



**PROTEK**

group of companies

**Q1-2011**

**OPERATIONAL RESULTS**

**INVESTOR AND ANALYST PRESENTATION**

April 2011

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- **Market overview Q1-2011**
  - Vadim Muzyayev, President of Protek Group
- **Operational results and business overview**
  - Vadim Muzyayev, President of Protek Group
  - Timofei Prokopov, Vice-president, CFO of Protek Group
  - Igor Filatov, General Director, CV Protek
  - **Questions and Answers**

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## *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:**

Replay Access Number: +44 (0)20 7111 1244 (UK/international)

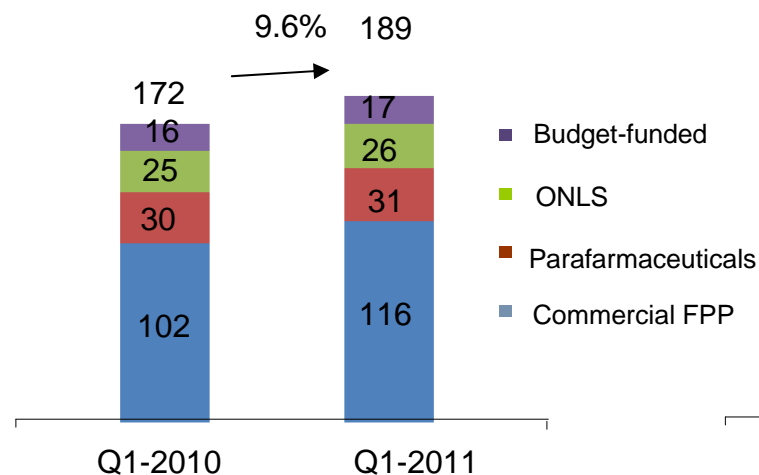
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# Russian pharmaceutical market, Q1-2011



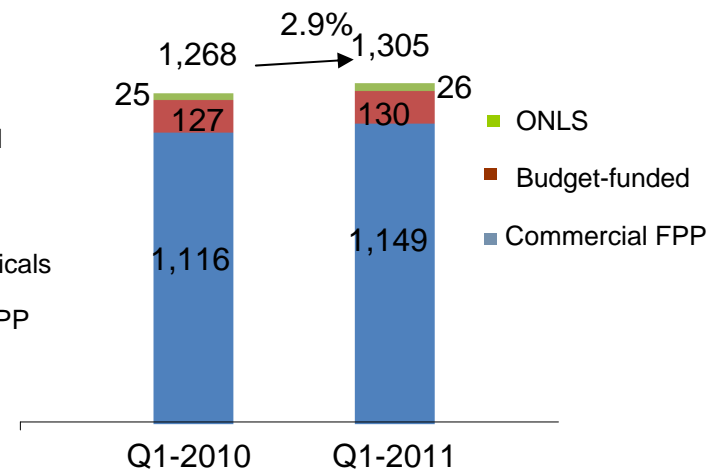
- In Q1-2011, the Russian pharmaceutical market grew by 9.6% (in rouble terms) to RUB 189 billion y-o-y
- In Q1-2011, the market increased by 2.9%\* (in package terms) to 1,305 million packages\*
- Commercial segment of the market grew by 13.2%\* (in rouble terms) to RUB 116 billion y-o-y
- Market growth was driven by the price increase and flu outbreak in the winter of 2011 (no similar epidemiological situation in Q1-2010)
- In Q1-2011, the key driver of the market growth was the commercial segment

