

PHARMSTANDARD – LEADING **RUSSIAN** PHARMACEUTICAL COMPANY

*1H 2010 IFRS Results Presentation*



# Key events of the first half of 2010

## Company

- Pharmstandard became №1 among all pharmaceutical companies represented on commercial market in Russia. Market share of Pharmstandard reached 4, 99%<sup>2</sup> in the first half of 2010.
- Arbidol became №1 among all best selling products of retail sales in Russia like in the previous year as before. For the first 6 months of 2010 market share of Arbidol came to 1.38% in the total volume of retail sales through Russia and demonstrating increase in sales for 29%\*
- In April 2010, the Group acquired 1,090,844 ordinary shares representing 11.38 percent of share capital of the JSC “Grindeks AS” (the “Grindeks”), a company registered under the laws of Republic of Latvia, for cash consideration of EURO 12,210 thousand (RR 481,065).
- In February 2010, «NauchTechStroy+» LLC («NTS+») was registered in the Russian Federation as a joint venture, Pharmstandard holds 50% interest in NTS+. Main purpose of "NTS +" is to build and launch into operation a research and development center in Vladimir region of Russia specialized in bioengineering medical products and universal diagnostic researches.

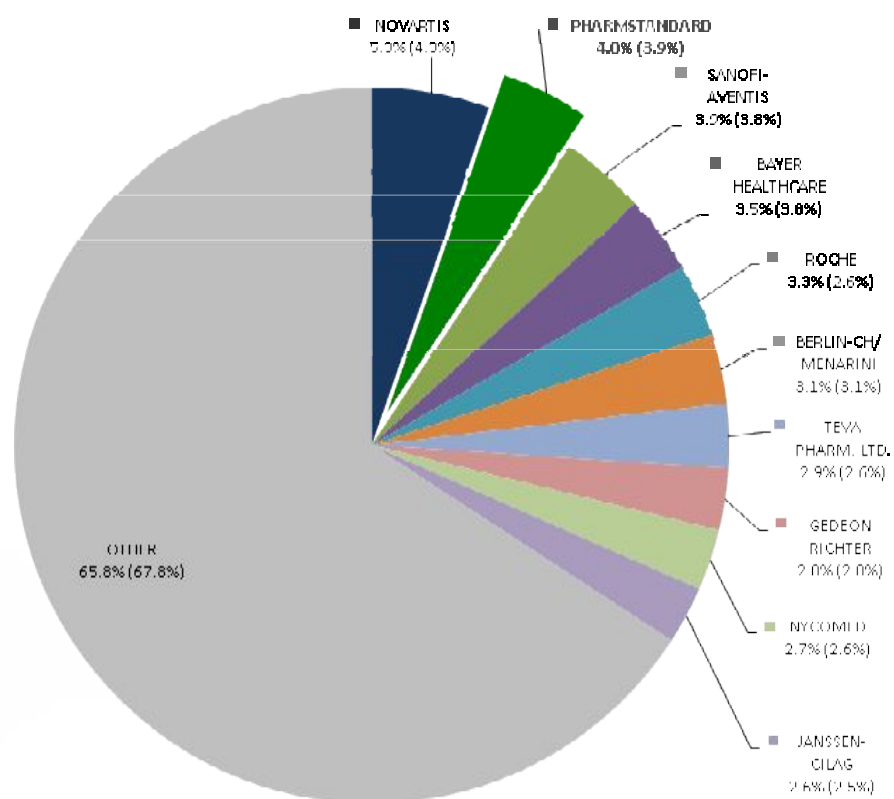
As of 30.06.10 the sum total of the investments of company Pharmstandard into this project amount 240 mln RUR, of which 150 mln RUR introduced as contribution to charter capital of «NTS+».

