

**PHARMACY CHAIN**



**HEALTHY, FIT & STRONG**

NOVEMBER 2005

## 2 36.6 AT GLANCE

**211**  
million

sales in 2004. EBITDA was almost 9% in 2004

**~200**  
million

current market capitalization  
20% of shares were placed at IPO in 2003 at \$9 per share

**43%**

top-line annual growth: 64% in retail, 15% - in manufacturing

**342**  
pharmacies

under management in 18 Russian regions

**25**  
million

purchases in 2004; 0,6 mln. purchases per week; 2,5 mln. purchases per month

**7000**  
employees

skilled personnel and experienced management team

# 3 STRATEGIC GOALS

*We strive to be Russia's leading health & beauty retailer and to become the preferred source of medicines and health & beauty products for Russian consumers*

- ❑ Pursuing industry and internal growth
- ❑ Creating a unique customer value proposition
- ❑ Expanding into rapidly growing regions
- ❑ Developing and sustaining a profitable business model
- ❑ Introducing best standards of corporate governance

# 4 HEALTHCARE MARKET GROWTH

*CAGR'04-09*

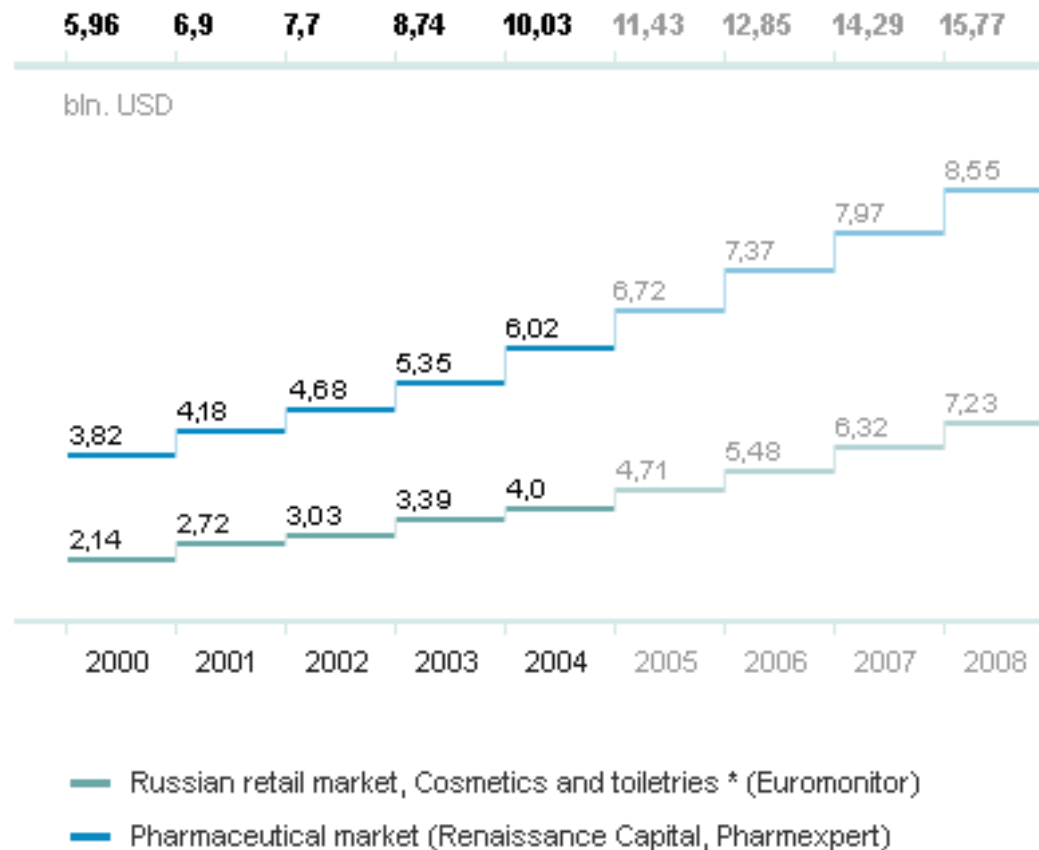
*Pharmaceuticals*  
8.8-13.2%

*Dietary supplements*  
15.8%

*Cosmetics and Toiletries*  
12-15%

*Other non-pharmaceuticals*  
18%

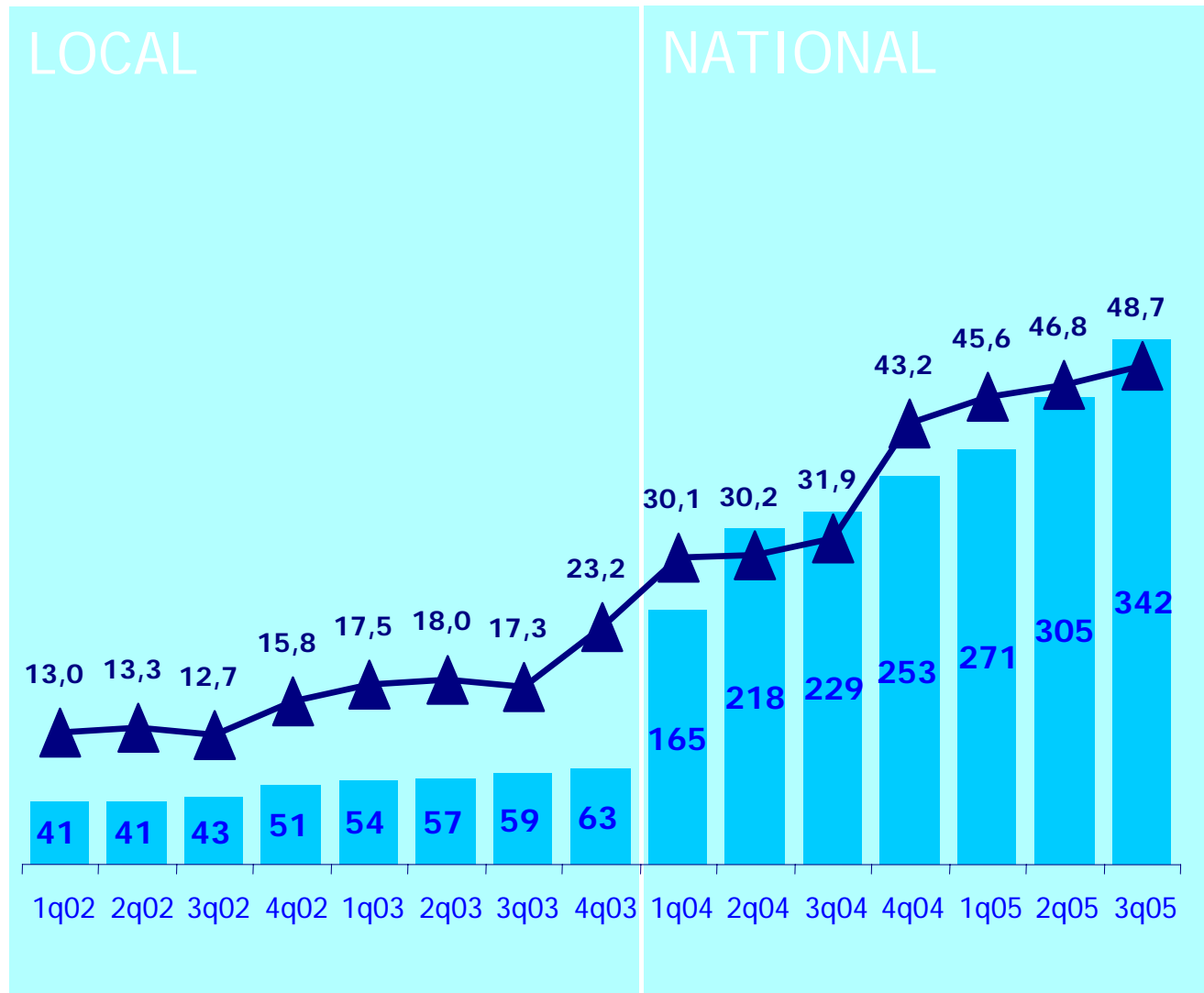
Market size forecast



# 5 STORES GROWTH

NET SALES,  
*USD millions*

NUMBER OF  
STORES,  
*eop*



# 6 RETAIL TECHNOLOGY

*We elaborate the retail technology, we introduce innovative products, we create unique customer's shopping experience*

- Different store formats
- Innovative products
- Exclusive customer offerings
- Private Label products
- Hard traffic in pharmacies
- Personnel Training Centre

