



PROTEK
group of companies

Q3-2011 OPERATING HIGHLIGHTS

INVESTOR AND ANALYST PRESENTATION



October 2011

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- **Market Overview Q3 and 9 months 2011**
 - Vadim Muzyayev, President of Protek Group
 - **Business Overview and Operating Highlights**
 - Vadim Muzyayev, President of Protek Group
 - Timofey Prokopov, CFO of Protek Group
 - Igor Filatov, General Director of CV Protek
 - **Questions and Answers**
-

Details of conference call:

October 27-th, 2011 17:00 – 18:00 (Moscow) / (14:00 – 15:00, London)

Participant Telephone Numbers:

8 499 272 4337 - Moscow

8 10 8002 1774011 - Russia (Moscow only) Toll Free

+44 (0) 20 3003 2666 - Standard International Access

0808 109 0700 - UK Toll Free

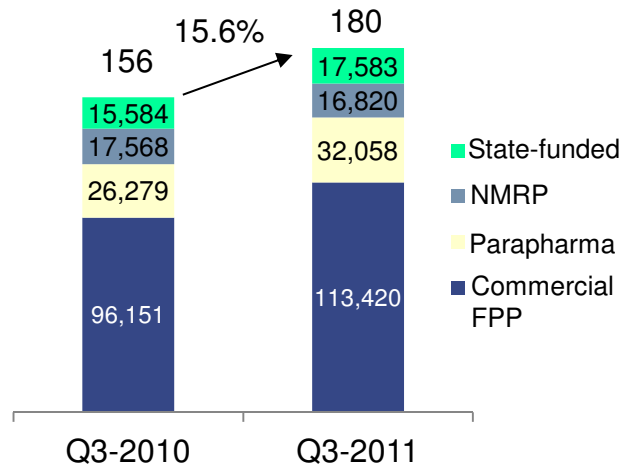
Participant PIN: 3420201#

Russian Pharmaceutical Market, Q3-2011



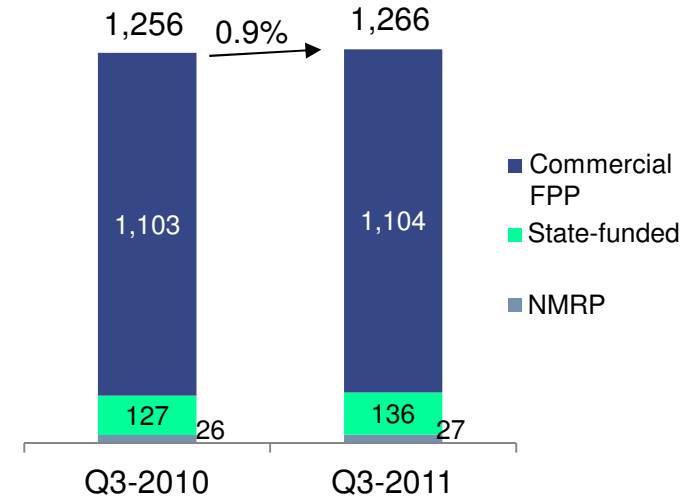
- In Q3-2011, the Russian pharmaceutical market grew by 15.6% y-o-y (in rouble terms) to approx. RUB 180 billion
- In package terms Q3-2011 saw the market grow by 0.9%*, with 1,266 mln. packages sold*
- Commercial segment of the market, which is strategic for Protek Group, grew by 18.0% against Q3-2010 (in rouble terms).
- The market growth in Q3-2011 was driven mostly by sales in the commercial segment (up 18.0%), the parapharmaceuticals segment (up 22.0%) and the state-funded segment (up 12.8%).