## Financial highlights for 1H 2010 includes

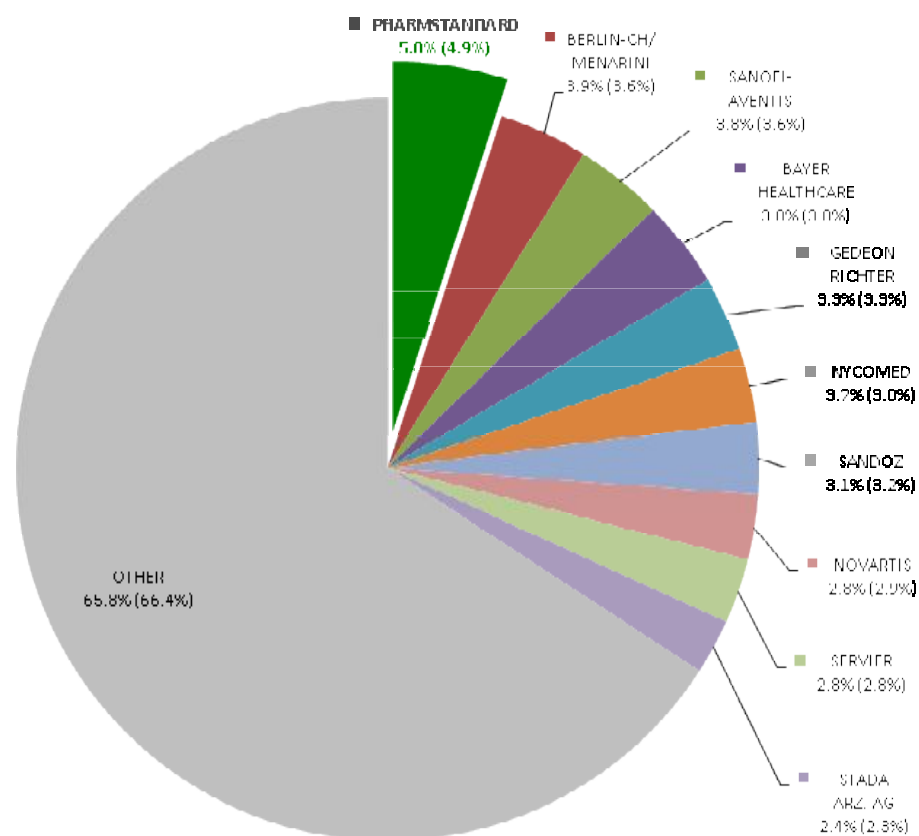
- Revenue growth +15%; total revenue 11,543 mln RUR
- Gross profit growth +6.7%; gross profit RUR 5,028.7million or 44.5% of total sales
- EBIDTA<sup>1</sup> RUR 3,876 million or 34% of sales.
- Net profit growth + 7%; net profit RUR 2,765.6 million or 24.0% of total sales.