## Market dynamics, RUB, billion Including Parapharmaceuticals



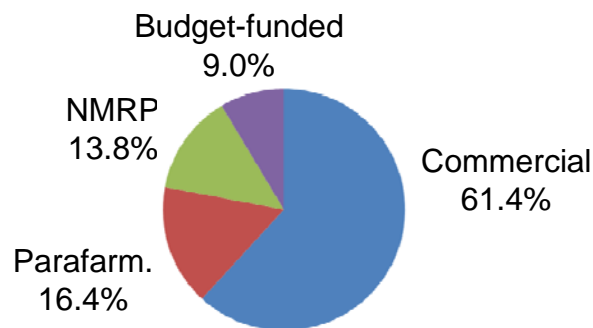
Source: Preliminary data of DSM Group

## Market dynamics in packages, mln. Excluding Parapharmaceuticals



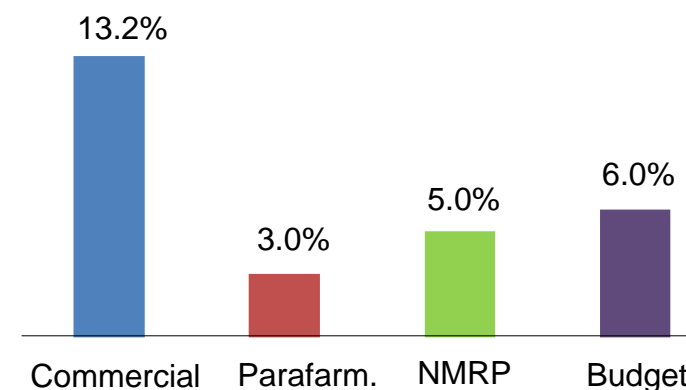
Source: Preliminary data of DSM Group

## Market structure, Q1-2011



Source: Preliminary data of DSM Group

## Dynamics by segment, Q1-2011



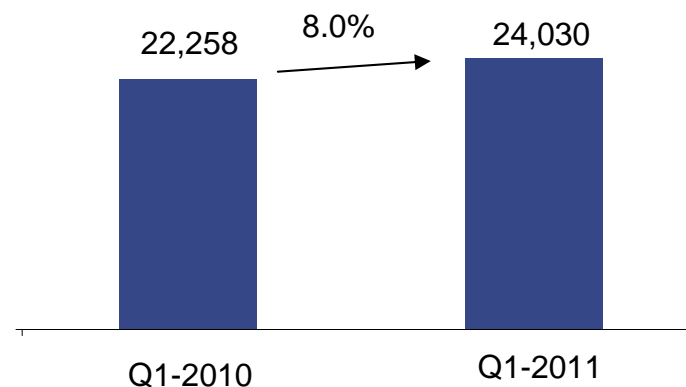
Source: Preliminary data of DSM Group

\* Source: Preliminary data of DSM, excluding Parapharmaceuticals

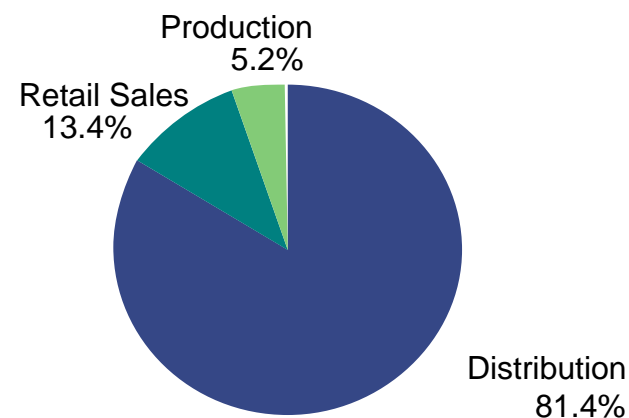
# Q1-2011 Group performance summary

- In Q1-2011 unaudited revenue of the Group grew by 8.0% to RUB 24,030 mln., according to preliminary management accounts
- Retail (22.6%) and Production (15.4%) segments were the key growth factors y-o-y
- The Group's revenue dynamics in Q1-2011 was slower than the market growth of 9.6% over the period.
- In Q1-2011 Retail and Production segments increased their share in the consolidated revenue of the Group to 13.4% and 5.2% respectively. The Distribution segment fell to 81.4% of the total revenue