Market Performance, RUB billion Including Parapharmaceuticals



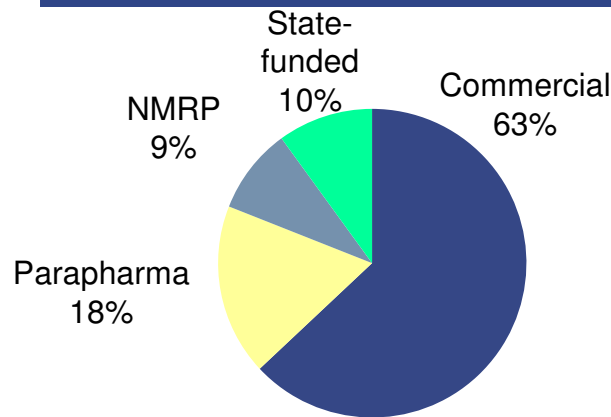
Source: Preliminary data of DSM Group

Market Performance, mln. packages Excluding Parapharmaceuticals



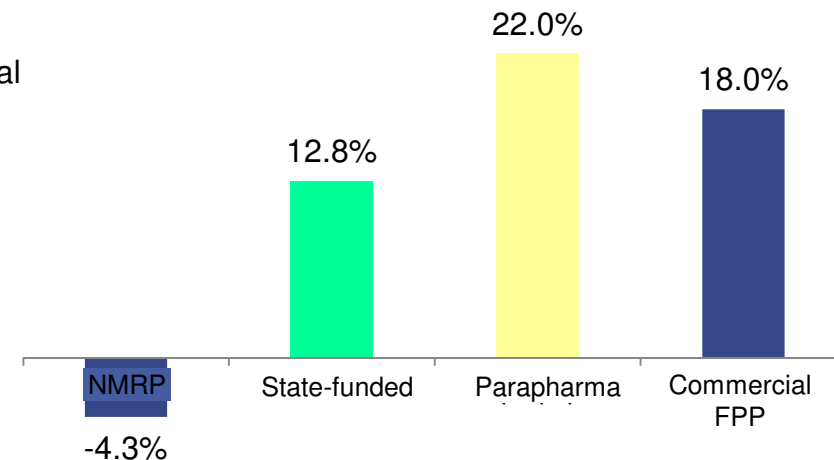
Source: Preliminary data of DSM Group

Market Breakdown, 3Q-2011



Source: Preliminary data of DSM Group

Segment Performance, 3Q-2011



Source: Preliminary data of DSM Group

Source: Preliminary data of DSM Group

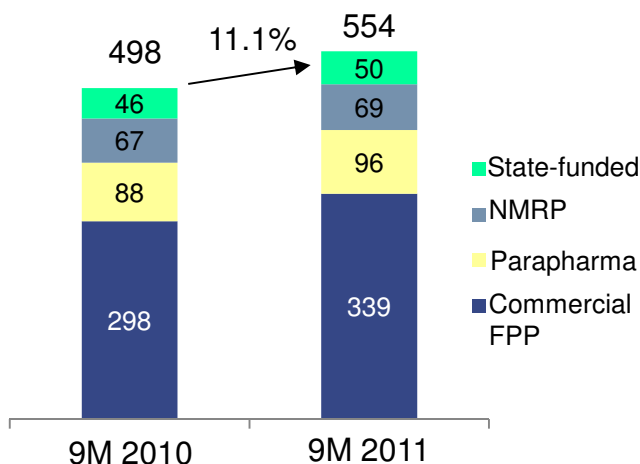
* Excluding parapharmaceuticals

Russian Pharmaceutical Market, 9 months 2011



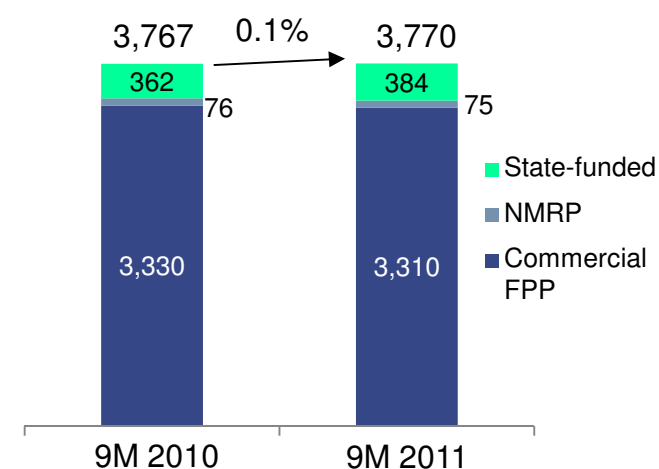
- In 9M 2011, the Russian pharmaceutical market grew by 11.1% y-o-y (in rouble terms) to approx. RUB 554 billion
- The first nine months of 2011 saw the market grow by 0.1%*, with 3,770 mln. packages sold*
- In 9M 2011, commercial segment of the market, which is strategic for the Group, grew 13.9% y-o-y
- In 9M 2011, the market showed a positive year-on-year trend in rouble terms, driven mostly by inflation, higher demand and the increases in the average package price, due to shifts in demand towards more expensive medical products

