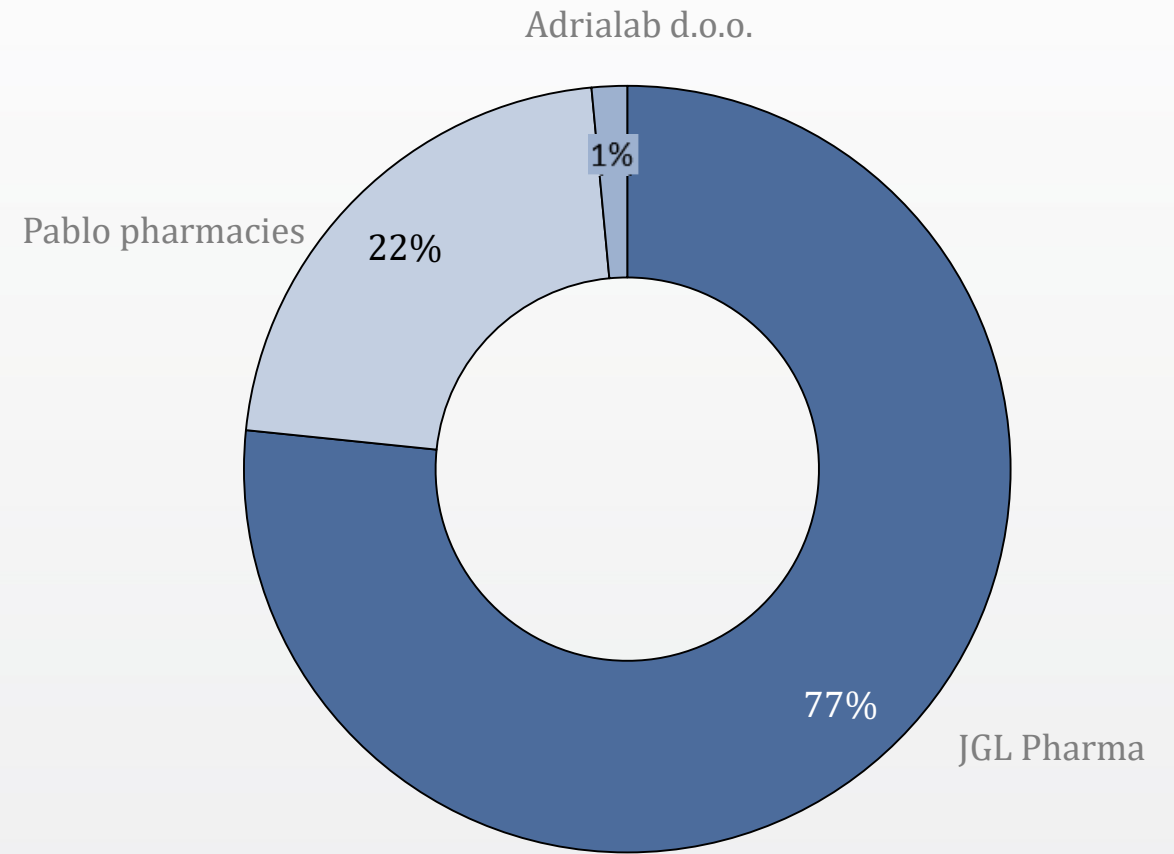
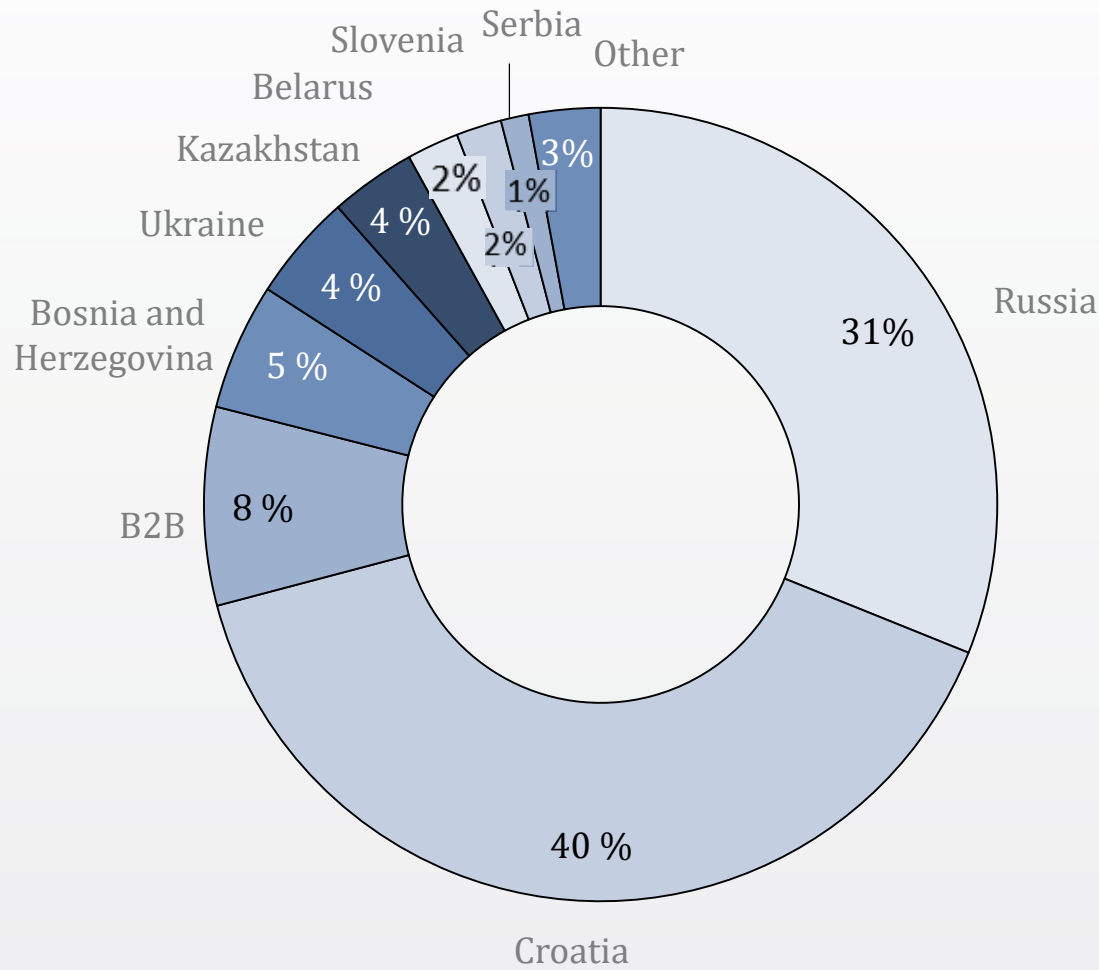


