



GEDEON RICHTER

**Annual General Meeting
Budapest, 28 April 2009**

2008

I am confident that Richter has the strategy, skills and resources that will enable us to overcome the challenges that our business faces.

We will continue to stay focused on our mission to deliver superior medicines and a business performance that creates enduring value for our shareholders.

Key events – 2008

2008

- **Construction of a biotechnology facility started in Debrecen**
 - unique investment in the Central and Eastern European region
 - considerable government subsidy



- **Consortium involving Richter winning in the National Technology Programme with an application in the field of nanomedicine**
 - overwhelming part of the project's funding ensured by the state (HUF 1 bn)

Awards granted for Richter in 2008

2008

- **Certificate of the Hungarian Innovation Fund**
 - acknowledgement for product ‘Tamsol®’



- **Figyelő TOP200 prizes – granted by the economics magazine Figyelő**
 - ‘Best Hungarian Company of 2008’
 - ‘Special prize 2008’

- **‘Investor of the Year 2008’ certificate**
 - award granted by the National Ministry of Development & Economy & ITD Hungary



Awards sponsored by Richter in 2008

2008

- **‘Hungarian Chemistry Education’ prize**
 - acknowledgement granted for four chemistry teachers



- **‘Prof Rátz life prize’**
 - awarded to outstanding domestic pedagogues of natural sciences

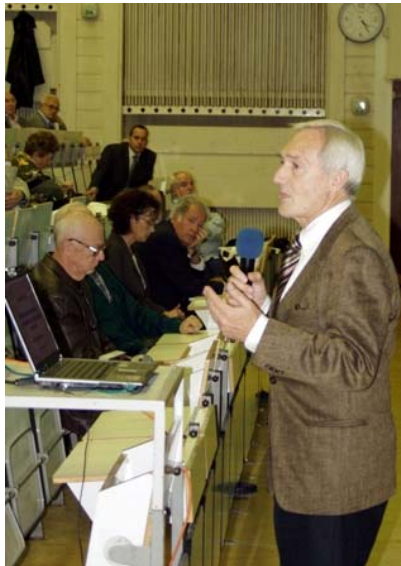
- **IUPAC-Richter prize in Medicinal Chemistry**
 - awarded to Dutch researcher Jan Heeres



Main professional events in 2008

2008

- **2nd Gedeon Richter Research Forum**
 - Visegrád, 12-14 October 2008



- **Richter Scientists Club**
 - series of lectures delivered at domestic medical universities