Market Performance, 9M 2011, RUB billion Including Parapharmaceuticals



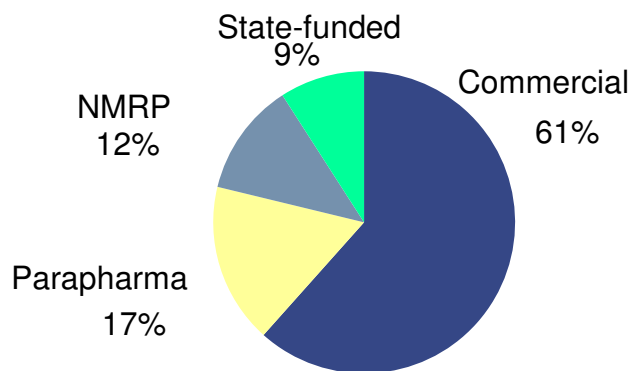
Source: Preliminary data of DSM Group

Market Performance, 9M 2011, mln. packages* Excluding Parapharmaceuticals



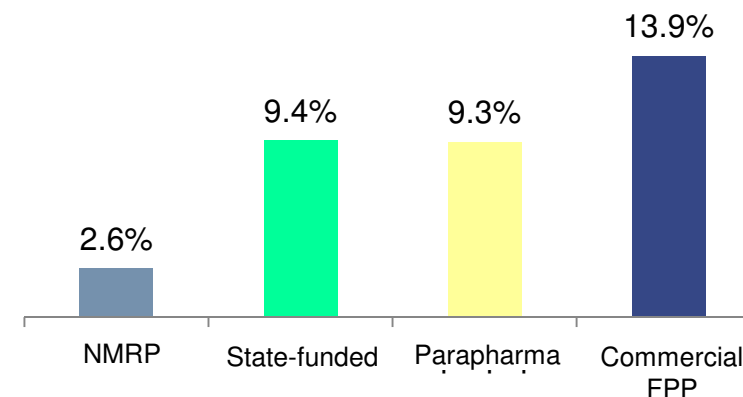
Source: Preliminary data of DSM Group

Market Breakdown, 9M 2011



Source: Preliminary data of DSM Group

Segment Performance, 9M 2011



Source: Preliminary data of DSM Group

Source: Preliminary data of DSM Group

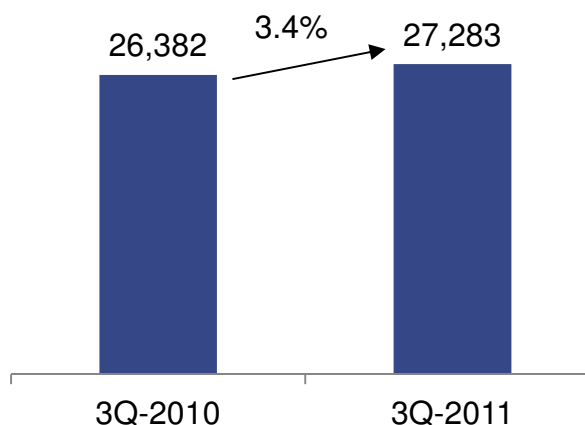
* Excluding parapharmaceuticals

Group Operating Highlights, Q3-2011 and 9M 2011



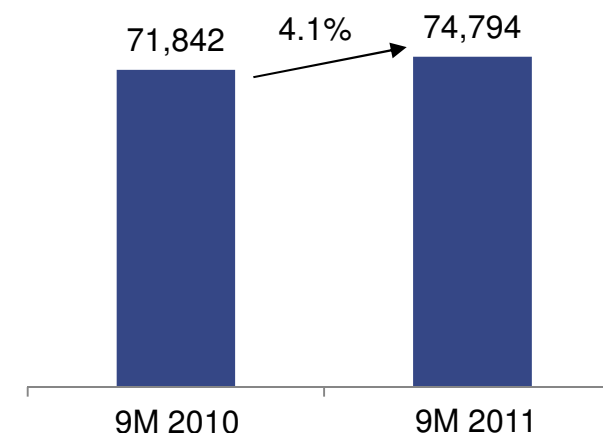
- The consolidated revenue of the Group grew by 3.4% to RUB 27,283 million in Q3-2011
- In the first nine months of 2011, the Group's consolidated revenue grew by 4.1% to RUB 74,794 million, driven by sales in the Retail Segment (up 17.3%) and the Production Segment (up 6.4%)
- In 9M 2011, the share of the Distribution Segment was 82.7% of the total consolidated revenue, with the Retail Segment and the Production Segment accounting for 12.5% and 4.7% respectively

Unaudited Revenue in Q3-2011, RUB mln.

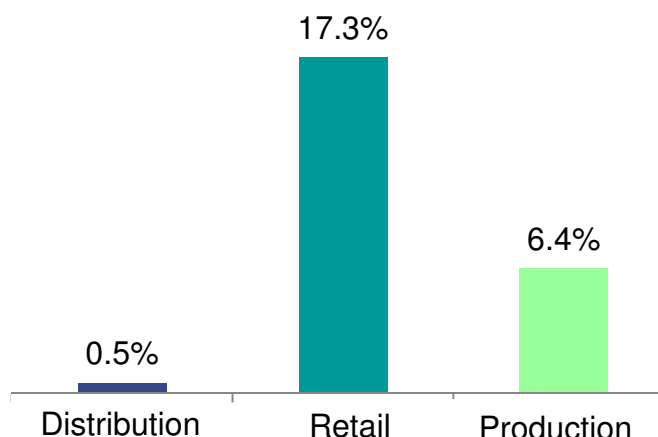


Source: unaudited management accounts of Protek Group, preliminary data

Unaudited Revenue in 9M 2011, RUB mln.

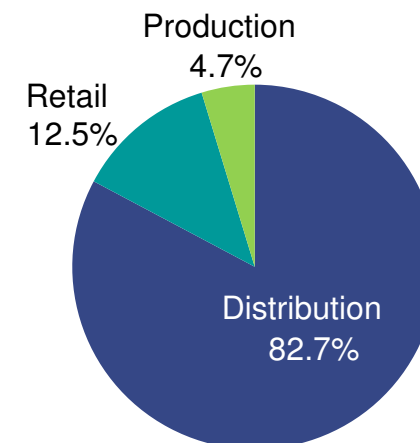


Revenue growth by Segment in 9M 2011, %



Source: unaudited management accounts of Protek Group, preliminary data

Revenue Share by Segment in 9M 2011, %*



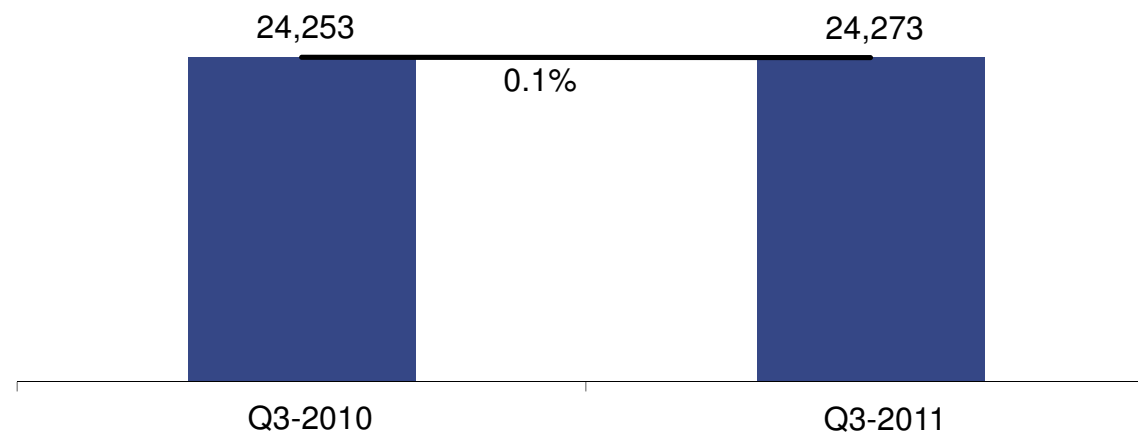
Calculated in relation to the total revenue from each segment (excluding retained earnings and eliminations)

