



PROTEK

group of companies

2010 FINANCIAL RESULTS

Investor and analyst presentation

April 2011

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- Market review for 12 months of 2010
 - Vadim Muzyaev, Protek Group President
- Financial Results Review FY-2010
 - Vadim Muzyaev, President, Protek Group
 - Timofei Prokopov, CFO, Protek Group
 - Igor Filatov, CEO of CV Protek (from 2011)
- Questions and Answers

Details of conference call:

Conference call: Wednesday, 27 April, 17.00 Moscow time (14.00 London time).

Participant Telephone Numbers: +7 495 705 9451 (Russia)
+44(0)20 7138 0827 (UK/International)
Confirmation Code: 6546293

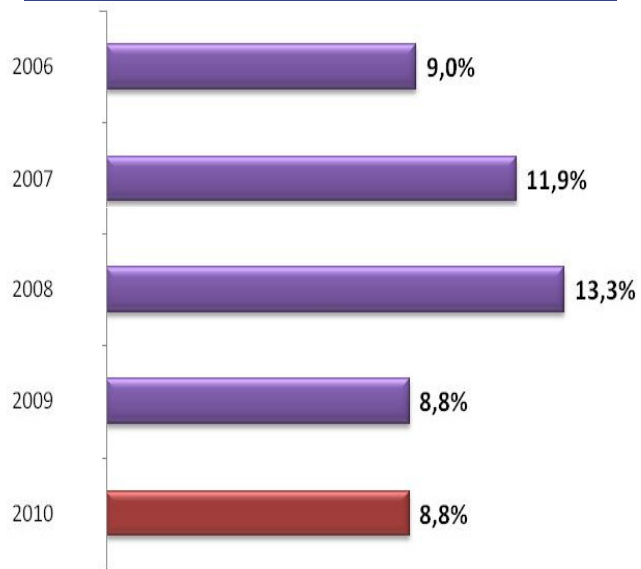
Post-conference information:

Replay available until 03.05.11 at 23:59:

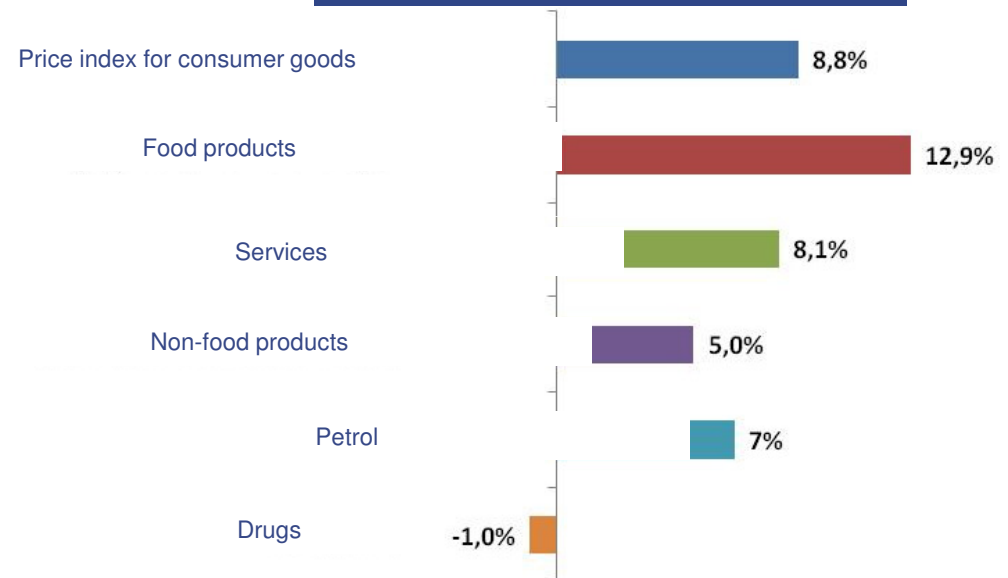
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Replay Access Code: 6546293#