# A Leader in the **Russian** Commercial Segment

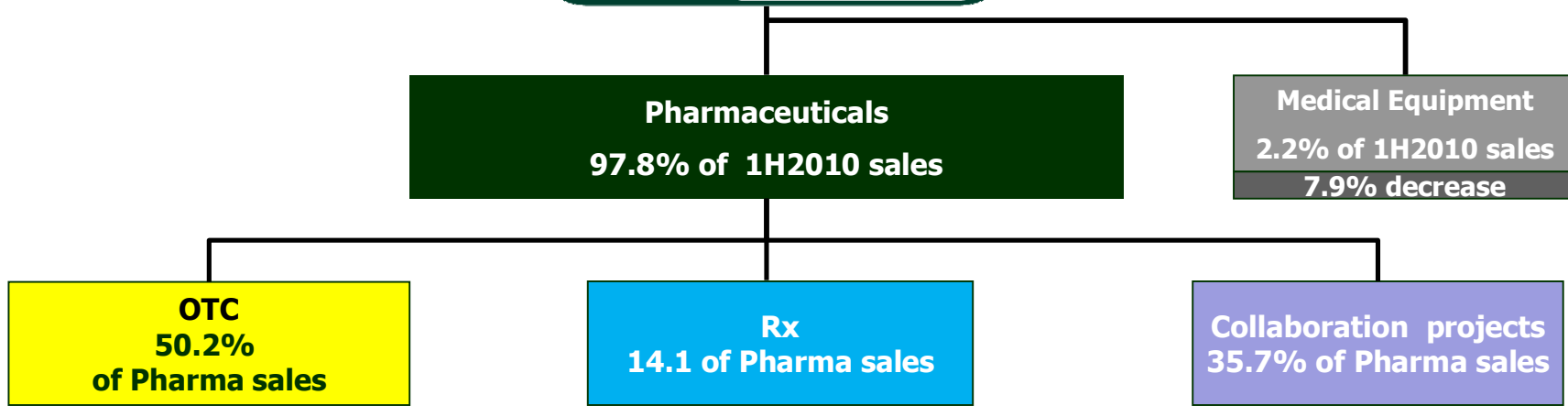
## Market Share 1H2010- Total Market



## Market share 1H2010 - Retail Segment



# 1H2010 Sales Structure



▪ **Therapeutic focus:**

- Analgesics
- Cough & cold
- Vitamins
- Anti-viral
- Anti-fungal

4.7% growth

▪ **Product portfolio includes:**

- Coronary Therapy
- Acid pump inhibitors
- Nitrites & nitrates
- ACE inhibitors
- Alimentary tract

60.4% growth

▪ **Product portfolio includes:**

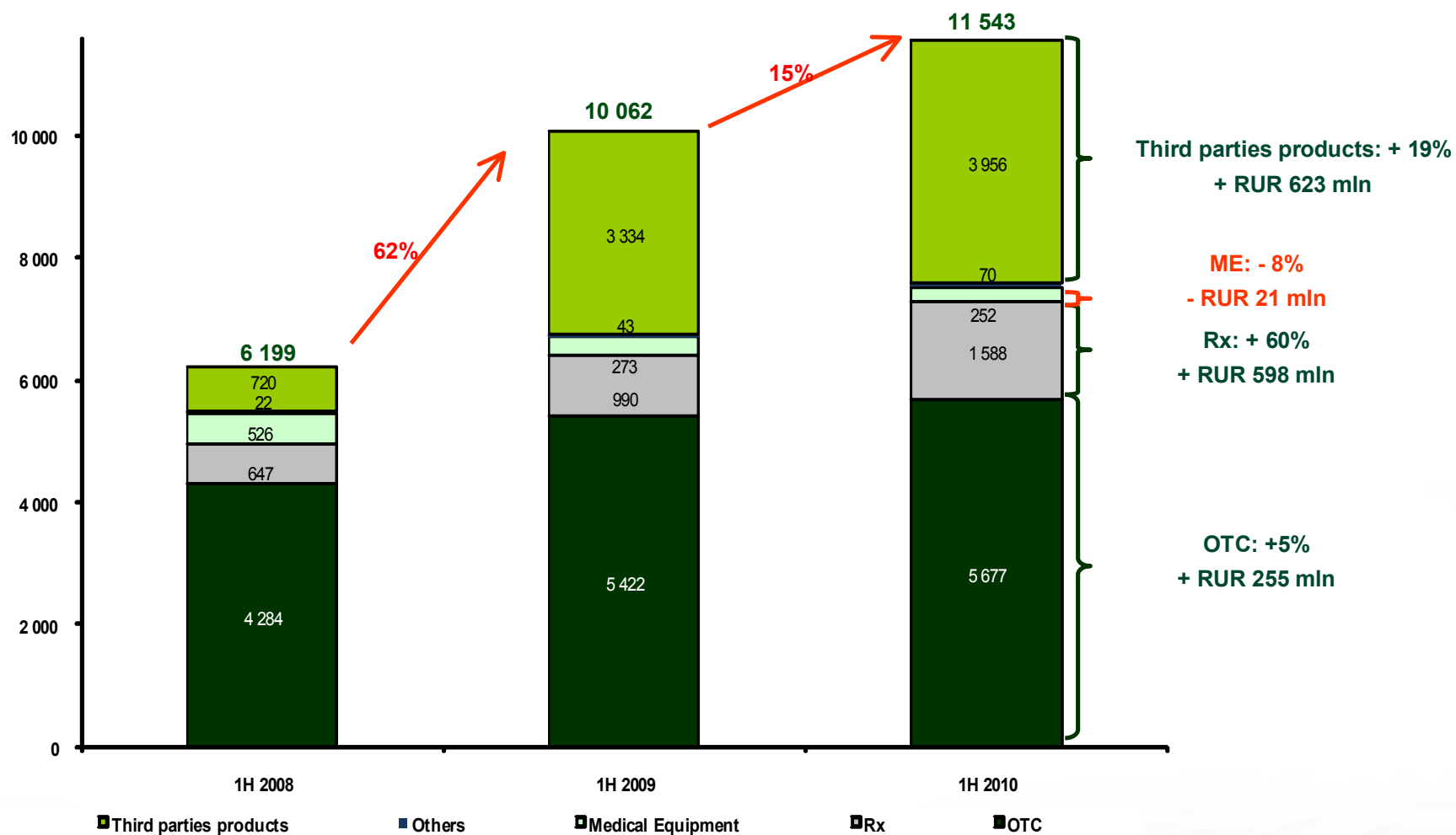
- Velcade
- Mildronate
- IRS-19 & Imudon
- Others