Distribution Segment Operating Highlights, Q3-2011



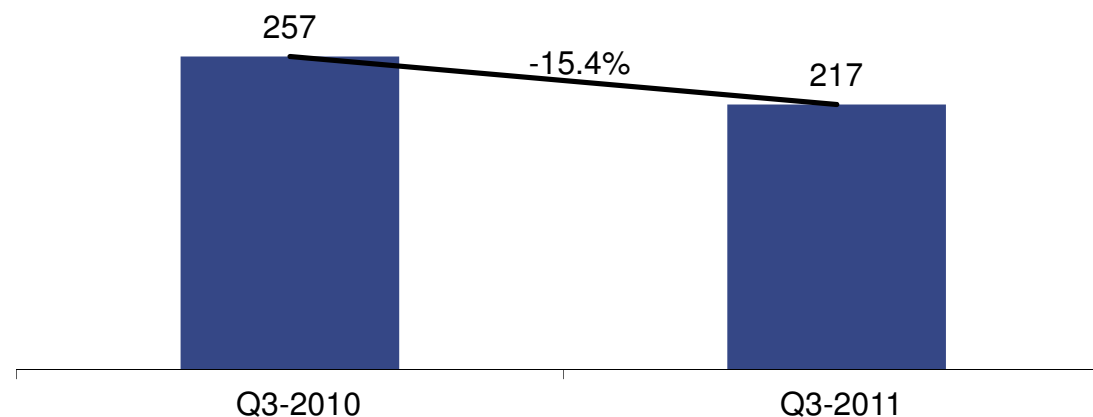
- In Q3-2011, revenues in the Distribution Segment remained almost flat year-on-year, growing by just 0.1%. Sales in the commercial segment were up 8% y-o-y and down 29.6% in the state-funded segment (incl. NMRP (-50.7%) and the hospitals market (-26.1%))
- Sales of packages in the Distribution Segment were down 15.4% against Q3-2010. Both the commercial segment and the state-funded segment saw lower sales of packages, though the average package grew 18% (from RUB 95 to RUB 112), driven by the Company's measures to optimize its product range
- The key drivers in Q3-2011 were: measures to increase margins and average package price; smaller product range (- 6%), due to the elimination of certain low-margin products; and a lower share of the state-funded segment

Revenue in Q3-2011, RUB mln.



Source: unaudited management accounts of Protek Group, preliminary data

Sales in Q3-2011, mln. packages



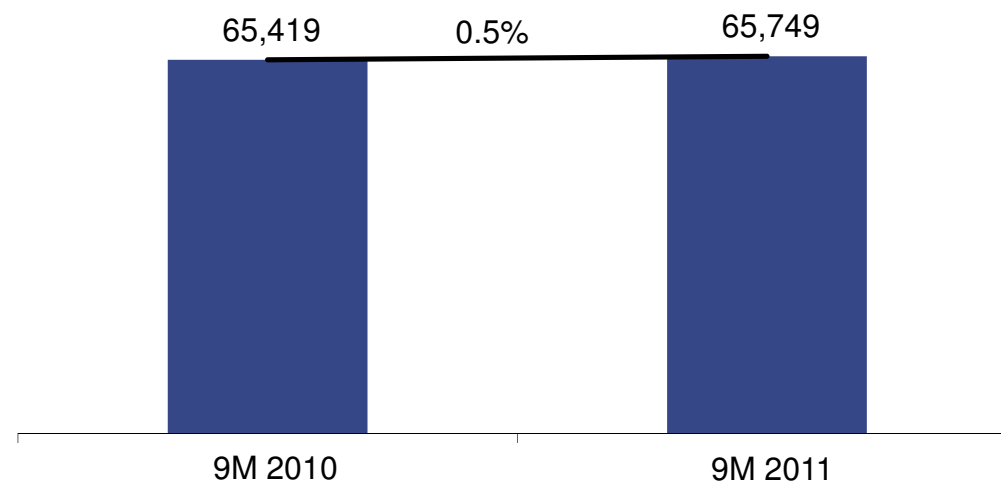
Source: Company data

Distribution Segment Operating Highlights, 9M 2011



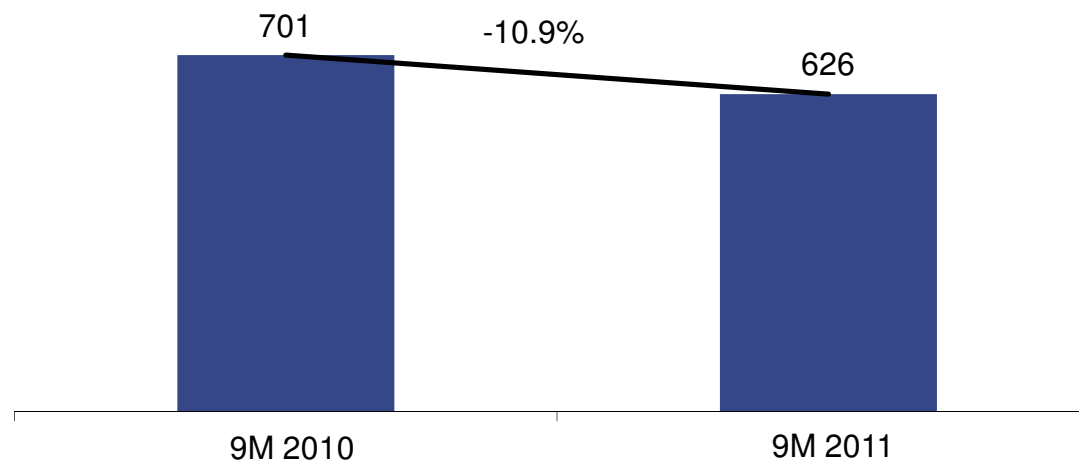
- The first nine months of 2011 saw the revenue grow by 0.5% year-on-year. Sales in the commercial segment were up 7.4% against 9M 2010 and down 23.2% in the state-funded segment (incl. NMRP (-71.2%) and the hospitals market (+1.8%))
- In 9M 2011, sales of packages in the Distribution Segment dropped 10.9% y-o-y, with sales in the commercial segment falling 11.4% and sales in the state-funded segment down 5.0%, though the average package price grew by 13% from RUB 94 to RUB 106
- In 9M 2011, the product range was cut by 6% y-o-y to 14,000 items

Revenue in 9M 2011, RUB mln.