2010 Results

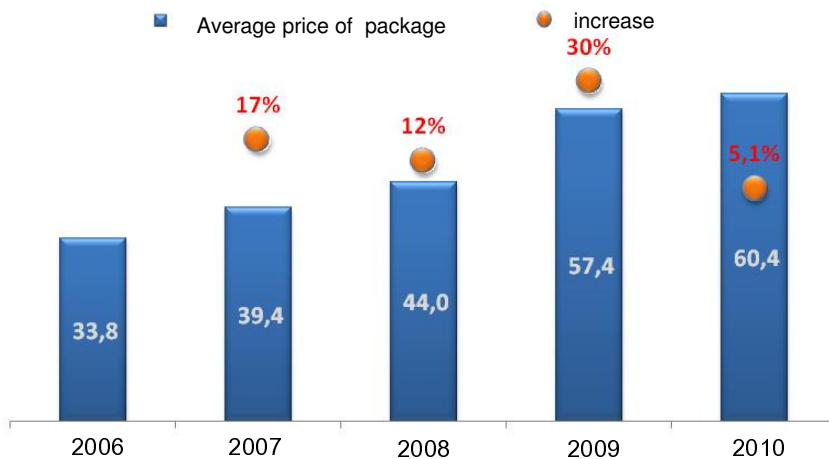
Price index for consumer goods*



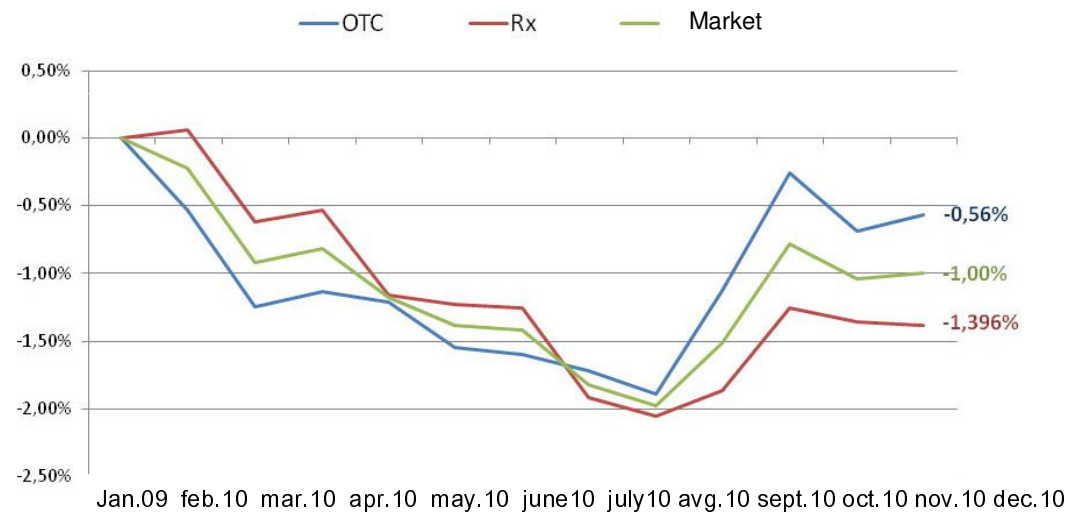
Price index by products categories*



Average price of package, RUB



Drugs prices dynamics, commercial market, %



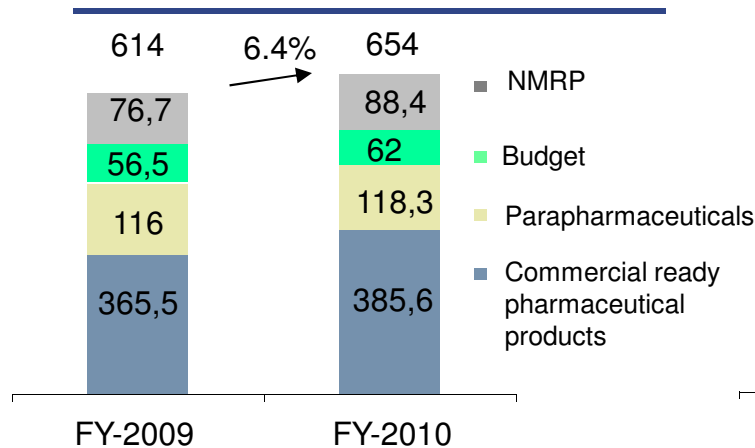
* Source: State Statistics Dept., DSM Group

Russian pharmaceutical market in 2010



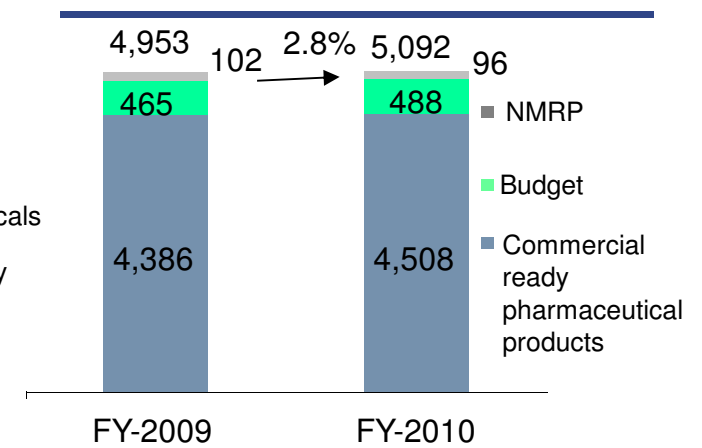
- In 2010, Russian pharmaceutical market on the whole has grown by 6.4% vs. 2009 (in ruble terms) and came to RUB 654 billion (source: DSM Group report)
- In 2010 the market has grown (in package terms) by 2.8%*, volume of sales was 5.09 billion packages*
- Commercial segment of the market in 2010 has grown only by 2.8% vs. 2009 in ruble terms.
- In 2010 (in comparison with 2009), the market has actually shown a stagnation (in package terms) and modest rise in rubles. Market slow-down factors (in ruble terms) were the government measures taken to strengthen the control over the margins on life-vital medicines, deflation in pharmaceuticals, as well as a tough price competition in distribution and retail segments.