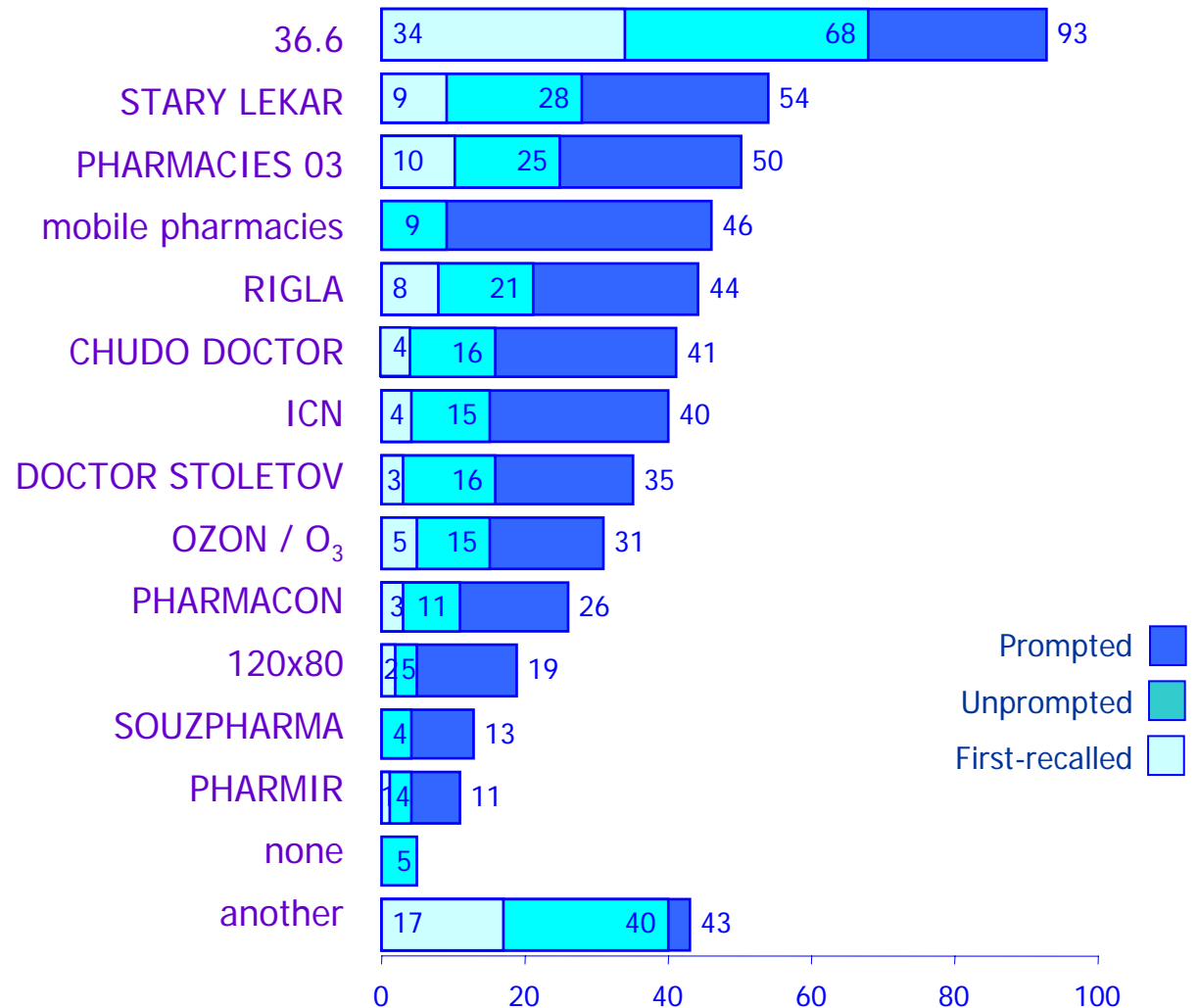
# 7 SAFETY & EXCITEMENT

Unique **36.6**  
Customer Value  
Proposition



# 8 PHARMACY BRANDS. MOSCOW

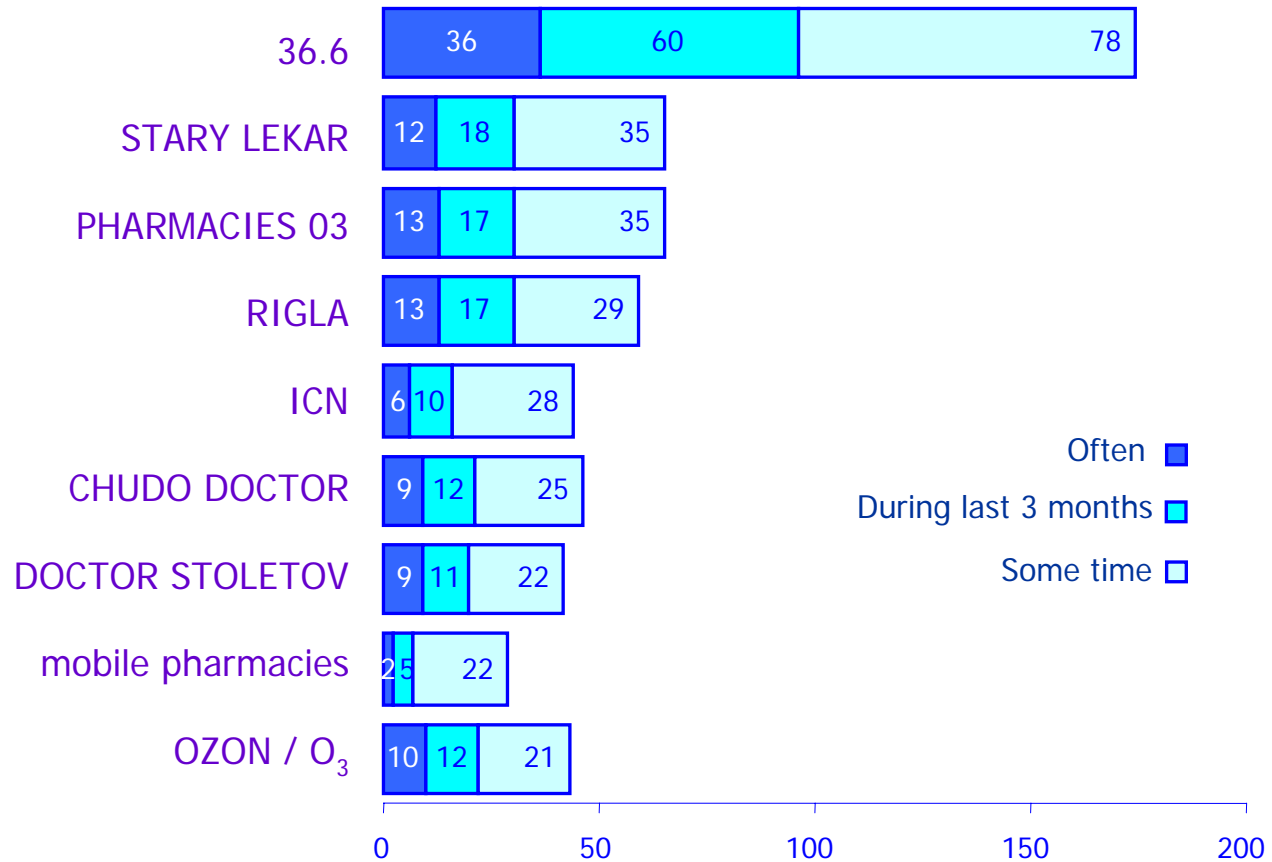
*36.6 is  
unambiguously  
identified as a  
pharmacy brand  
both first-recalled  
and unprompted*