Source: unaudited management accounts of Protek Group, preliminary data

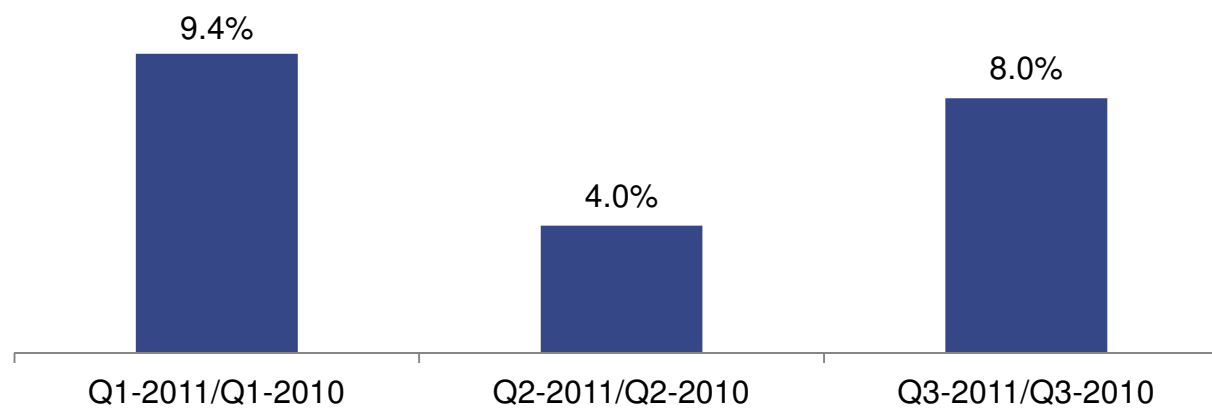
Sales in 9M 2011, mln. packages



Source: Company data

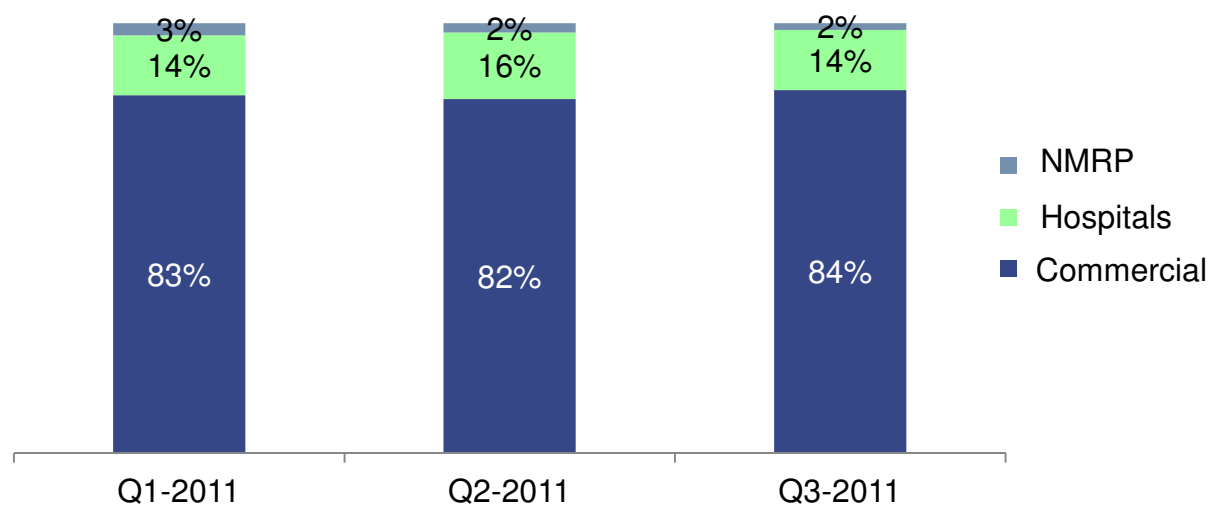
- Commercial segment is central to the Distribution Segment's business (accounting for over 80% of its revenue in every quarter of 2011). In 9M 2011 the commercial sales have shown continuous growth q-o-q
- Commercial segment includes direct sales to pharmacies and wholesalers
- In 9M 2011, the share of the commercial segment in the Distribution Segment's total revenue grew, while the state-funded contribution shrank by 23.2% (including hospitals and NMRP), due, inter alia, to changed regulatory environment of the state-funded sector and for economic feasibility reasons

Distribution Segment: Revenue in the Commercial Segment in 9M 2011, RUB mln.