Market performance, RUB, billion Including Parapharmaceutics



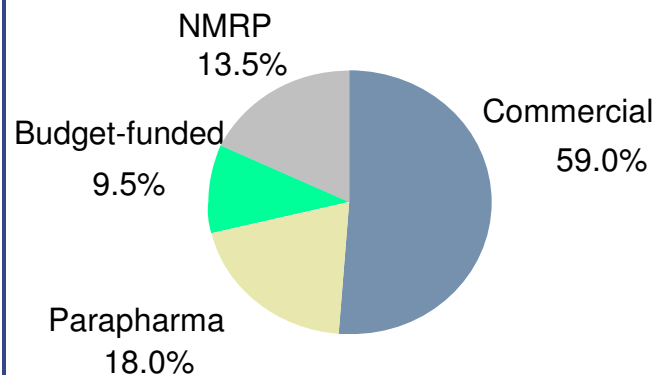
Source: Preliminary data of DSM Group

Market performance in packages, mln* Excluding Parapharmaceutics



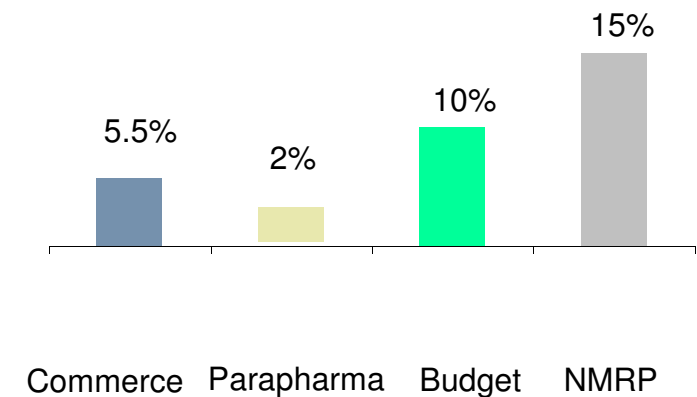
Source: Preliminary data of DSM group

Market Structure in 2010



Source: Preliminary data of DSM Group

Dynamics by segments in 2010



Source: Preliminary data of DSM Group

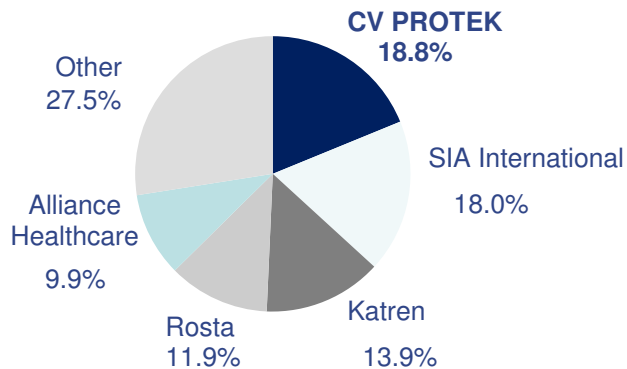
*Source: Preliminary data of DSM, excluding ParaPharmaceutics

Recognized leader across all market segments



Distribution, 2010

№ 1 in Russia

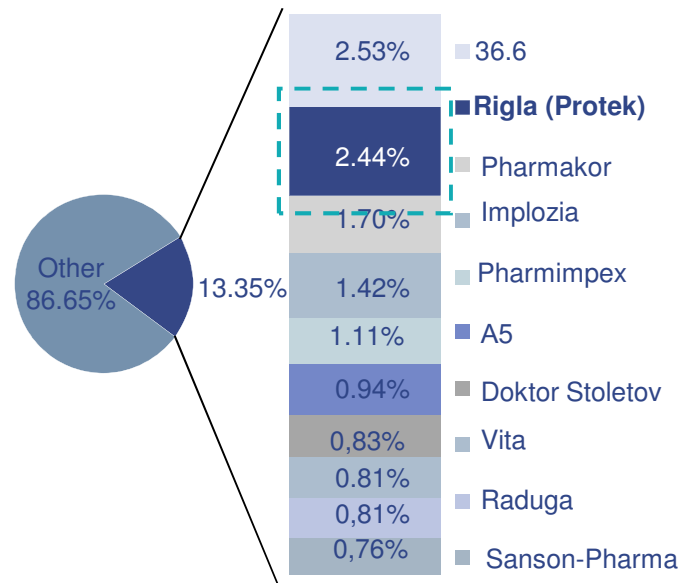


Top 5 market share:
72.5%

Source: DSM

Retail Sales, 2010

№ 2 in Russia



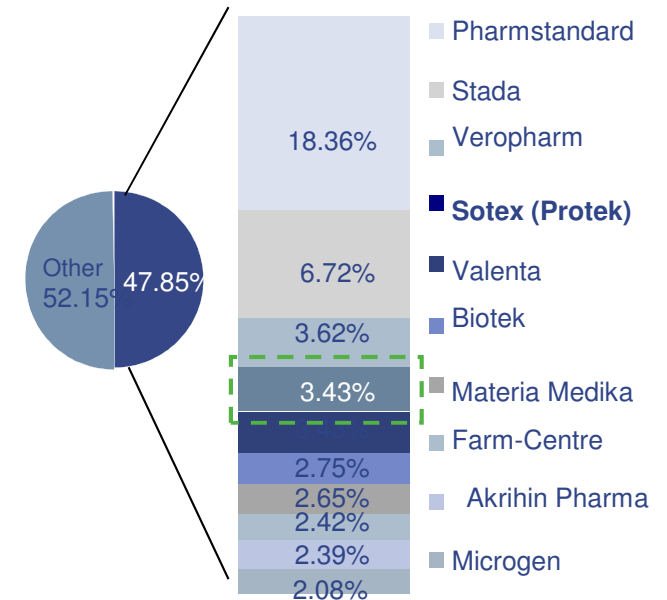
Top 5 market share:
9.2%

Source: Pharmexpert

Note: Rigla market share represents the total market share of the Protek Retail segment