18.7% growth

**15.4% total revenue growth in 1H2010**  
**13.6% organic revenue growth for 1H2010**

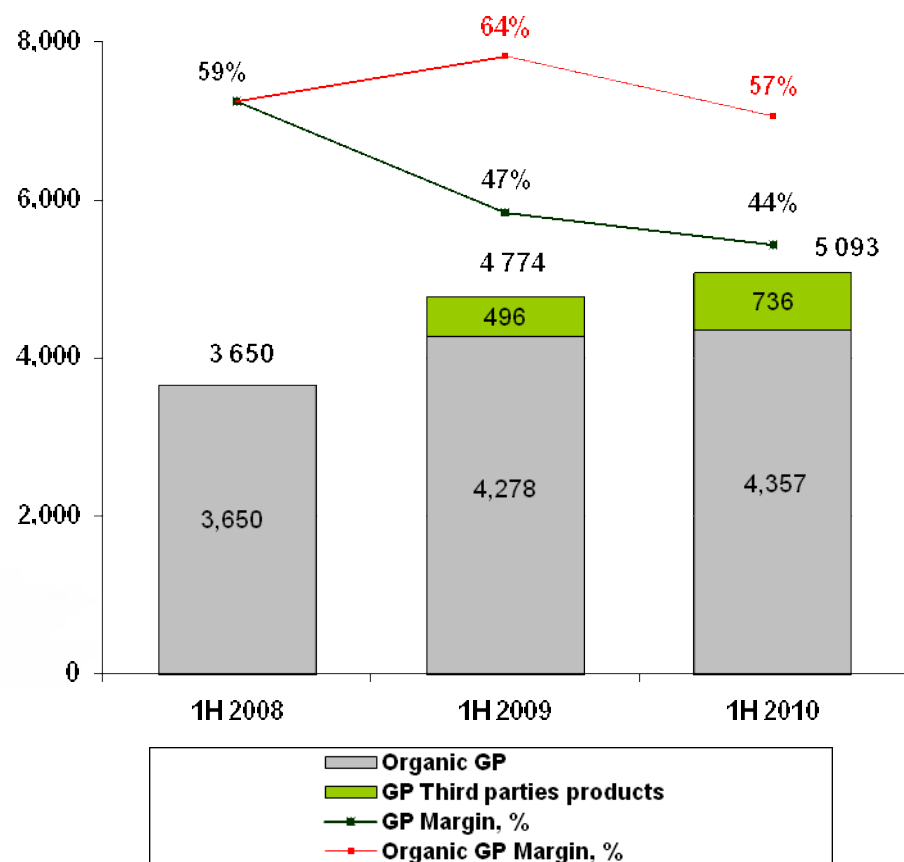
# Revenue Analysis

## Sales structure, RUR mln

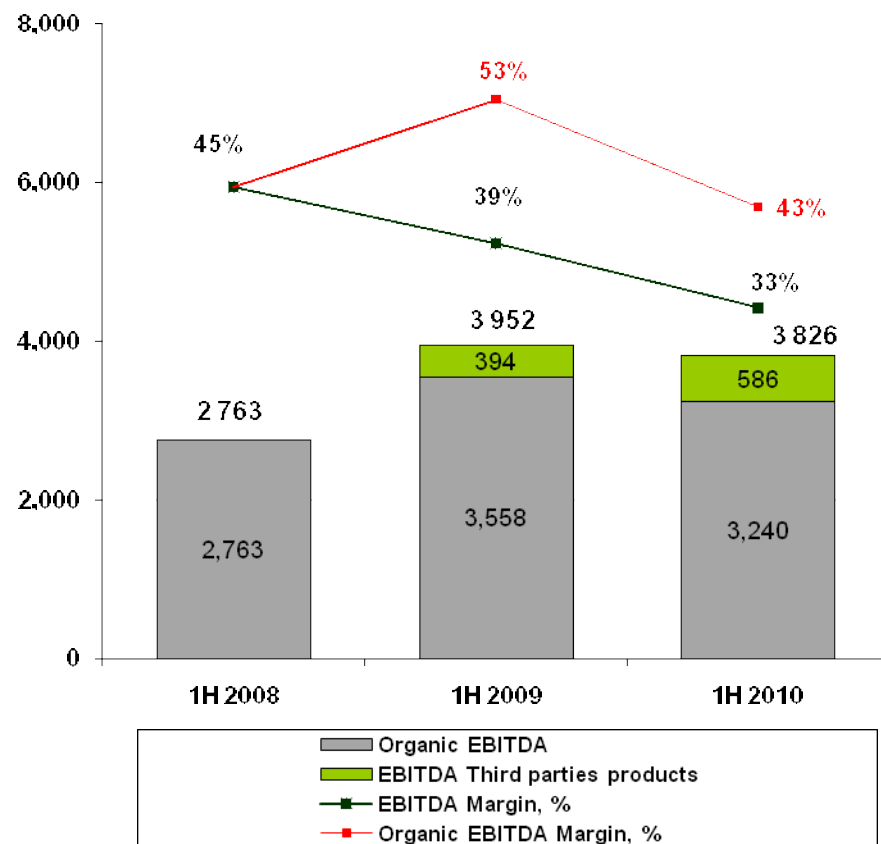