Source: Company data

The Company's Revenue Breakdown, 9M 2011, %



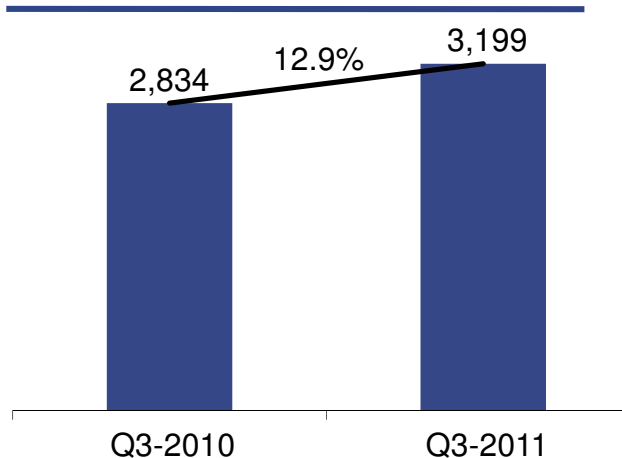
Source: Company data

Retail Segment Operating Highlights, Q3-2011

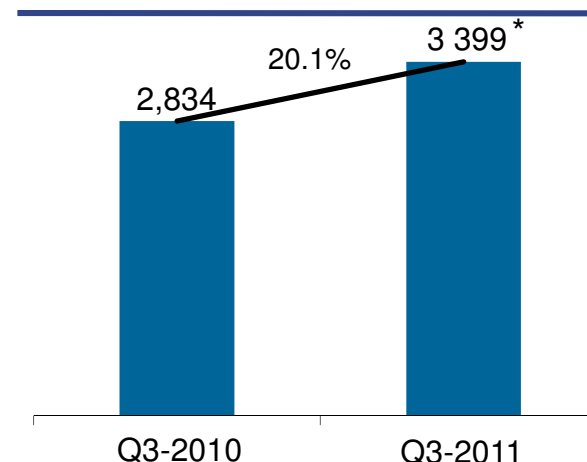


- Pharmacy performance in Q3-2011:
 - 14 pharmacies were organically opened
 - 6 pharmacies were closed
 - As of 30 September 2011, there were a total of 663 pharmacies
- In Q3-2011, revenue in the Retail Segment (Rigla) grew 12.9% y-o-y. The growth in the comparable revenue bases including VAT was 20.1%*.
- Tickets increased by 7.7% against Q3-2010
- Revenue of Like-for-Like pharmacies decreased by 1.2%, though the average ticket price grew by 5.7% y-o-y. The growth in the comparable revenue bases including VAT amounted to 5.6%, with tickets decreasing by 6.6%.
- In Q3-2011, the range of private label products grew to 216 items (as compared to 92 in Q2-2011), accounting for 2.1% of the revenue and 4.9% of the gross income
- The number of “Bud Zdorov!” (Bless You!) discount chain pharmacies grew to 94 (from 77 as of 30 June 2011)

Revenue in Q3-2011, RUB mln.

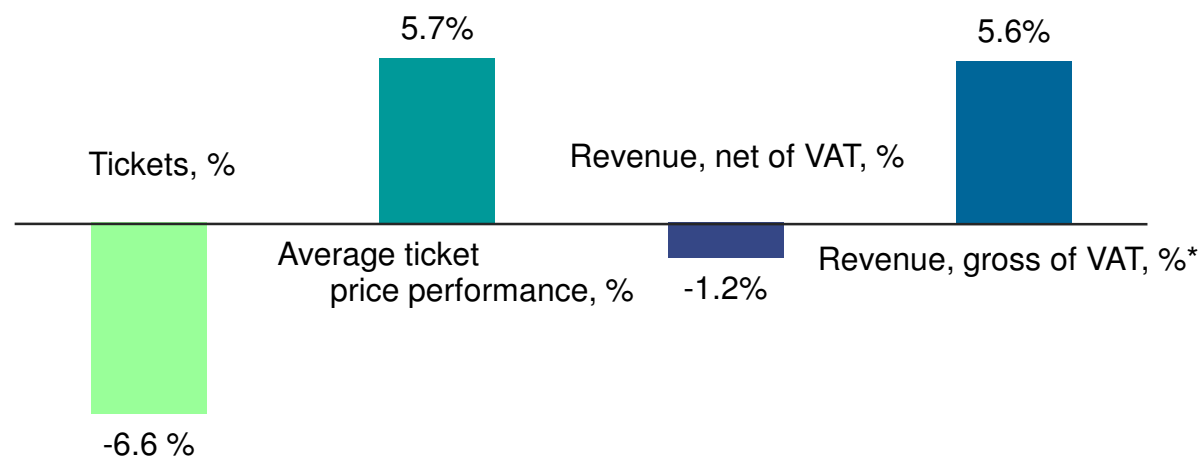


Revenue in Q3-2011, gross of VAT, RUB mln.*



Source: unaudited management accounts of Protek Group, preliminary data

L-f-L Revenue Indicators in Q3-2011, net of VAT, %



Source: unaudited management accounts of Protek Group, preliminary data

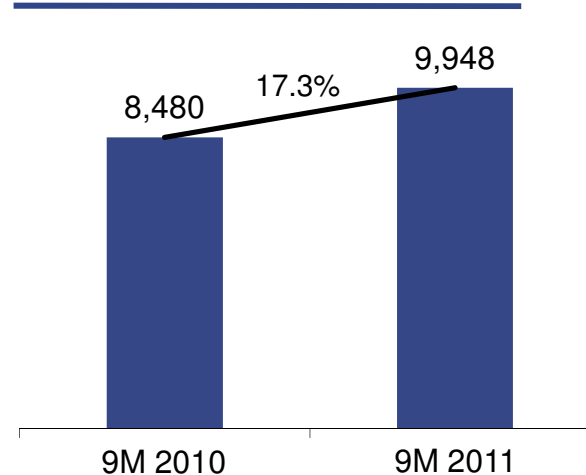
* Comparable revenue indicators incl. VAT following tax changes in 2011

Retail Segment Operating Highlights, 9M 2011

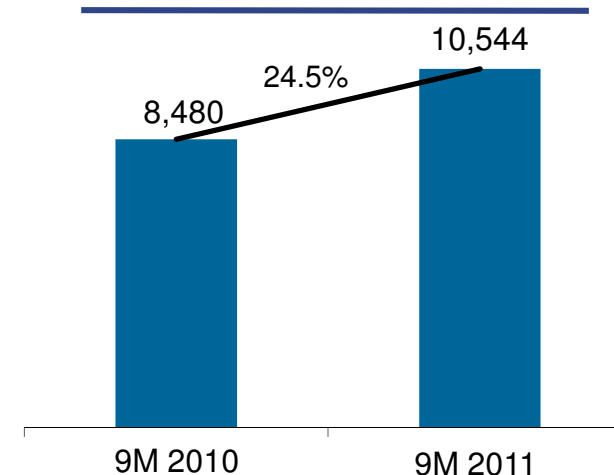


- Pharmacy performance in 9M 2011:
 - 43 pharmacies were organically opened
 - 28 pharmacies were closed
 - As of 30 September 2011, there were a total of 663 pharmacies
- In 9M 2011, revenue growth in the Retail Segment outstripped that of the commercial segment (13.9%) having increased by 17.3% y-o-y to RUB 9,948 mln. against RUB 8,480 mln. in 9M 2010. The growth in the comparable revenue bases including VAT amounted to 24.5%*.
- Tickets increased by 13.8%, with the average ticket price growing 2.9% from RUB 266 to RUB 273
- In 9M 2011, revenue of the Like-for-Like pharmacies decreased by 0.6%. A decrease of 5.0% in tickets was largely compensated by a 4.6% growth of the average ticket price. The growth in the comparable y-o-y revenue bases including VAT was 6.5%*.

Revenue in 9M 2011, RUB mln.