Production, 2010

№ 4 in Russia



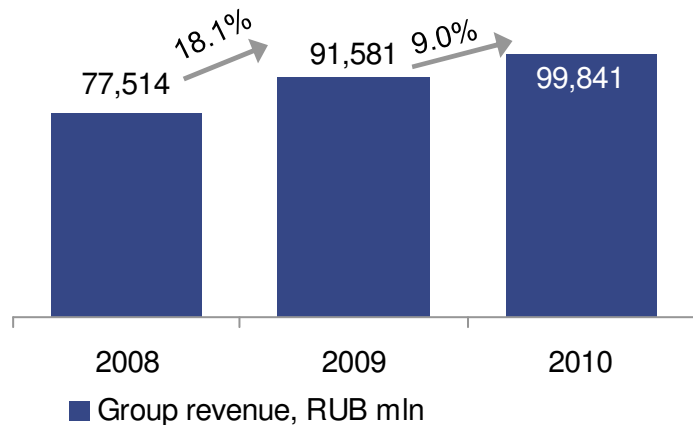
Top 5 market share:
35.6%

Source: Pharmexpert

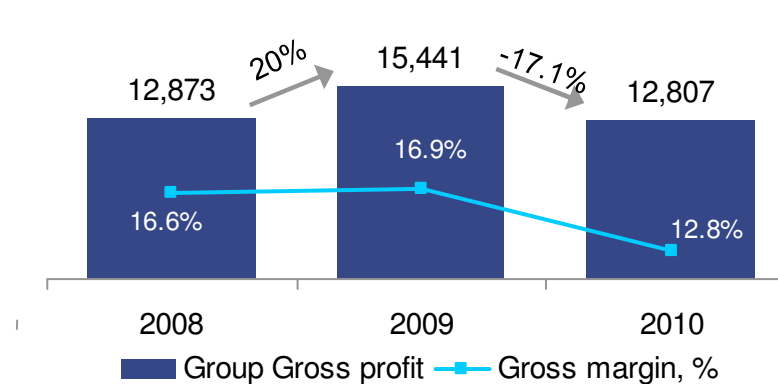
FY-2010 Group performance summary



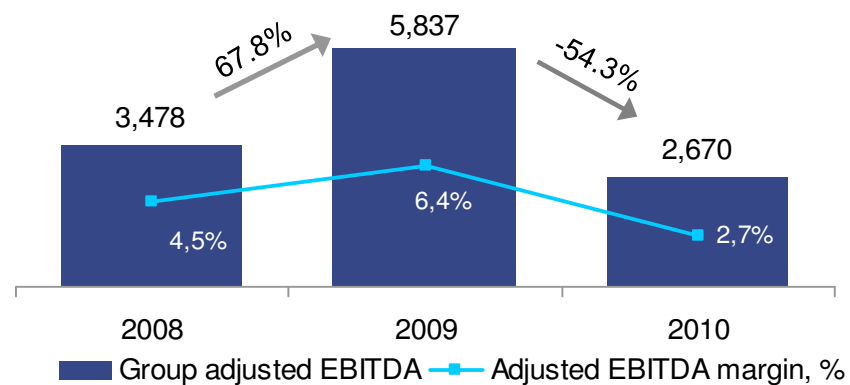
Total Revenue dynamics, RUB mln.



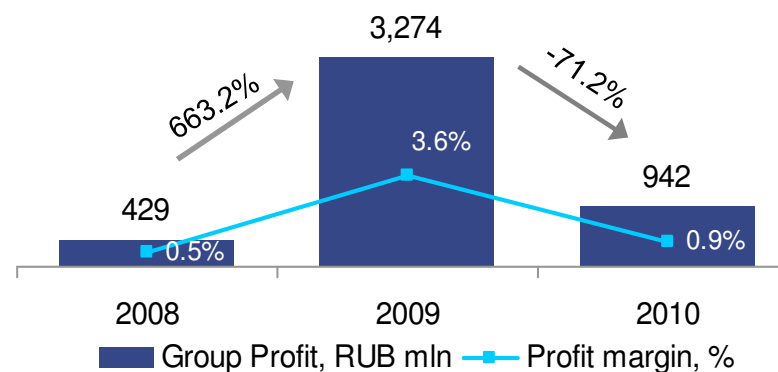
Gross Profit dynamics, RUB mln.



Adjusted EBITDA dynamics¹, RUB mln.



Net Profit dynamics, RUB mln.



Source: IFRS accounts

¹ Adjusted EBITDA for 2010 exclude IPO-2010 expenses of RUB 476 mln.
Adjusted EBITDA for 2008 exclude Impairment of goodwill of RUB 431 mln.