# Margins

## Gross Profit



## EBITDA\*



**Gross profit margin (excluding Third parties products) - 58%**

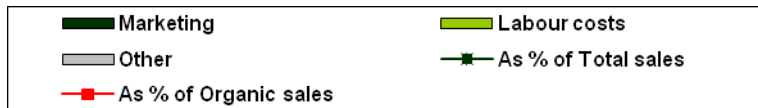
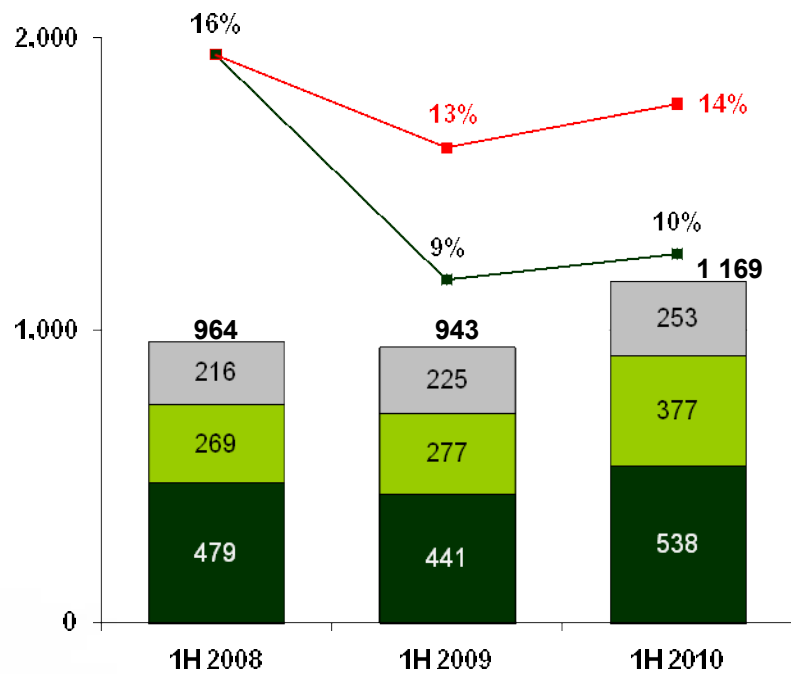
**EBITDA margin (excluding Third parties products) - 43%**