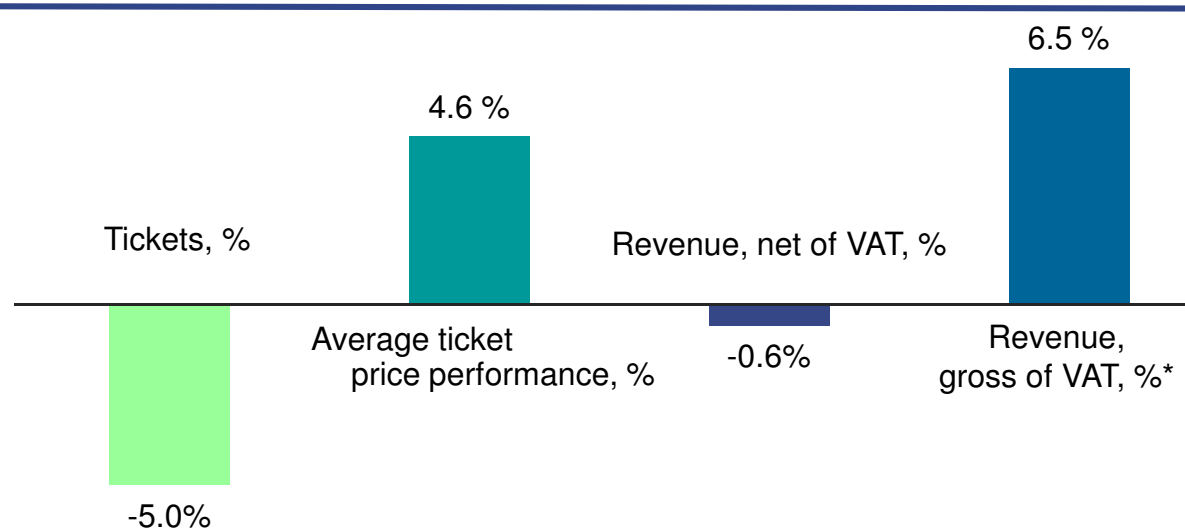


Revenue in 9M 2011, gross of VAT, RUB mln.*



Source: unaudited management accounts of Protek Group, preliminary data

L-f-L Revenue Indicators in 9M 2011, net of VAT, %



Source: unaudited management accounts of Protek Group, preliminary data

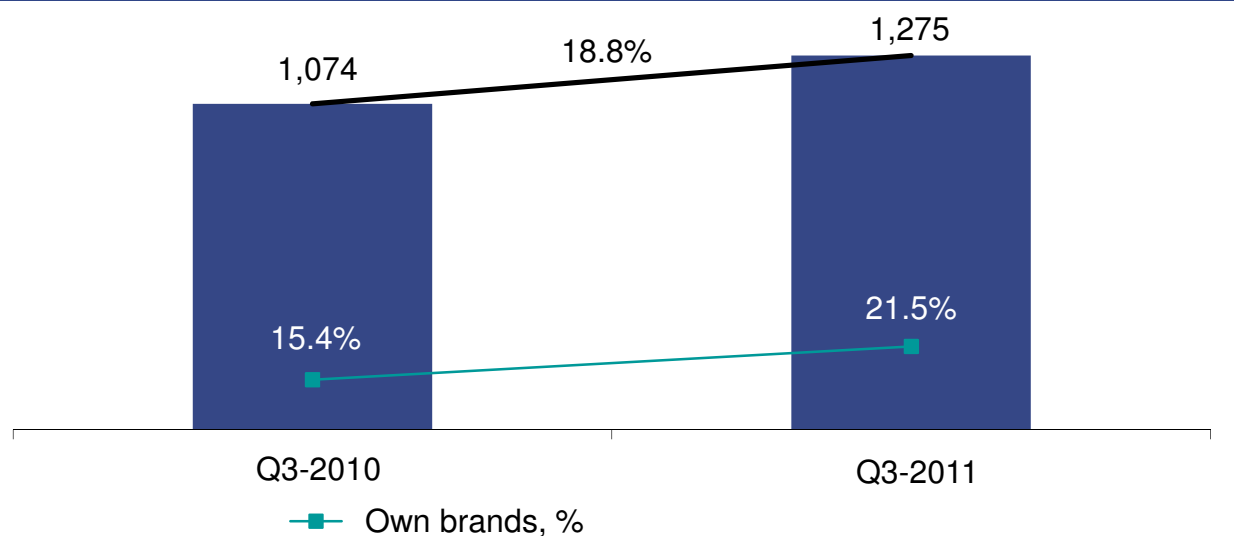
* Comparable revenue indicators incl. VAT following tax changes in 2011

Production Segment Operating Highlights, Q3-2011



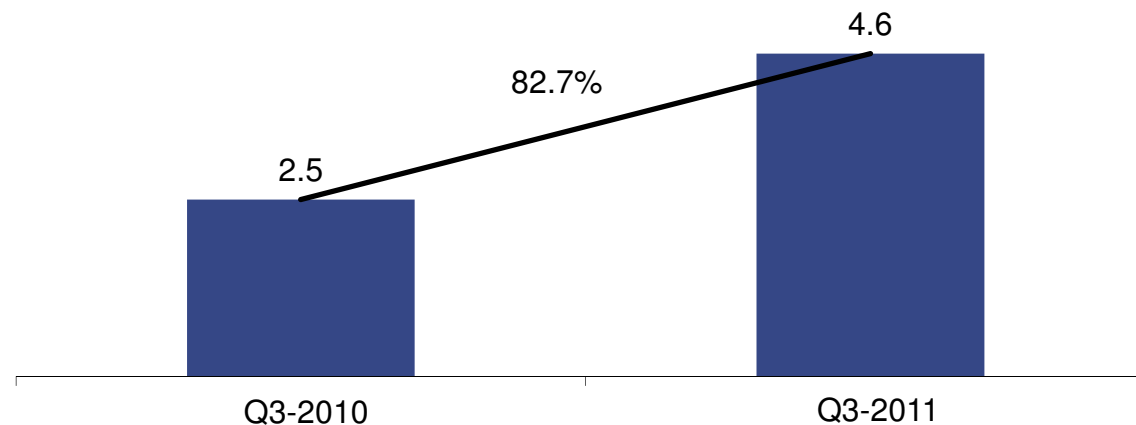
- In Q3-2011, revenue of the Production Segment grew by 18.8% y-o-y to RUB 1,275 mln. against RUB 1,074 mln. in Q3-2010, driven by sales of own brands and licensed generics products
- Sales in packages were up 82.7%, driven by a growth in licensed generics products (Baralgin, Claforan) and own brands (Amelotex, Neurox)
- Own brands in Q3-2011 included 35 items
- In Q3-2011, sales own brands grew by 66.3% y-o-y, with their contribution going up from 15.4% to 21.5% to reach RUB 274 mln.
- Growth drivers in the own brands segment include Amelotex, Neurox, Cereton, and Flamax