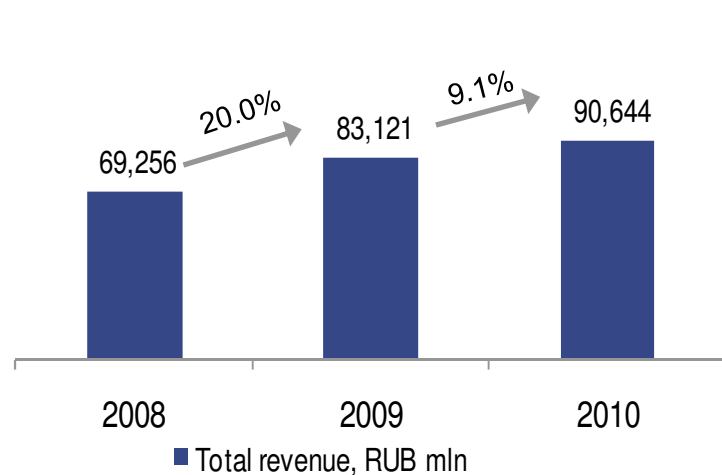
FY-2010 Results - Distribution segment



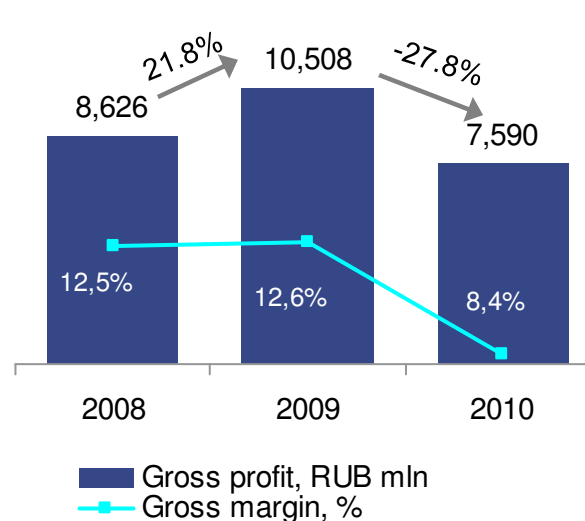
Financial performance highlights

- Revenue increase of ~9.1% in 2010 compared to 2009.
- Decrease in Gross Profit (-27.8%, 2010 vs. 2009) and EBITDA (-71.6%, 2010 vs. 2009)
 - Substantial changes in mark-up structure
 - Increased intense competition
 - Legislation changes in Life Essential Medicines program (effective from April 1, 2010)

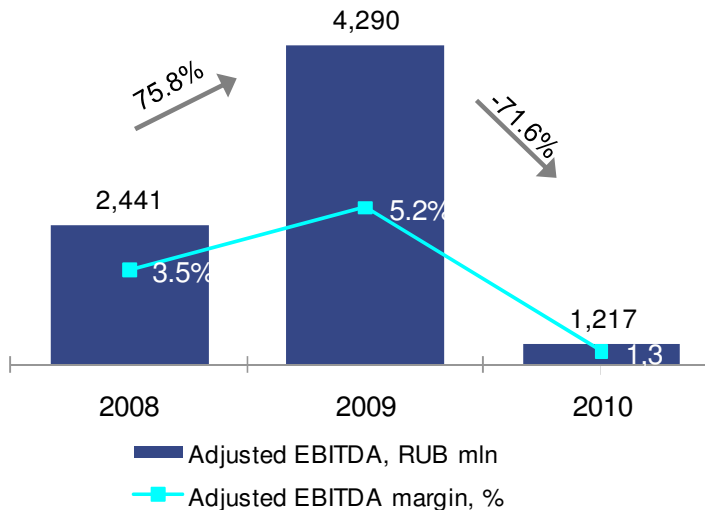
Total revenue dynamics



Gross profit dynamics



Adjusted EBITDA dynamics¹



Source: IFRS accounts

¹ Adjusted EBITDA and EBITDA margin for 2010 exclude IPO expenses of RUB 224 mln.

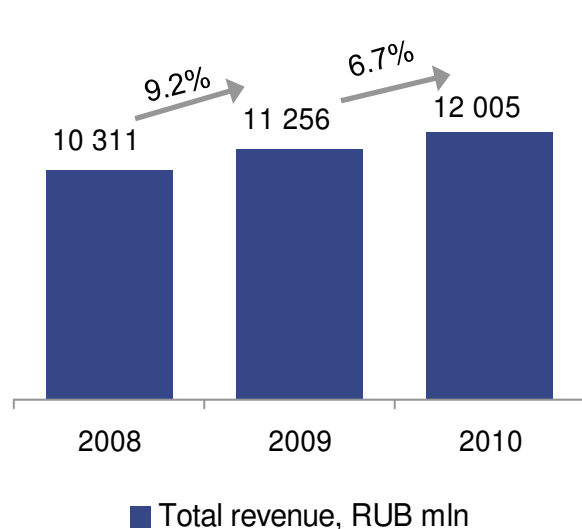
FY-2010 Results – Retail segment



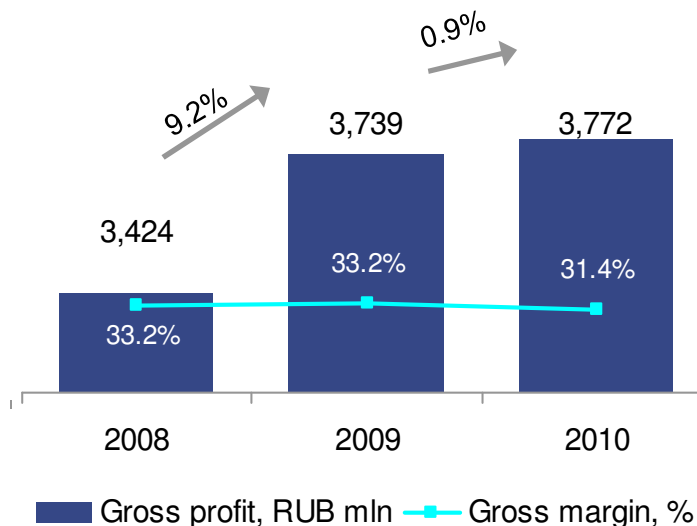
Financial performance highlights

- Revenue increase of 6.7% in 2010 compared to 2009
- Increase in Gross Profit (+0.9%, 2010 vs. 2009) and decrease in EBITDA (-17.9%, 2010 vs. 2009)
 - M&A activity – 5 new pharmacy chains were acquired (106 pharmacies)
 - Decrease of a trade mark-up (5.4% down) in line with new State pricing regulations on Life Essential drugs
 - Retail market saw an increased price competition in 2010.