**Gross Margin of Third parties products sales - 19%**

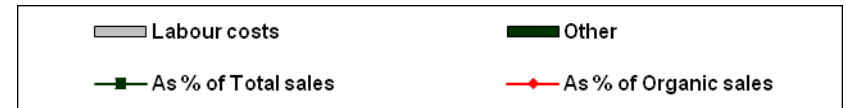
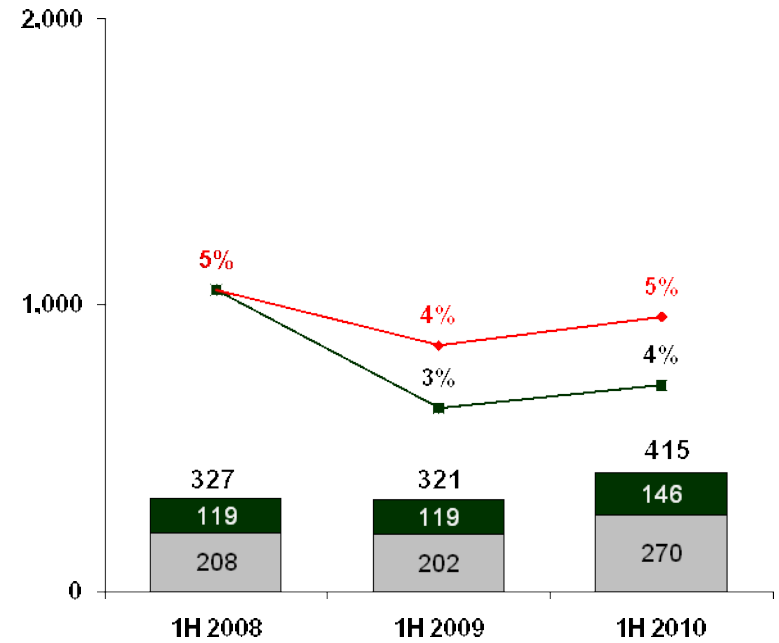
*\* excluding foreign exchange gain or loss*