## Unaudited revenue dynamics, RUB mln.



## Segment share of revenue, %\*



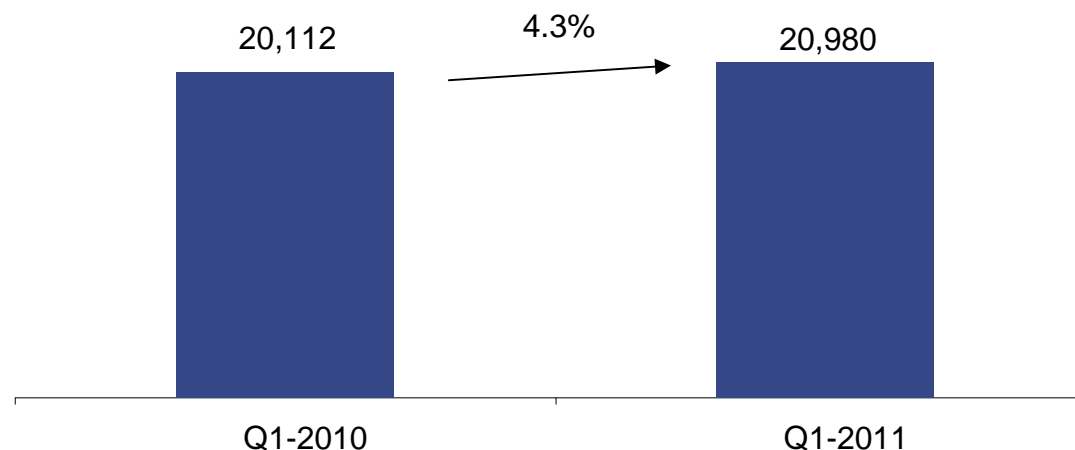
Source: unaudited management accounts for Q1-2011

Calculated on the basis of revenue for each segment  
(excludes unallocated revenues and eliminations)

# Q1-2011 Results — Distribution segment

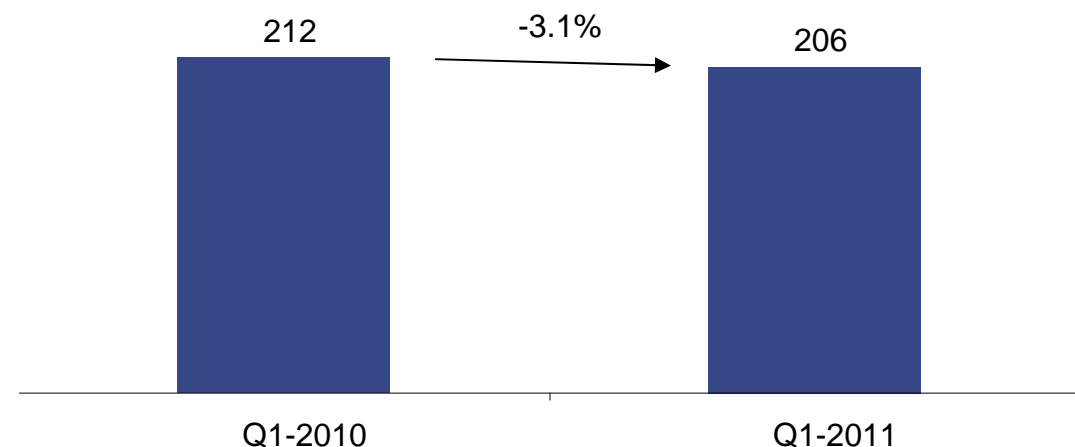
- In Q1-2011 the Distribution segment revenue increased by 4.3% y-o-y, according to preliminary data, and the key commercial segment grew by 9.4%.
- For that period, the Distribution Segment sales fell by 3.1% (in package terms) y-o-y, and the commercial segment sales were down by 4.3% whereas the budget-funded segment increased by 7.0% in volume terms
- The key factors behind the revenue in Q1-2011 were: the commercial segment growth (+9.4%) influenced by the epidemiological situation in most of the Russian regions in January and February and the NMRP segment was influenced by the decrease of NMRP ordering in Q1-2011
- Customer base grew by 8.3%