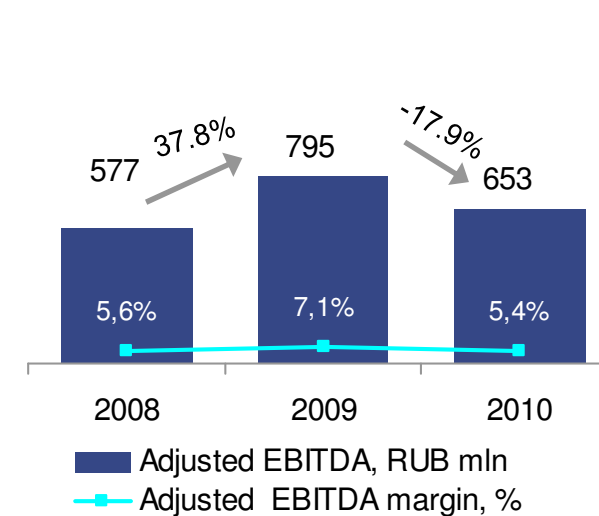
Total revenue dynamics



Gross profit dynamics



Adjusted EBITDA dynamics¹



Source: IFRS accounts

¹ Adjusted EBITDA and EBITDA margin for 2010 exclude IPO expenses of RUB 75 mln.

Adjusted EBITDA and EBITDA margin for 2008 exclude Impairment of goodwill of RUB 431 mln.

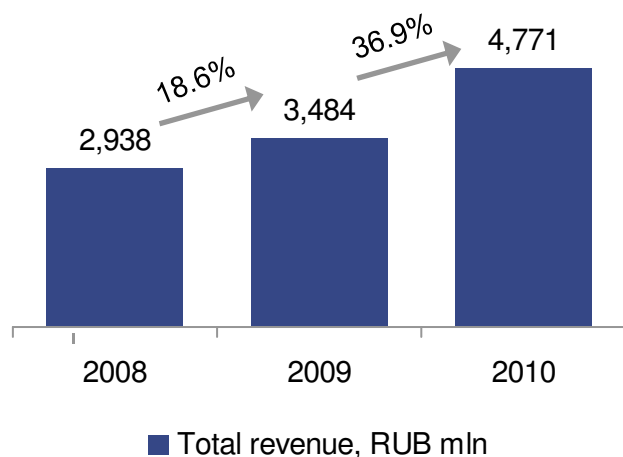
FY-2010 Results - Production segment



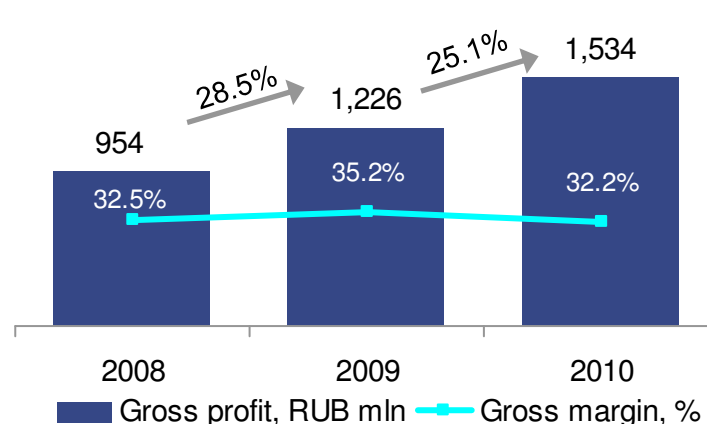
Financial performance highlights

- Solid revenue increase of 36.9% in 2010 compared to 2009
- Increase in Gross profit (+25.1%, 2010 vs. 2009) and EBITDA +20%, 2010 vs. 2009) in ruble terms.
- Sotex own branded products contributed 33,0% to production segment Gross Profit in year 2010, a significant growth from 23.3% share in year 2009. A slight decrease in Gross margin in 2010 was due to:
 - (1) additional discounts and rebates granted to pharmaceutical distributors to comply with the state price regulation requirements on introduction of Life Essential Drug List in April 2010; and
 - (2) Strong sales growth of licensed generics (with lower margins) – in contract manufacturing – in 1HY-2010.

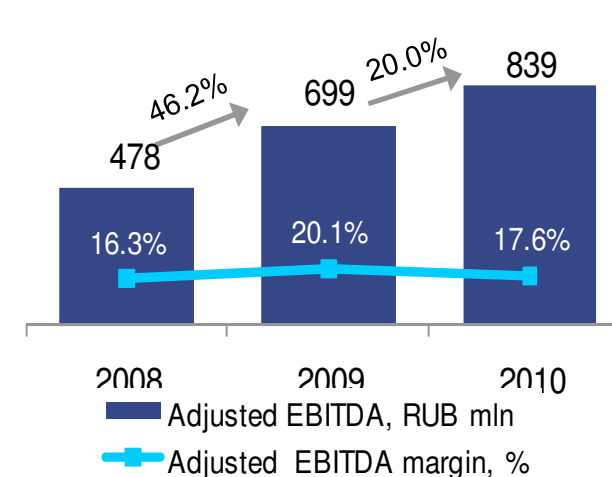
Total revenue dynamics



Gross profit dynamics



Adjusted EBITDA dynamics¹



Source: IFRS accounts

¹ Adjusted EBITDA and EBITDA margin for 2010 exclude IPO expenses of RUB 58 mln.