# Competitive Cost Structure

## Selling and Distribution Costs



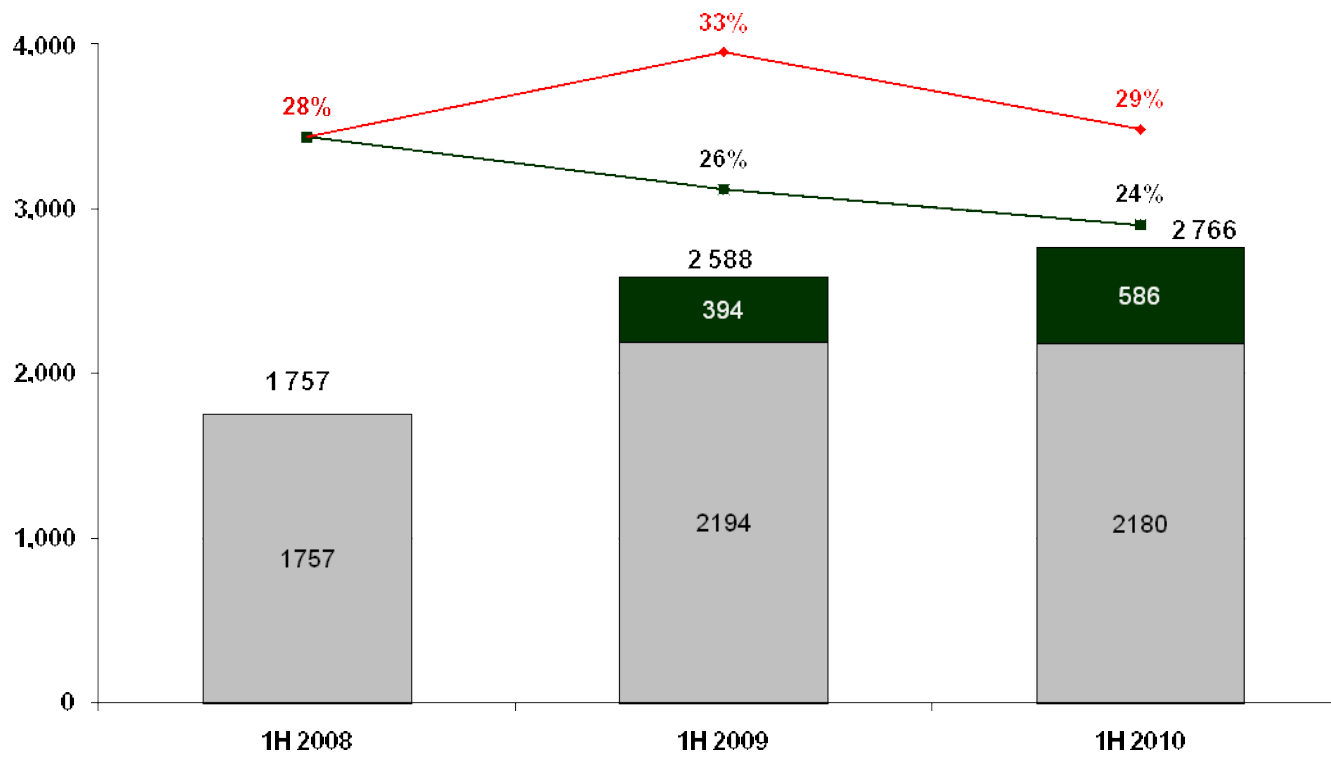
## General and Administration Costs



**1H 2010 Pharmstandard SG&A costs - less 14% of Total sales**

# Profitability

## Net Profit



Organic Net Profit

Net Profit of Third parties products

As % of Total sales

As % of Organic sales

**Net profit growth of 7%**

**Effective income tax rate has been decreased to 20% from 21%**



# Consolidated Balance Sheet and CAPEX

## IFRS basis, mln RUR

	1H 2010	31 dec. 2009
Long-term assets	10,444	9,848
Trade receivables	8,404	9,289
Cash and cash equivalents	4,945	3,931
Other assets	4,455	3,154
<b>Total assets</b>	<b>28,249</b>	<b>26,223</b>
<b>Total equity</b>	<b>22,461</b>	<b>19,696</b>
Payables	4,132	3,906
Long-term borrowings and loans	202	392
Current portion of long-term borrowings	404	391
Other liabilities	1,050	1,838
<b>Total liabilities</b>	<b>5,788</b>	<b>6,527</b>
<b>Total equity and liabilities</b>	<b>28,249</b>	<b>26,223</b>

## Debt summary, 1H 2010, USD

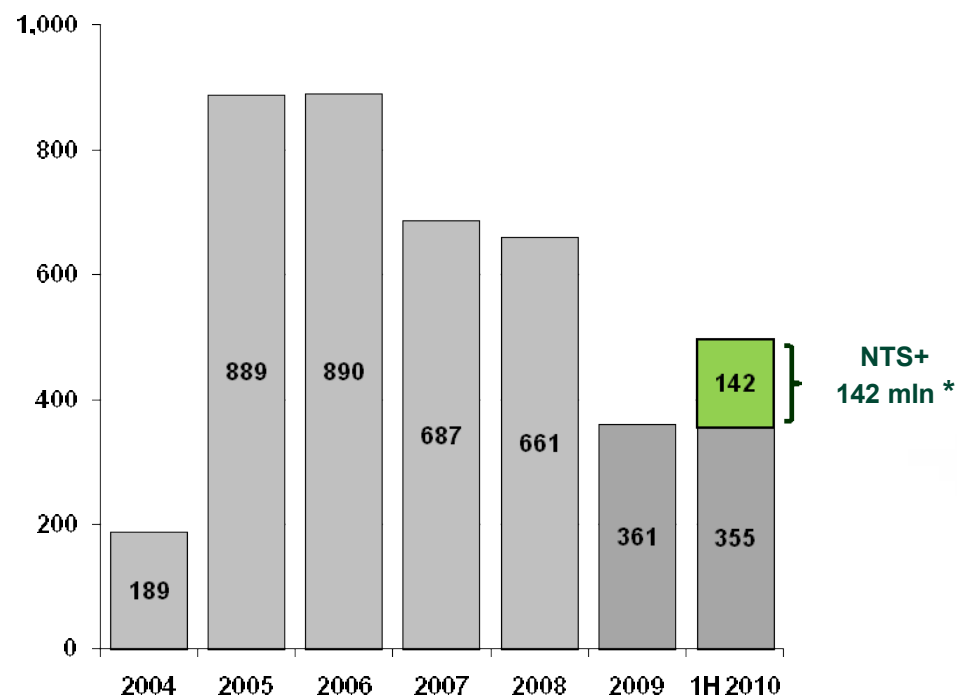
Facility B: US\$19.4 mln (maturity Dec-2011)