Richter Family Day

2008



Main financial data – Parent Company

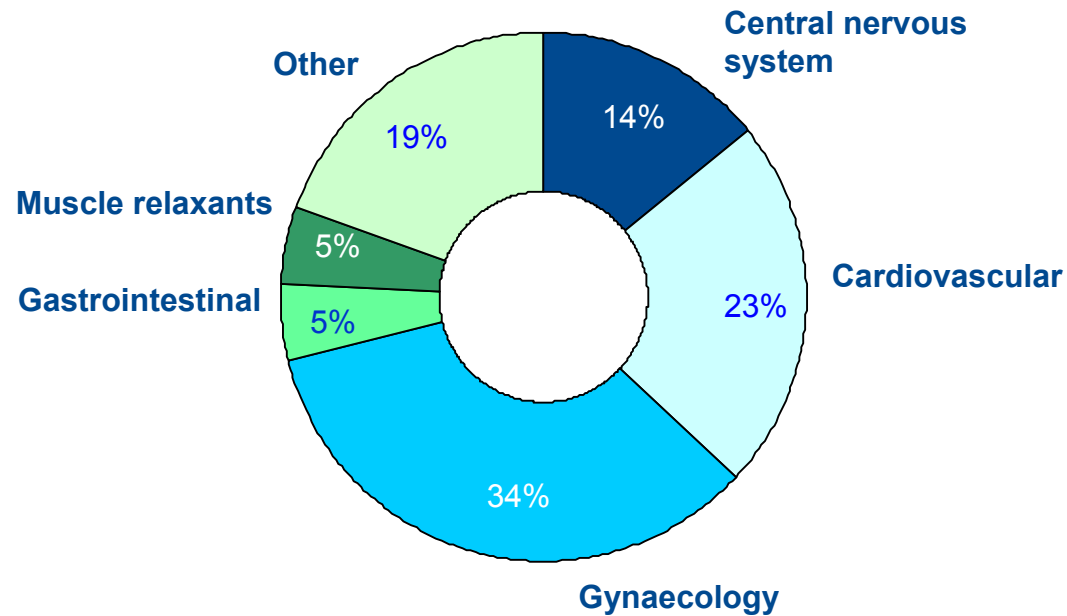
2008

| | HUF | Change | EUR | Change |
|-------------------------|-----------------|---------------|----------------|---------------|
| Sales | 178.4 bn | 4.2% | 710.2 m | 4.2% |
| Operating profit | 34.1 bn | -1.9% | 135.9 m | -1.9% |
| Net profit | 46.9 bn | 32.0% | 186.6 m | 32.0% |
| EPS (HUF / EUR) | 2,515 | 31.9% | 10.01 | 31.9% |