Revenue in Q3-2011, RUB mln.



Source: unaudited management accounts of Protek Group, preliminary data

Sales in Q3-2011, mln. packages



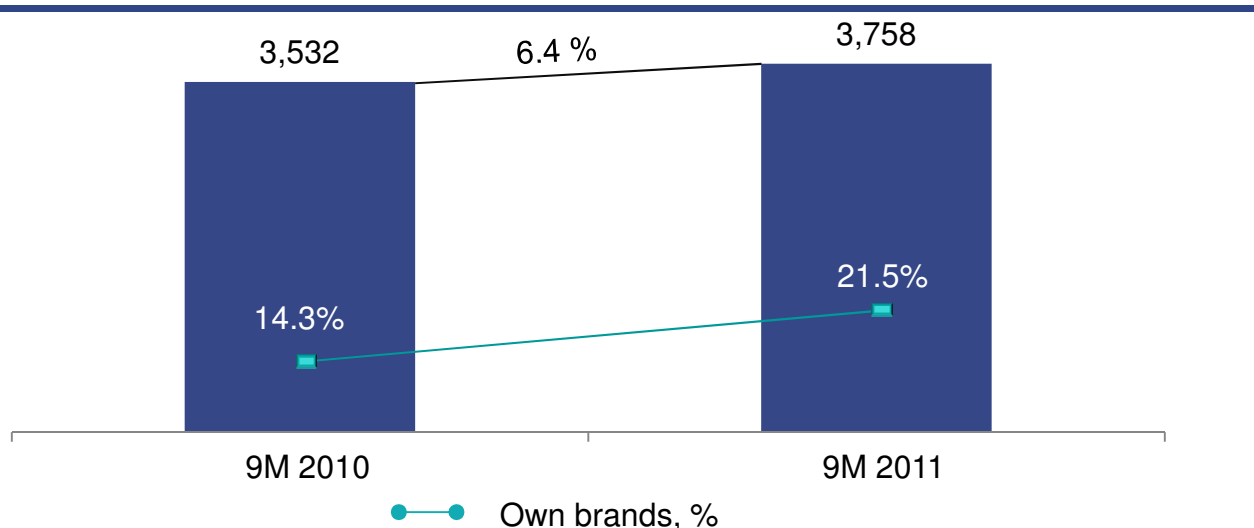
Source: Company data

Production Segment Operating Highlights, 9M 2011



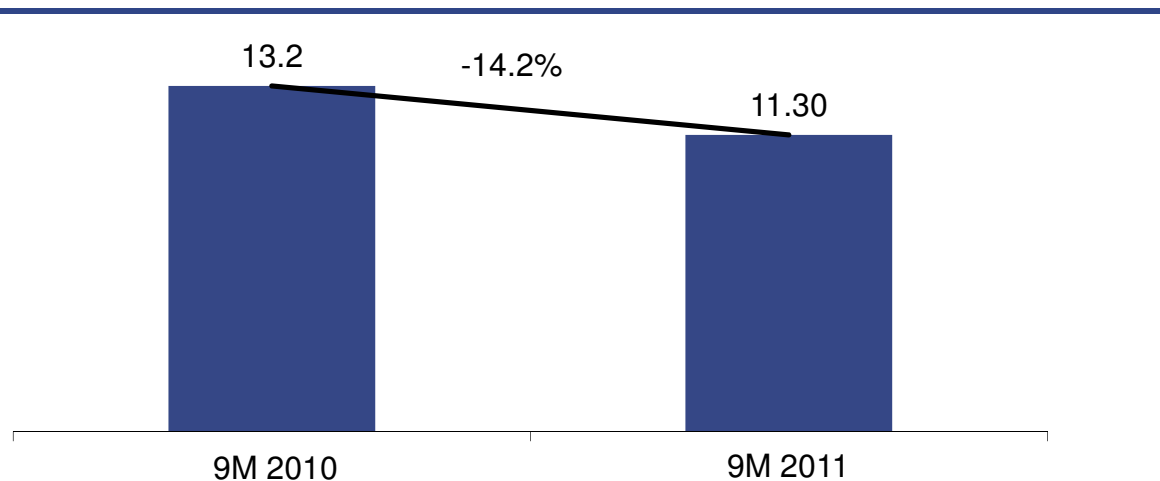
- In 9M 2011, the Production Segment revenue grew by 6.4% to RUB 3,758 mln. against RUB 3,532 mln. in 9M 2010
- Sales in packages dropped 14.2% — from 13.2 mln. in 9M 2010 to 11.30 mln., due to lower sales of licensed generics like Baralgin and Bactisubtil and focus on own brands
- In 9M 2011, own brands grew by 60.3% y-o-y in revenue, with their revenue share going up from 14.3% to 21.5% to reach RUB 808 mln.
- Sales growth drivers included structural shifts in the sales mix: stronger own brands and certain licensed generics and weaker licensed generics like Baralgin and Bactisubtil

Revenue in 9M 2011, RUB mln.



Source: unaudited management accounts of Protek Group, preliminary data

Sales in 9M 2011, mln. packages



Source: Company data