Total amount of Citibank Loan \$146 mln (Dec-2006)

Facility A: US\$91 mln (closed Dec-2009)

Facility B: US\$55 mln (maturity Dec-2011)

## Capital Expenditure (PPE), mln RUR



\* The Group share in "NTS+" represents construction in progress amounting to RR 141.6 mln

# Disclaimer and Confidentiality Requirements

This presentation does not constitute or form part of and should not be construed as, an offer to sell or issue or the solicitation of an offer to buy or acquire securities of OJSC Pharmstandard (the "Company") or any of its subsidiaries in any jurisdiction or an inducement to enter into investment activity. No part of this presentation, nor the fact of its distribution, should form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever.

This presentation has been prepared solely for use in connection with the possible offering of ordinary shares (the "Shares") and global depositary receipts representing shares ("GDRs" and, together with the Shares, the "Securities") in the Company (the "Offering"). This document is an advertisement and not a prospectus and any purchase of Securities in the Offering should be made solely on the basis of information contained in the prospectus and any supplemental prospectus to be published in respect of the Offering. The information contained in this presentation has not been independently verified. No representation, warranty or undertaking, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or the opinions contained herein. None of Augment Investments Limited (the "Selling Shareholder") or the Company or any of their respective affiliates, advisors or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection with the presentation.

This presentation is only for persons having professional experience in matters relating to investments and must not be acted or relied on by persons who are not Relevant Persons (as defined below). Solicitations resulting from this presentation will only be responded to if the person concerned is a Relevant Person.

This presentation is not for distribution in, nor does it constitute an offer of securities in the United States, Canada, Australia or Japan. Neither the presentation nor any copy of it may be transmitted into the United States, its territories or possessions, or distributed, directly or indirectly, in the United States, its territories or possessions. Any failure to comply with this restriction may constitute a violation of US securities laws. The presentation is not an offer of securities for sale in the United States. Securities may not be offered or sold in the United States absent registration or an exemption from registration. The Company has not registered and does not intend to register any portion of the Offering in the United States or to conduct a public offering of any securities in the United States.

This presentation is made to and directed only at (i) persons outside the United Kingdom, (ii) qualified investors or investment professionals falling within Article 19(5) and Article 49(2) (a) to (d) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), and (iii) high net worth individuals, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (such persons collectively being referred to as "Relevant Persons").

This presentation and its contents are confidential and must not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other person, whether or not such person is a Relevant Person. Failure to comply with this restriction may constitute a violation of applicable securities laws. If you have received this presentation and you are not a Relevant Person you must return it immediately to the Company. This presentation does not constitute a recommendation regarding the securities of the Company.

This presentation is not a public offer or advertisement of Securities in the Russian Federation and is not an invitation to make offers to purchase any Securities in the Russian Federation, and must not be passed on to third parties or otherwise be made publicly available in Russia. The GDRs have not been and will not be registered in Russia and are not intended for "placement" or "circulation" in Russia.

This presentation includes 'forward-looking statements'. These statements contain the words "anticipate", "believe", "intend", "estimate", "expect" and words of similar meaning. All statements other than statements of historical facts included in this presentation, including, without limitation, those regarding the Company's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to the Company's projects and services) are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company to be materially different from results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. These forward-looking statements speak only as at the date of this presentation. Each of the Company and the Selling Shareholder and their respective agents, employees and advisers, expressly disclaims any obligation or undertaking to update any forward-looking statements contained herein.

The information and opinions contained in this document are provided as at the date of this presentation and are subject to change without notice. All information not separately sourced is from Company data.

# Contacts

## JSC Pharmstandard

Likhachevsky drive, 5 «B» Moscow region,  
Dolgoprudny, Russia, 141700.  
Tel/Fax: (495) 970-0030/32

Илья Крылов IR manager ex.2416  
[IR@pharmstd.ru](mailto:IR@pharmstd.ru)  
[www.pharmstd.ru](http://www.pharmstd.ru)

