

PRESS RELEASE

Otočec, 5 July 2018 – The 24th Annual General Meeting of Krka, tovarna zdravil, d. d., Novo mesto is taking place at the Šport Hotel in Otočec today. At the beginning, the President of the Management Board and CEO of Krka Jože Colarič presented the key business results of the Krka Group for 2017 and certain preliminary operating results of the Krka Group for the first six months of 2018. The Supervisory Board will discuss the final unaudited operating results of the Company and Group for the first half of this year at its regular meeting of 25 July, and Krka will publish the results on the next day.

In the following, the shareholders will vote on the proposed resolutions, and their decisions will be disclosed in a separate press release.

Krka Group operations in the first half of 2018

Preliminary Group sales by Region

The Krka Group sold €680.5 million worth of products and services in the first half of 2018, up €25.4 million or 4% compared to the first half of the last year. This is Krka's best first half-year sales result to date. Sales in markets outside Slovenia reached €636.1 million and accounted for 93% of the Krka Group sales. Sales volume amounted to more than 7 billion units (tablets, capsules, injections, etc.), a 6% increase over the same period last year.

Sales increased in all sales regions. The largest sales region was Region East Europe, accounting for 32.1% of the Krka Group sales. Sales there reached €218.4 million, up €4.4 million or 2% compared to the same period last year. In the Russian Federation, Krka's largest individual market, sales reached €153.2 million, which is 2% less than in the same period last year, while the value of sales, expressed in local currency, increased by 12%. In most other markets in Eastern Europe and Central Asia, growth was recorded.

In terms of sales, second largest region was Region Central Europe, where sales were €161.5 million or 23.7% of the Krka Group sales, up €7.1 million or 5% compared to the same period last year. Sales in Poland, Krka's largest market in the region, amounted to €74.7 million, 2% more than in the same period last year.

Product sales in Region West Europe amounted to €146 million, accounting for a 21.5% share of the Krka Group sales, up €2.8 million or 2% compared to the same period last year. The highest growth was recorded in the Scandinavian countries, Italy and Spain, and the Benelux countries.

Sales in Region South-East Europe reached €88.4 million, accounting for 13% of the Krka Group sales. Sales increased by €8.6 million or 11% compared to the same period last year. The highest growth was recorded in Serbia, Bosnia and Herzegovina, Croatia, Bulgaria, and Macedonia.

Sales in the domestic market saw a 3% growth and totalled €44.4 million. Sales in the Slovenian market represented a 6.5% share of the Krka Group sales.

Product sales in Region Overseas Markets amounted to €21.8 million (up 6%), accounting for 3.2% of the Krka Group sales.

Preliminary Group sales by product and service groups

Sales growth was reached in all product and service groups. The Krka Group sales of prescription pharmaceuticals totalled €568.3 million, an increase of 4% or €20.1 million over the same period last year. Prescription pharmaceuticals represented 83.5% of the Krka Group sales. Compared to the same period in 2017,

sales of non-prescription products were up 8% and generated €58.5 million (8.6% of the Krka Group sales). Sales of animal health products were up 1% to €35.2 million, accounting for 5.2% of Krka Group sales. The sales of health resort and tourist service were €17.3 million, a 5% increase over the same period last year (2.5% share of the Krka Group sales). Other sales revenues amounted to €1.1 million.

Preliminary operating results

All estimated performance ratios for the first half of 2018 were better compared to the first half of 2017. The Krka Group's estimated operating profit (EBIT) in the amount of €135.2 million was up 9% compared to the same period last year, with the estimated operating profit before depreciation and amortisation (EBITDA) totalling €190.2 million, up 7%.

The Krka Group's estimated profit before tax amounted to €120.6 million, a 9% increase over the same period last year. The Krka Group recorded estimated net profit of €101.4 million, up 11% compared to the same period in 2017.

The estimated net profit margin of the Group in the period January–June 2018 was 14.9%, its estimated EBIT margin 19.9%, and the estimated EBITDA margin 28.0%.

New products

Krka has been developing, obtaining marketing authorisations for, and launching several new products on various markets. In the first half of 2018, it received marketing authorisations for 8 new products in 18 pharmaceutical dosage forms and strengths. In the same period, 400 new marketing authorisations were obtained for 84 products in various markets.

Investments

According to the estimates, the Krka Group allocated €43 million to investments in the first six months, of that over €34 million to the controlling company.

Employees

At the end of June 2018, the Krka Group had 11,212 employees, 4% more than at the beginning of the year. Over 51% of these were employed in subsidiaries and representative offices abroad. As much as 54% of Krka employees had at least a university qualification. Together with agency workers, Krka had a total of 12,364 employees.

Investor and share information

At the end of June 2018, Krka had 51,020 shareholders, 1.7% fewer than at the beginning of the year. On 30 June 2018, Krka's share traded at €57.80 on the Ljubljana Stock Exchange, up 0.5% from the 2017 year-end when it traded at €57.50.

In the first half of 2018, Krka repurchased a total of 102,396 treasury shares. At the end of June 2018, it held 794,113 treasury shares, accounting for 2.42% of the share capital.