Note: unaudited IFRS figures

Composition of sales by therapeutic areas

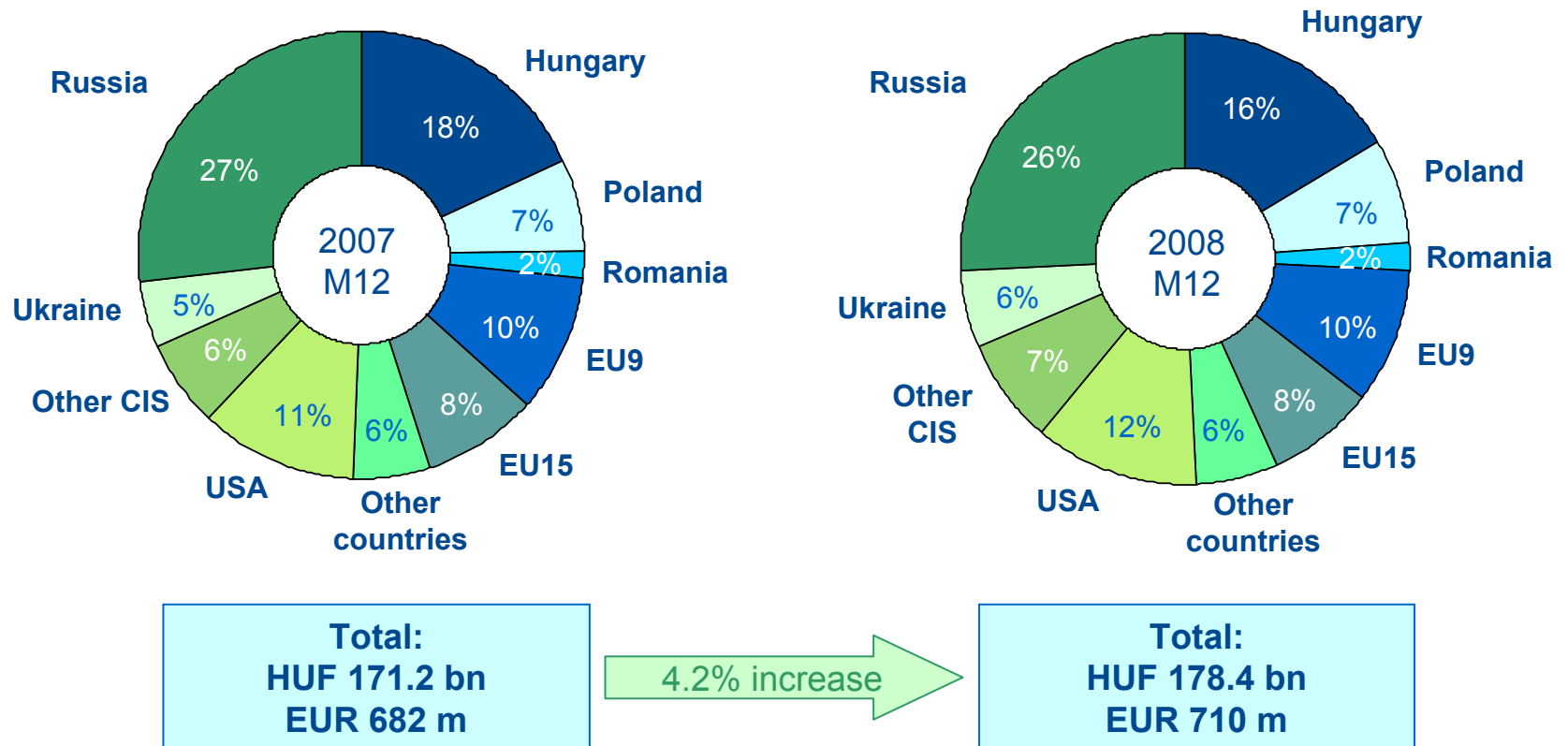
2008



Total: EUR 710 m

Geographical composition of sales

2008



Key financial data

| | 2008 HUFm | 2007 HUFm | 2008 Change HUFm | % |
|------------------------------|--------------|--------------|------------------------|------|
| Total sales | 178,392 | 171,216 | 7,176 | 4.2 |
| Gross profit | 109,243 | 102,079 | 7,164 | 7.0 |
| Operating profit | 34,130 | 34,794 | -664 | -1.9 |
| Net financial income | 14,103 | 1,724 | 12,379 | n.a. |
| Profit for the period | 46,876 | 35,514 | 11,362 | 32.0 |
| Total assets | 365,570 | 326,266 | 39,304 | 12.0 |
| Shareholders' equity | 345,649 | 305,953 | 39,696 | 13.0 |
| Capital expenditures | 16,572 | 17,818 | -1,246 | -7.0 |
| Cash position | 47,094 | 42,784 | 4,310 | 10.1 |