SALES BY BRAND, JGL PHARMA

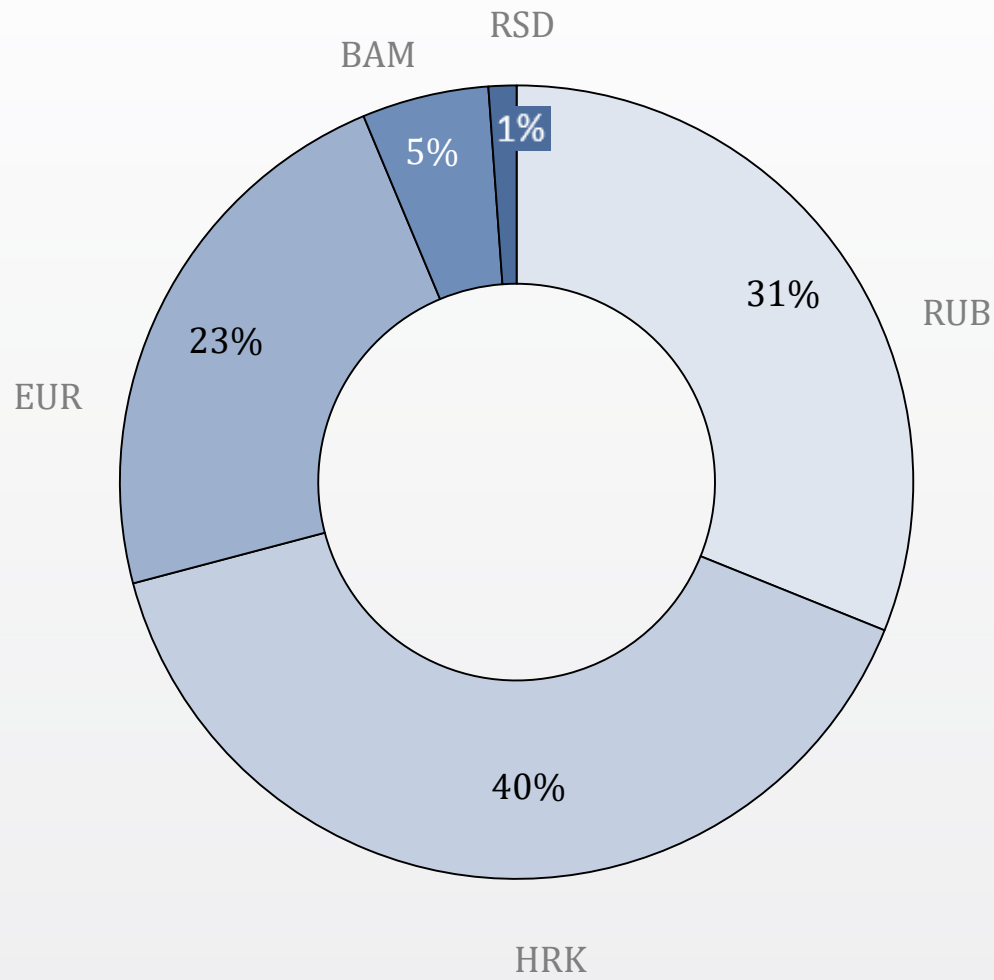


- **Aqua Maris** realized sales of HRK 86.9 million; faster growth than general market growth
- **Meralys** realized sales of HRK 18.9 million; the biggest growth drivers are the Russian and Croatian markets
- **Dramina** realized sales of HRK 22.3 million; growth reported in the Ukraine, Georgia, and Armenia
- **Vizol S** experienced the biggest growth, with HRK 6.7 million in sales and growth in nearly every market

REVENUE BREAKDOWN BY MARKET, JGL GROUP



REVENUE BREAKDOWN BY CURRENCY, JGL GROUP





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