## Unaudited revenue dynamics in Q1-2011, RUB mln.



Source: unaudited management accounts of Protek Group

## Sales dynamics in Q1-2011, mln. packages



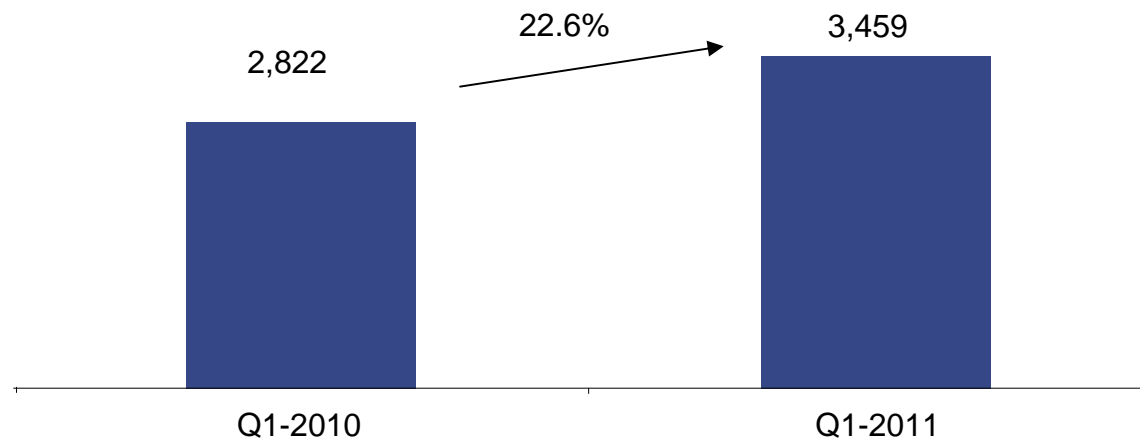
Source: Company data

# Q1-2011 Results — Retail Sales segment



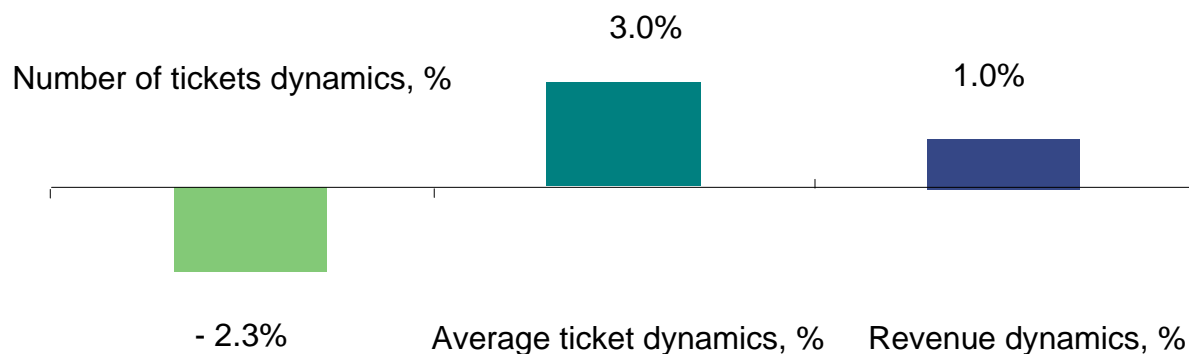
- Dynamics across pharmacies as at March 31, 2011:
  - 7 pharmacies organically opened
  - 12 pharmacies closed
- Total number of pharmacies as at March 31, 2011: 643 pharmacies
- In Q1-2011 the Retail Segment (Rigla) revenue growth totaled 22.6% y-o-y
- Traffic (number of tickets) growth was 22.0% y-o-y. An average ticket remained unchanged at RUB 269
- Like-for-Like Rigla pharmacies' revenue growth amounted to 1.0% and was driven by the taxation changes (the tax burden increase). An average ticket amount in Like-for-Like pharmacies grew by 3%.
- In Q1-2011 the number of private label products was 78 items comprising 1.4% in the total revenue