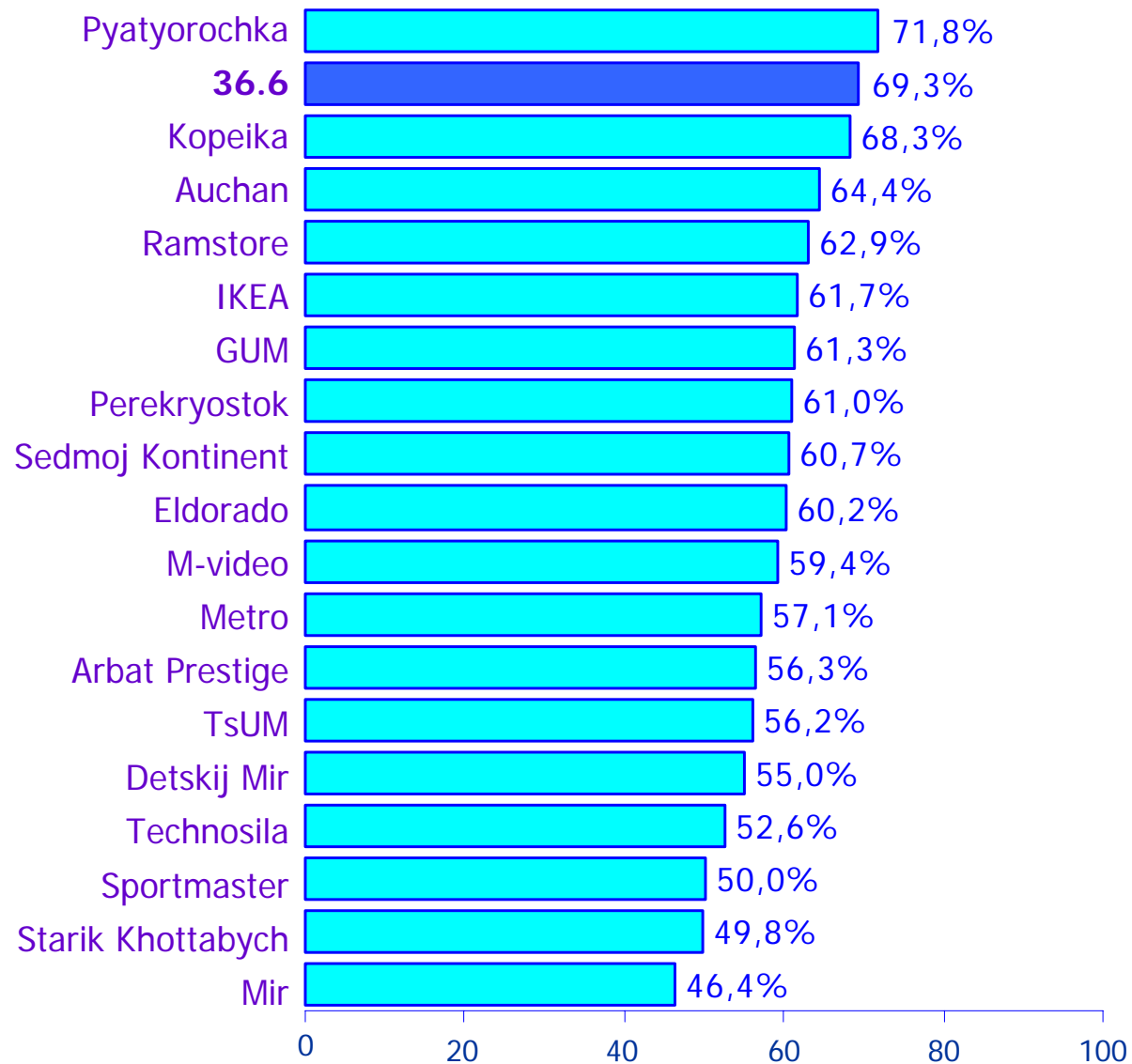
# 9 SHOPPING EXPERIENCE

Almost all the Muscovites visited **36.6** pharmacies ones and prefer shopping there rather than in any other pharmacy



# 10 BRAND AWARENESS

*36.6* enjoys highest levels of brand awareness among most successful retail brands



# 11 REGIONAL EXPANSION

MURMANSK 29

S.PETERSBURG 11

MOSCOW 126

N.NOVGOROD 42

CENTRAL 8

POVOLJIE 33

URALS 79

SOUTH 10

NOVOSIBIRSK 4



*currently operating*  
**342** pharmacies  
*in 18 regions,*

*the Company reaches out to every Russian city with a population from 500 to 1000 thnd people to enjoy 10-20% of their pharmacy retail market*

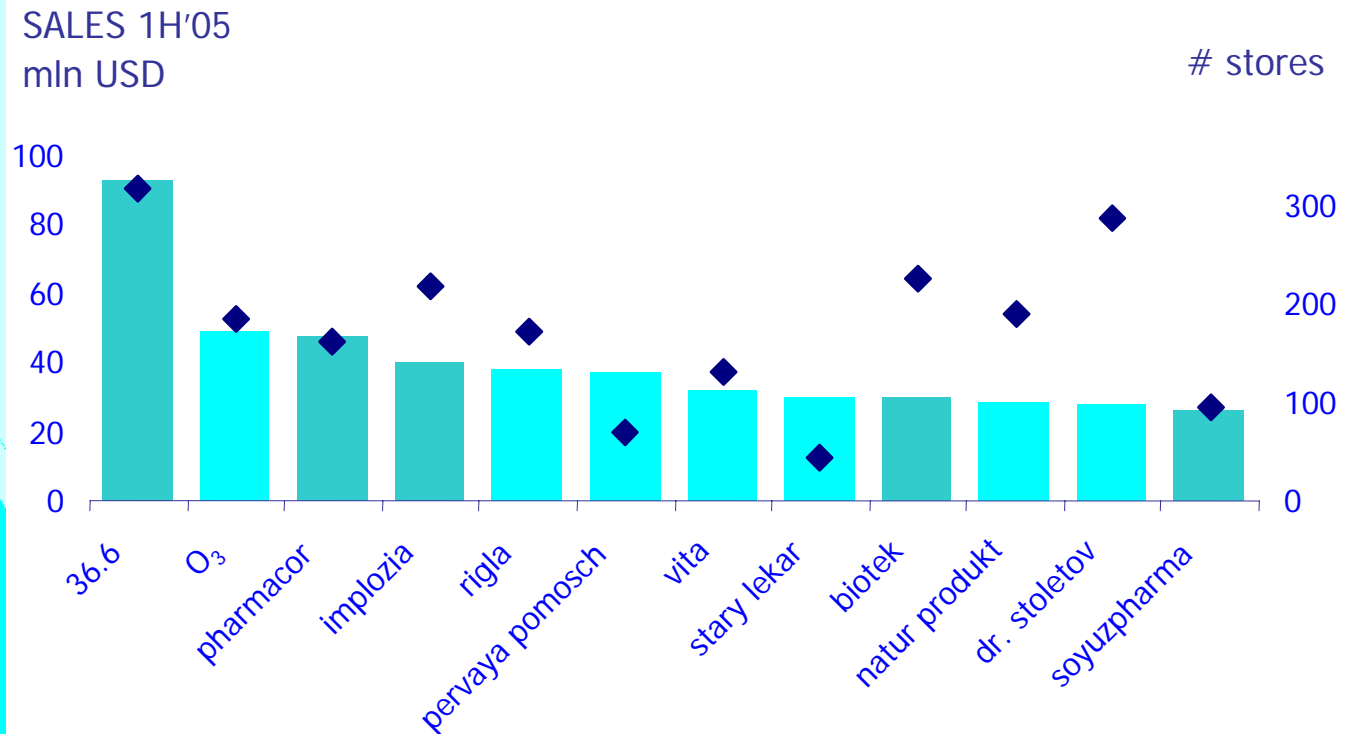
*As of October 1, 2005*

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# 36.6 – THE CONSOLIDATOR OF CHOICE

*Regional penetration will be achieved both through organic openings and acquisitions of the regional chains*

*This is subject to successful competition with a few other chains developing nationwide*



# 13 AGING PHARMACIES PERFORMANCE

*Same store sales were up 7% yoy in the 1st quarter of 2005*

*GROSS MARGIN*

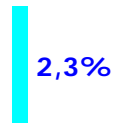
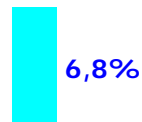
*EBITDA MARGIN*