FY-2010 Group Income statement (vs. 2009 & 2008)



RUB ('000)	2010	2009	2008
Sales	99 840 831	91 580 958	77 514 245
Cost of sales	(87 033 537)	(76 140 125)	(64 641 153)
Gross profit	12 807 294	15 440 833	12 873 092
Gross margin, %	12,8%	16,9%	16,6%
Operating expenses			
Distribution and selling expenses	(7 131 043)	(6 503 593)	(6 511 380)
General and administrative expenses	(3 739 568)	(3 965 793)	(3 496 618)
Other operating (expenses)/income, net	(32 131)	78 888	(208 680)
Impairment of goodwill	-	-	(430 716)
IPO expenses	(476 450)	-	-
Operating profit	1 428 102	5 050 335	2 225 698
Operating margin, %	1,4%	5,5%	2,9%
Share of post-tax profit of associate	10 372	6 609	(804)
Financial expenses, net	(262 463)	(656 462)	(306 769)
Foreign exchange gain/(loss), net (incl. compensation of foreign exchange losses)	212 272	(123 100)	(1 139 659)
Profit before income tax	1 388 283	4 277 382	778 466
Income tax expense	(446 606)	(1 003 468)	(349 880)
Profit for the period	941 677	3 273 914	428 586
Net profit margin, %	0,9%	3,6%	0,6%
Adjusted EBITDA¹	2 670 458	5 836 555	3 477 703
Adjusted EBITDA margin, %	2,7%	6,4%	4,5%

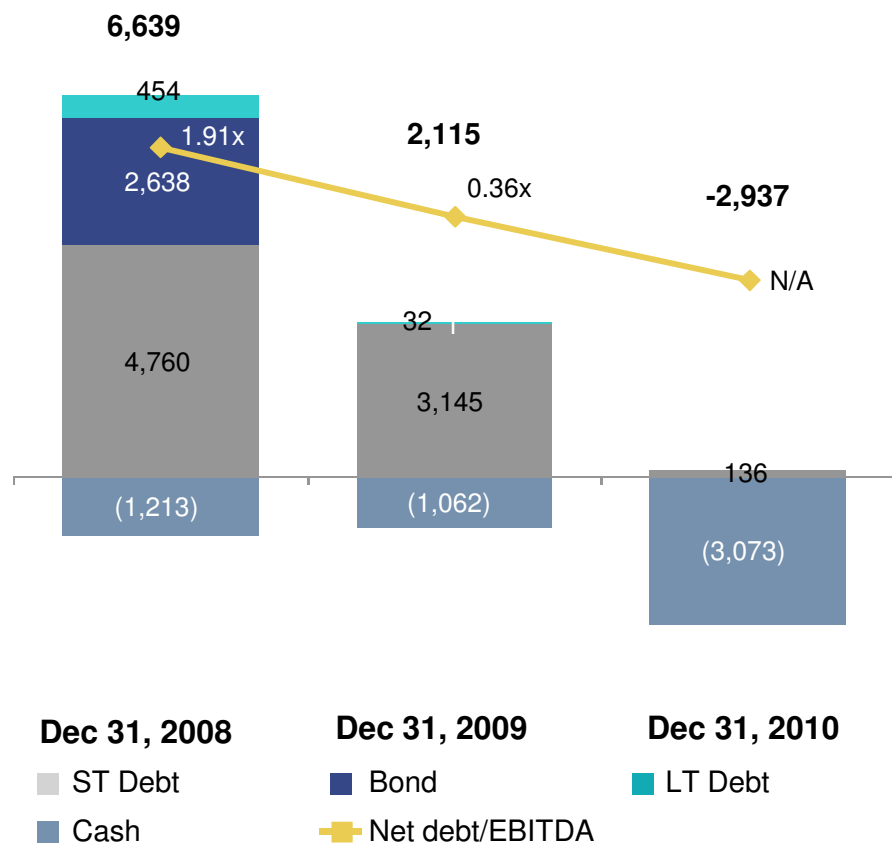
¹ Adjusted EBITDA and EBITDA margin for 2010 exclude IPO expenses of RUB 476 mln.

Adjusted EBITDA and EBITDA margin for 2008 exclude Impairment of goodwill of RUB 431 mln.

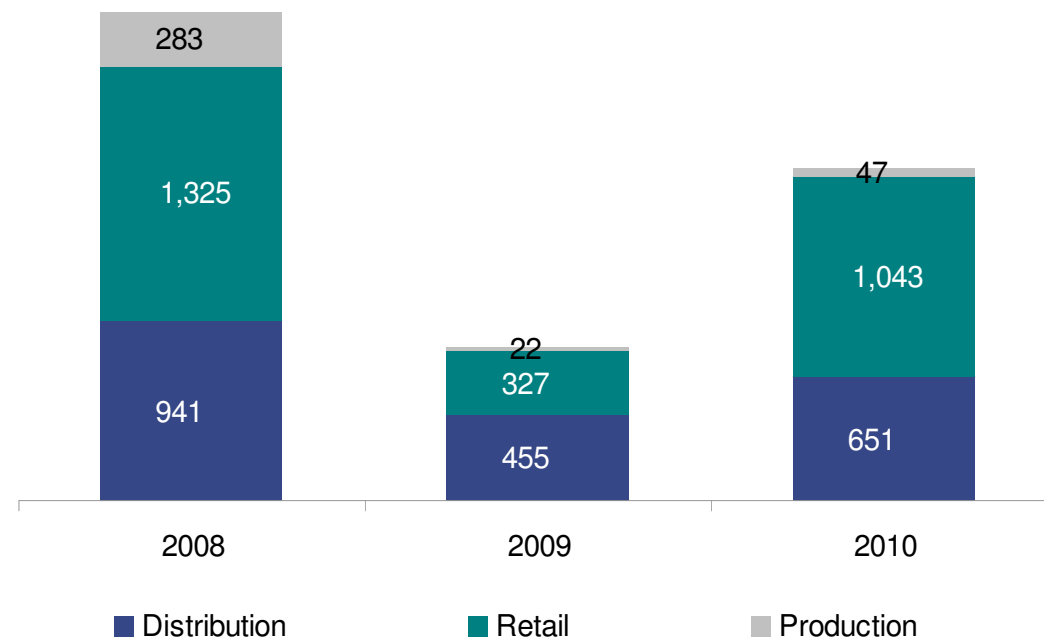
FY-2010 Results – Net Debt position, Capital investment



Group Net Debt capital structure, RUB mln.