## Unaudited revenue dynamics in Q1-2011, RUB mln.



Source: unaudited management accounts of Protek Group

## Revenues of Like-for-Like pharmacies in Q4-2010, %

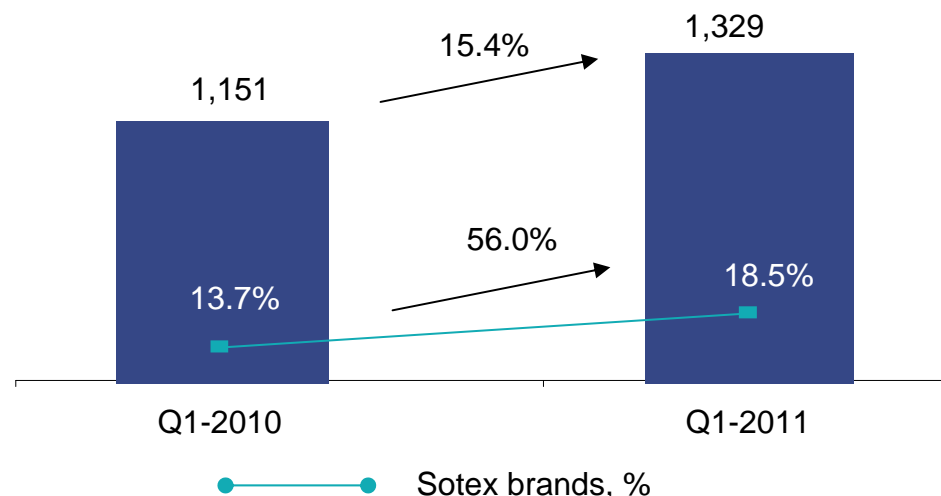


Source: Company data

# Q1-2011 Results — Production segment

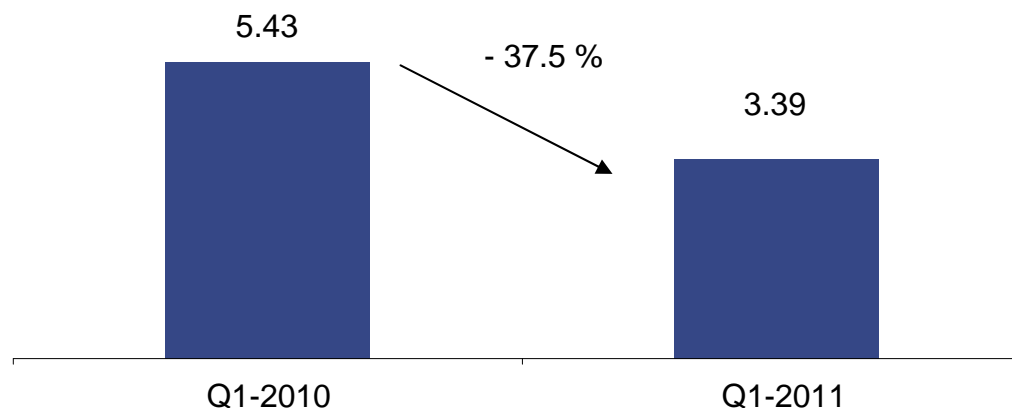
- In Q1-2011 the Production Segment Revenue increased by 15.4% y-o-y, according to preliminary data
- Production Segment sales fell by 37.5% (in package terms) due to the replacement of licensed brands and INN generics with own brands now exceeding 18.5% of the revenue.
- Own brand revenue increased from 13.7% to 20% to exceed RUB 246 mln.
- In Q1-2011 the number of own brands increased to 30 from 21 in Q1-2010
- The growth factors are: the change in the portfolio structure resulting in the replacement of the licensed products with own trademarks of higher package price and margins
- Range of products: extension of nephrology, oncology and cardiology lines of products. Own brands launched in Q1-2011: Likferr 100, Eralfon 40,000 IE, Eralfon 20,000 IE, Idrinol (injections)

## Unaudited revenue dynamics in Q1-2011, RUB mln.



Source: unaudited management accounts of Protek Group

## Sales dynamics in Q1-2011, mln. packages



Source: Company data