*EBIT MARGIN*

*NET INCOME\*  
MARGIN*

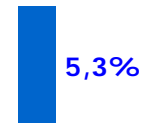
## ALL PHARMACIES

Moscow



## OLD PHARMACIES

70 Moscow pharmacies 9 months old by 1 JAN'05



# 14 KEY PERFORMANCE INDICATORS

3Q03 4Q03 1Q04 2Q04 3Q04 4Q04 1Q05 2Q05 3Q05

*# PURCHASES*  
*millions*

2,9 3,6 3,8 6,5 6,2 7,3 7,7 8,0 8,5

*AVG. TICKET*  
*USD*

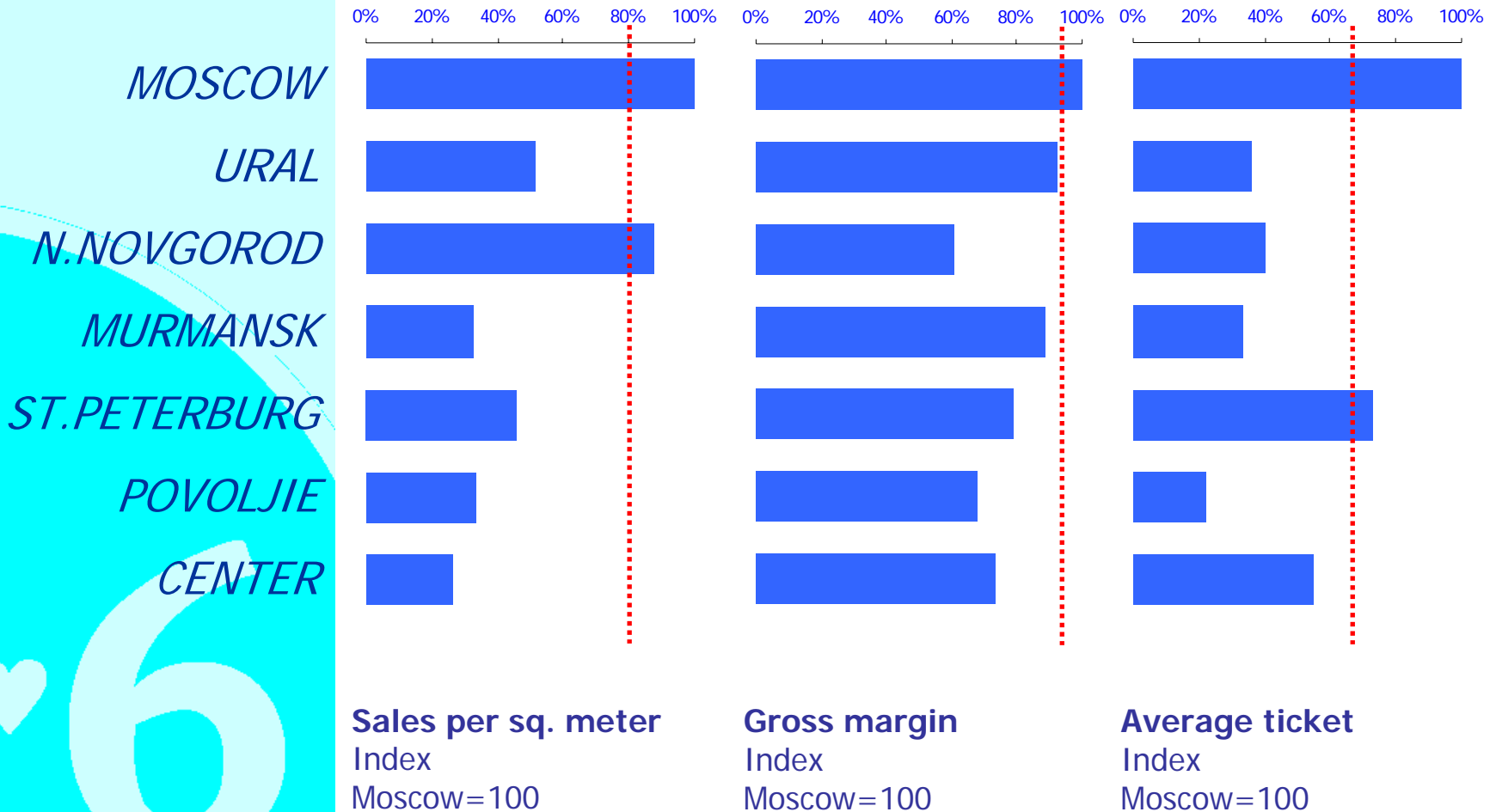
5,9 6,4 7,3 7,4 5,5 6,0 6,2 6,4 5,7

*SALES PER M2*  
*USD*

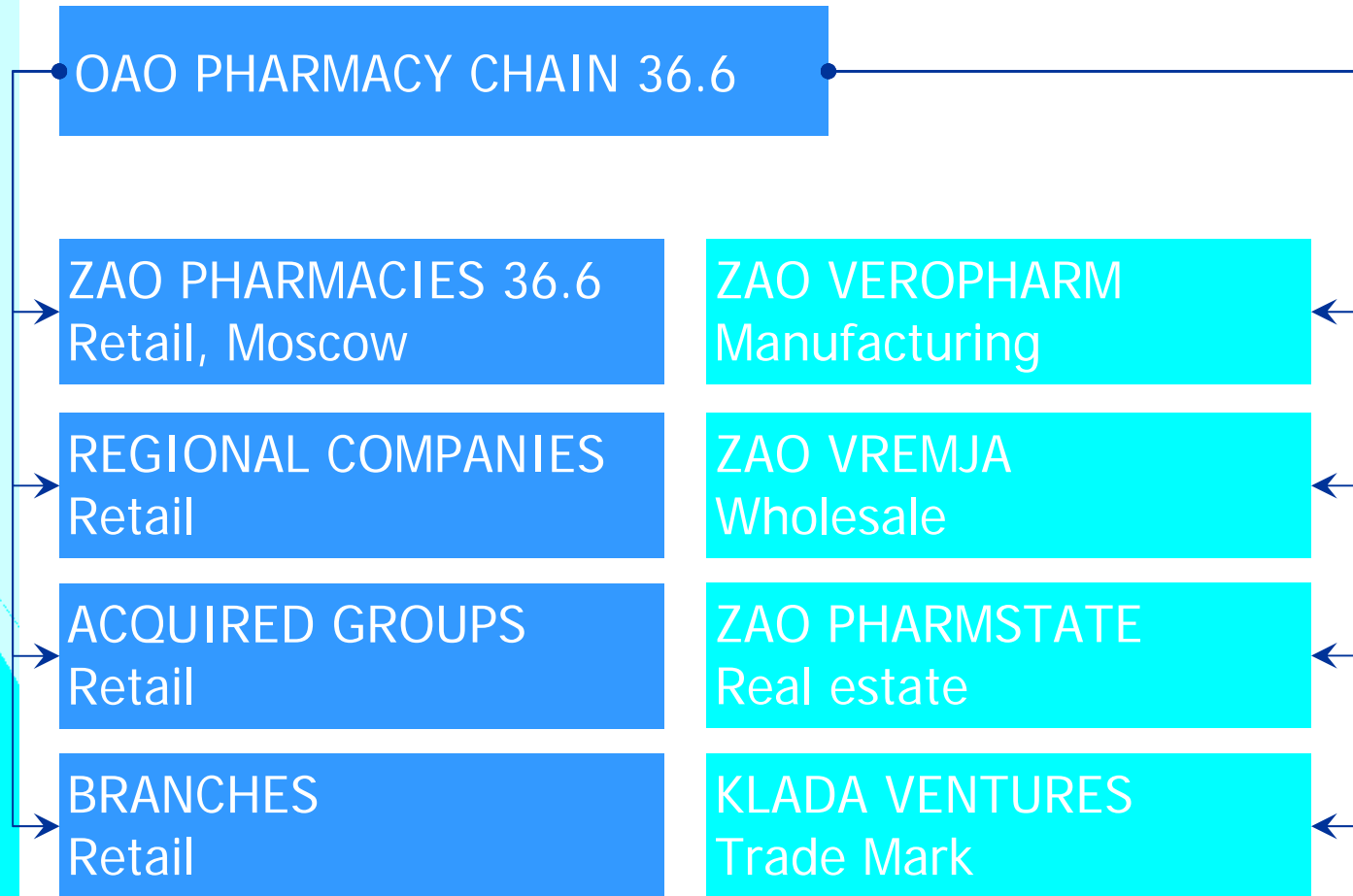
2,1 2,6 2,5 2,3 1,6 2,8 2,1 2,1 1,4

regional impact

# 15 KEY PERFORMANCE INDICATORS



# 16 ORGANIZATION CHART





*Decision making is ensured by the balanced opinion of both shareholders and that of independent directors*

Sergey KRIVOSHEEV  
Chairman, Co-founder

Artem BEKTEMIROV  
CEO, Co-founder

Michael OBERMAYER  
Independent director,  
Director Emeritus of  
McKinsey & Company

Vassily RUDOMINO,  
Independent director,  
Partner in ALRUD law firm

Vladimir STOLIN,  
Independent director,  
Chairman in ECOPSY  
consulting firm

# 18 MANAGEMENT STRUCTURE

*Planning and operational controls are performed across the regional business units and product categories*

*Brand integrity and management as well as strategic business development and expansion are corporate major priorities*