Capital expenditure by business segment, RUB mln.



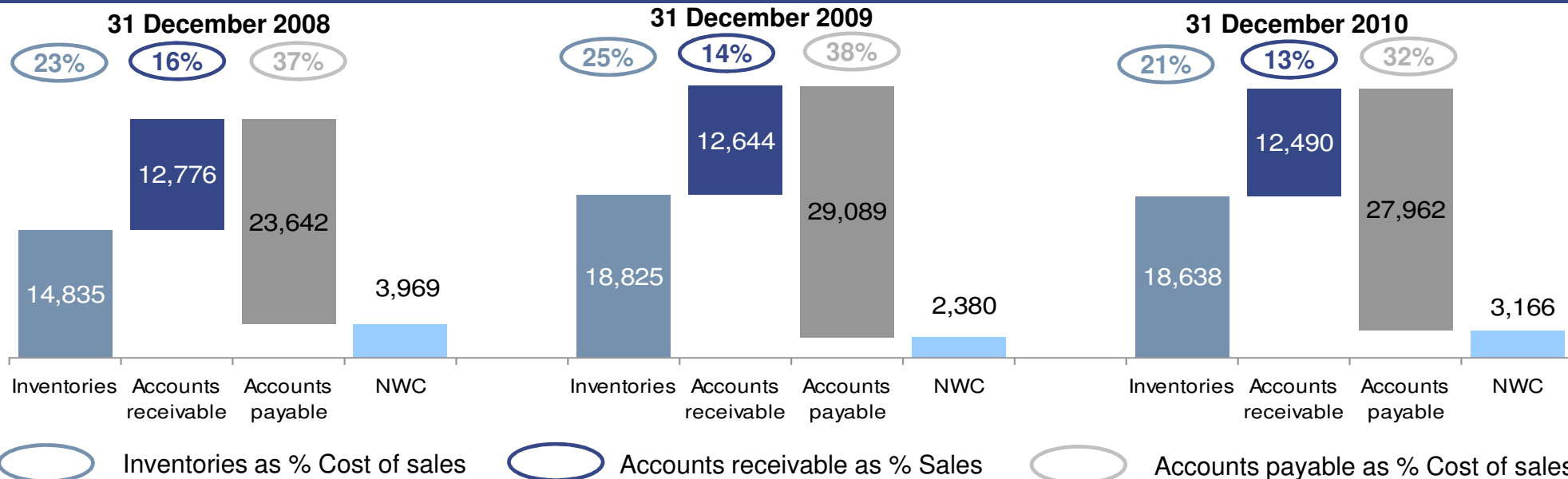
Source: IFRS accounts

Note: As of 31 December 2010 total LT Debt was RUB 18 mln/
 EBITDA for 2010 exclude IPO expenses of RUB 476 mln.
 EBITDA for 2008 exclude Impairment of goodwill of 431 mln.

Source: IFRS accounts

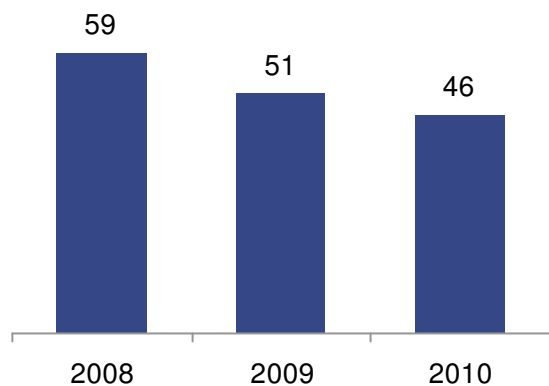
2010 Group Working Capital analysis

Net Working Capital, RUB mln.

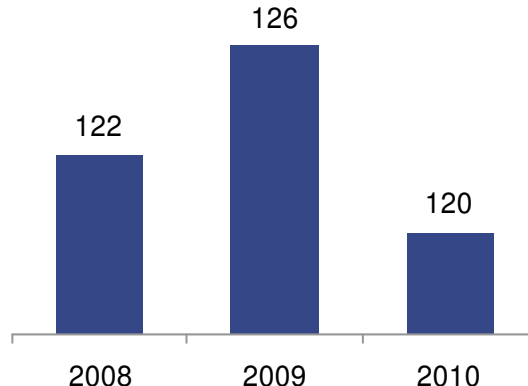


Improvements in working capital management

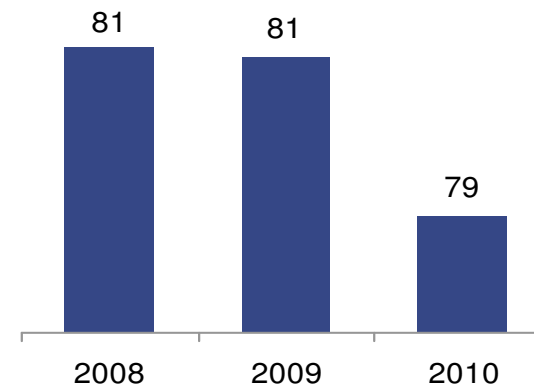
Accounts Receivable turnover, days



Accounts Payable turnover, days



Inventories turnover, days



Source: IFRS accounts