**ARTEM BEKTEMIROV**  
CEO

**ANTON PARKANSKY**  
Managing director

**DMITRY GODUNOV**  
Operations  
1st Deputy MD

**DARYA KAPLUNOVA**  
Marketing

CATEGORY  
DIRECTORS

**SVEIN AAGE OLSEN**  
CFO

**OLGA ALTUNINA**  
Human Resources

**BORIS RYABOV**  
Business Technology  
Development

REGIONAL  
BUSINESS UNITS

**VICTOR VASILIEV**  
Legal Council

**OLEG ANIKIN**  
Strategy

**ANDREI SLIVCHENKO**  
Corporate Finance  
& Investor Relations

# 19 SHARE PRICE

MICEX: RU14APTK1007

RTS: APTK

*IPO in February  
2003*

*Shares placed at  
MICEX at \$9 per  
share*

*About 25% are  
currently in the free  
float*

M.CAP \$196 MLN

AS AT 1 NOV'05

AS PER RTS



# APPENDIX

## FINANCIALS & ANALYSIS

Please note:  
reporting under IAS since 2002  
auditor Deloitte  
financials for the latest period are IAS  
unaudited  
data by segments are before adjustments

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# INCOME STATEMENT

## CONSOLIDATED

	9M05	9M04	05/04	2004	2003	2002
NET SALES	209,4	145,0	44%	211,0	147,8	118,7
GROSS PROFIT	80,6	55,5	45%	80,2	59,8	46,0
EBITDA	14,3	12,3	16%	18,5	13,6	15,1
	6,8%	8,5%		8,8%	9,2%	12,7%
OPERATING INCOME	8,5	7,4	14%	11,5	8,4	10,4
NET INCOME	-5,1	0,5	N/A	0,7	1,0	3,3
	-2,4%	0,4%		0,3%	0,7%	2,8%

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# INCOME STATEMENT

CONSOLIDATED

9M 05

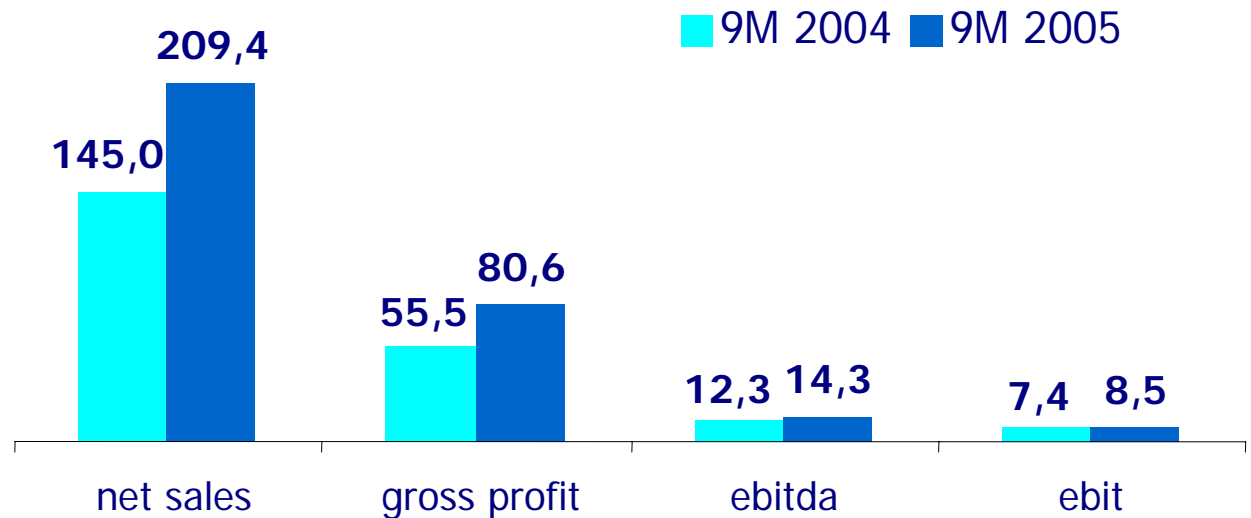
NET SALES up 44%

GROSS MARGIN 38,5%  
vs 38,3%

EBITDA MARGIN 6,8%  
vs 8,5%

EBIT MARGIN 4,1%  
vs 5,1%

*note: y-o-y basis*



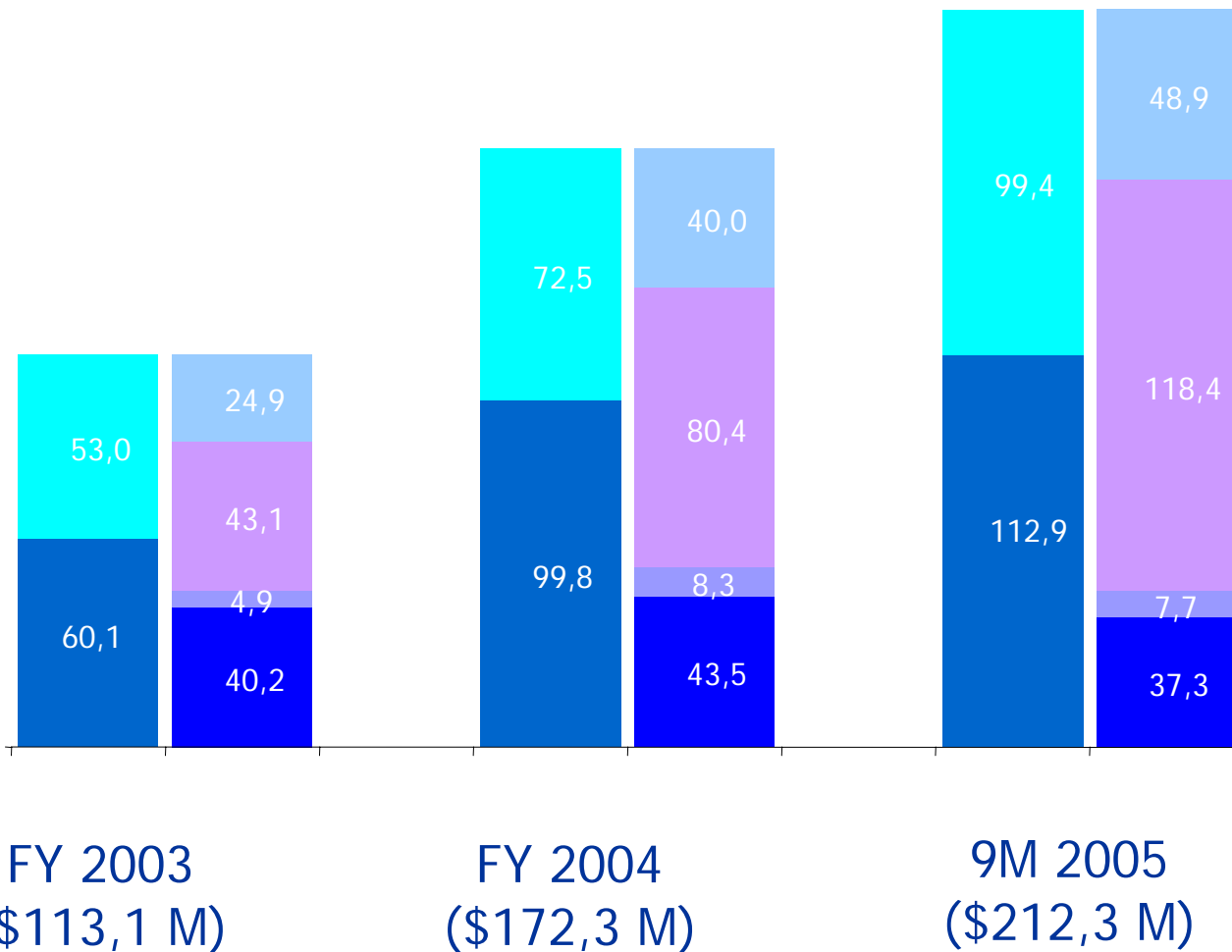
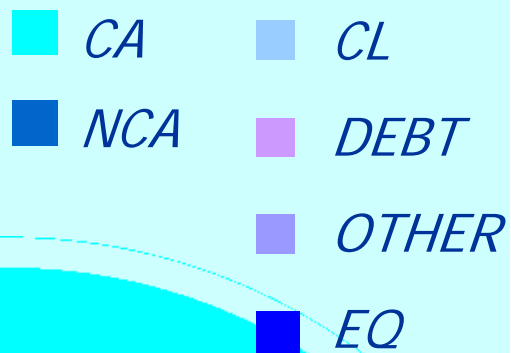
# 23 BALANCE SHEET

## CONSOLIDATED

	9M05	2004	2003	2002
N-CURRENT ASSETS	112,9	100,3	60,1	45,9
CURRENT ASSETS	99,4	72,0	53,0	38,8
TOTAL ASSETS	212,3	172,3	113,1	84,7
EQUITY	37,3	43,5	40,2	24,7
TOTAL DEBT	118,5	80,4	43,1	36,3
C-NT LIABILITIES*	46,2	37,6	24,9	17,7

*\*Hereinafter Current Liabilities are non-interest bearing liabilities*

CONSOLIDATED





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# INCOME STATEMENT

RETAIL

	9M05	9M04	05/04	2004	2003	2002
NET SALES	141,1	92,1	53%	134,3	81,9	58,8
GROSS PROFIT	46,4	31,9	45%	45,4	26,3	19,2
GROSS MARGIN	32,9%	34,6%		33,8%	32,1%	33%
EBITDA	2,1	5,5	-62%	6,5	1,8	2,6
	1,5%	6,0%		4,8%	2,2%	4,4%
D&A	3,9	2,8	41%	3,8	2,1	1,7
OPERATING INCOME	-1,8	2,8	-166%	2,7	-0,2	0,9

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# INCOME STATEMENT

RETAIL

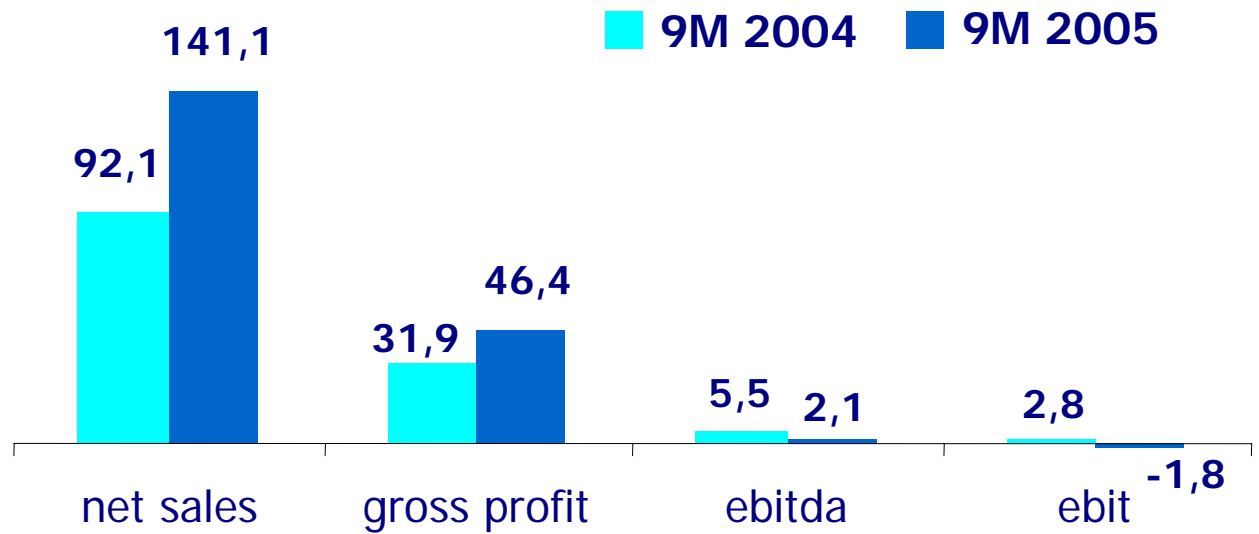
9M 2005

NET SALES up 53%

GROSS MARGIN 32,1%  
vs 34,4%

EBITDA MARGIN 2,5%  
vs 8,1%

EBIT MARGIN -1,3%  
vs 3,0%



*note: y-o-y basis*

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## BALANCE SHEET

RETAIL

	9M05	2004	2003	2002
N-CURRENT ASSETS	73,7	60,1	21,9	15,7
CURRENT ASSETS	43,9	28,6	15,6	13,1
TOTAL ASSETS	117,6	88,6	37,4	28,8
LONG-TERM LIAB.	4,9	4,7	1,9	11,1
C-NT LIABILITIES	34,1	27,3	35,3	15,2

# 28 INCOME STATEMENT

VEROPHARM

	9M05	9M04	05/04	2004	2003	2002
NET SALES	54,4	41,4	31%	60,8	52,8	43,9
GROSS PROFIT	32,2	21,7	48%	32,0	31,3	23,4
GROSS MARGIN	59,2%	52,5%	6,7%	52,6%	59,2%	53,3%
EBITDA	16,3	9,3	75%	17,6	15,7	13,5
	29,9%	22,5%		28,9%	29,7%	30,9%
D&A	1,7	2,0	-13%	3,0	2,9	3,1
OPERATING INCOME	14,5	7,3	99%	14,6	12,7	10,5

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# INCOME STATEMENT

VEROPHARM

9M 2005

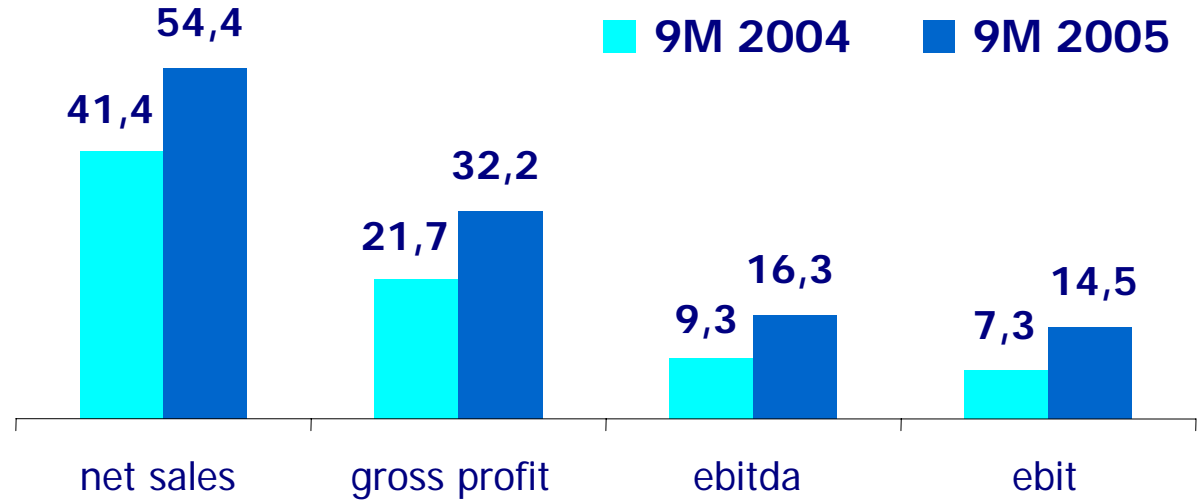
NET SALES up 31%

GROSS MARGIN 60,1%  
vs 58,0%

EBITDA MARGIN 28,2%  
vs 25,8%

EBIT MARGIN 24,8%  
vs 21,2%

*note: y-o-y basis*



# 30 BALANCE SHEET

VEROPHARM

	9M05	2004	2003	2002
N-CURRENT ASSETS	35,0	35,9	34,4	31,2
CURRENT ASSETS	49,4	38,6	32,4	23,4
TOTAL ASSETS	84,4	74,5	66,8	54,5
C-NT LIABILITIES	30,8	20,4	20,1	6,5

# 31 DISCLAIMER

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# 32 HEALTHY, FIT & STRONG

Address: 105082, Moscow,  
Bolshaya Pochtovaya 36

Tel.: +7 (095) 792-5207

Fax: +7 (095) 792-5206

E-mail: [ir@oao366.ru](mailto:ir@oao366.ru)

[www.pharmacychain366.com](http://www.pharmacychain366.com)