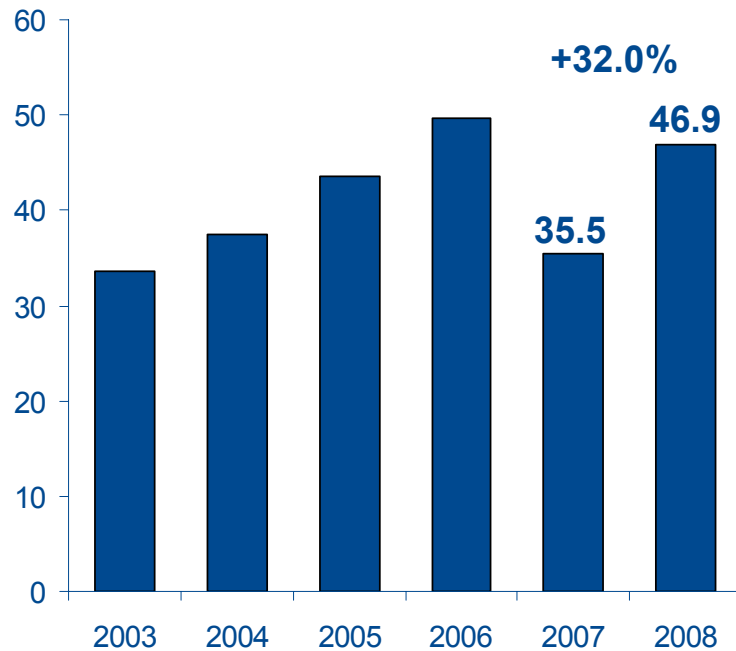
Note: unaudited IFRS figures



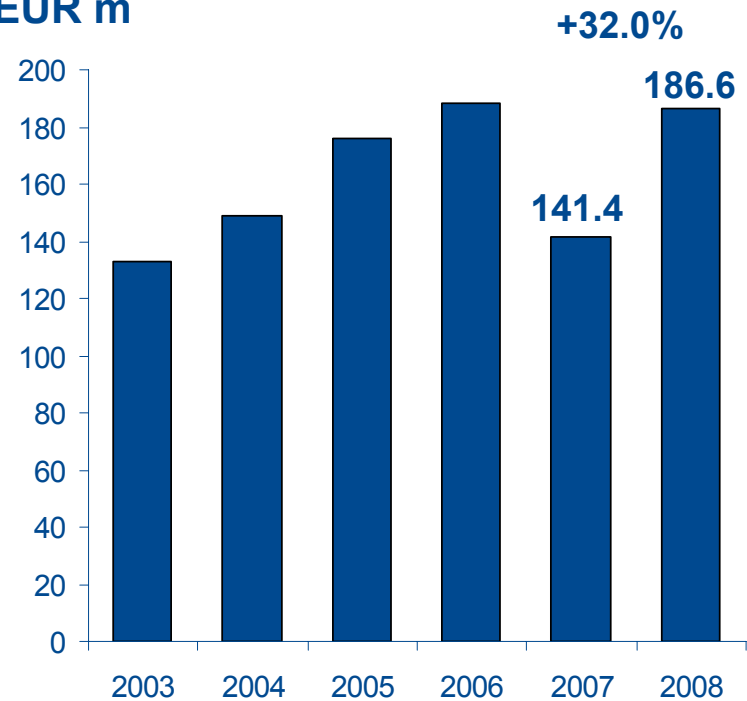
Profit after taxation

2008

HUF bn



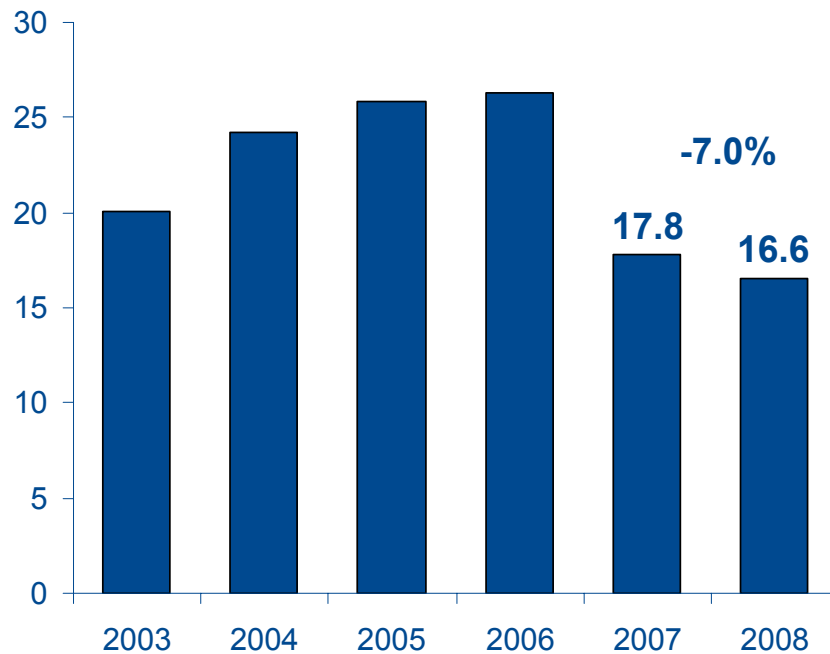
EUR m



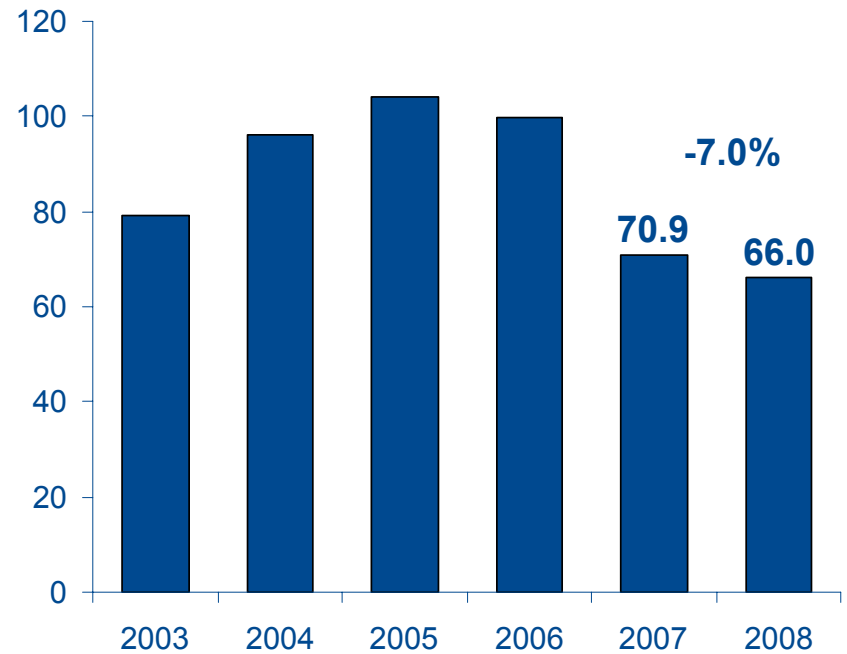
Capital expenditure

2008

HUF bn



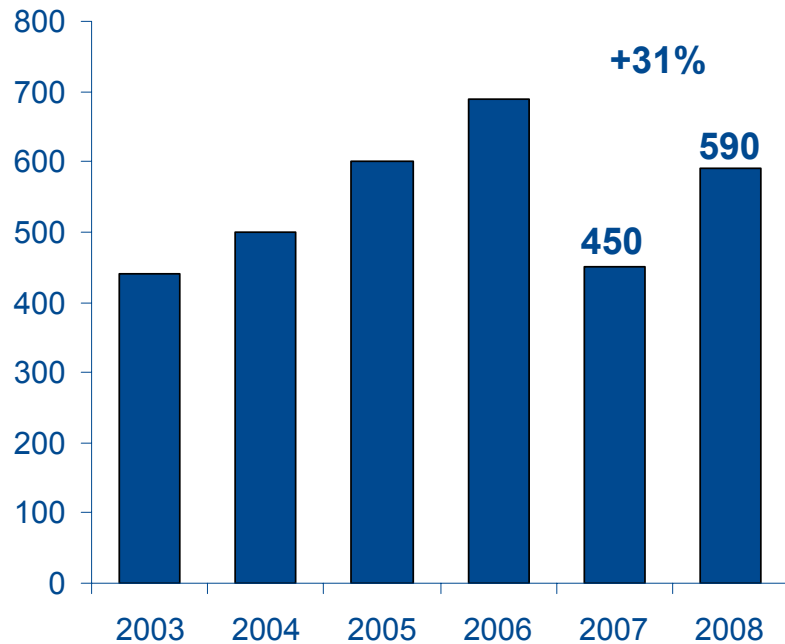
EUR m



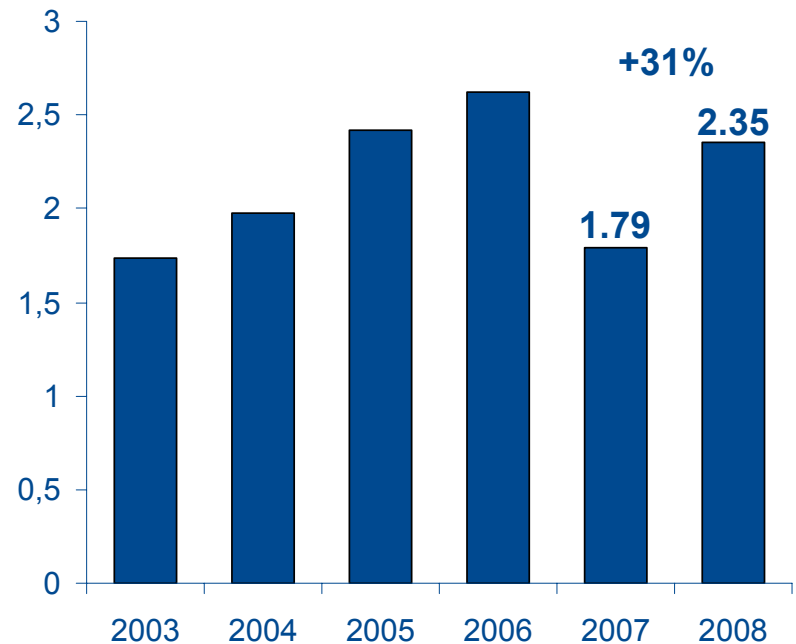
Dividend per ordinary share

2008

HUF



EUR



Hungarian regulatory shock (2006-2007)

2008

- **Austerity measures – from September 2006 and beginning 2007**
 - 4% solidarity tax
 - increased taxation of in-kind employee allowances
- **Drug Economic Act – from January 2007**
 - 12% tax on pharmaceutical subsidies
 - registry fee for medical representatives – HUF 5 million per year
- **Declining prices, uncertainty in sales**
 - reduction of normative subsidy rates
 - new rules for the introduction of generic products
 - modifications in the calculation of reference prices and in the selection process of reference products
 - increased frequency of reference price settings
 - minimum amount of co-payment (HUF 300)

Effects of the economic crisis

2008

- **Industry less exposed to economic recession – inelastic demand for pharmaceuticals**
- **Multiple effects of hectic exchange rate movements**
- **Stable financial situation – no debt**

Responses:

- **Cautious hedging policy**
- **For the time being, no further steps are planned specifically related to the crisis**
- **Cost reduction**
- **Reduction of domestic marketing expenses**
- **Cut in capital expenditures**
- **Capacity utilization remains at around average – we don't plan a reduction in production levels**

Effect of regulatory changes on Richter in 2008

2008

| | |
|---|------------|
| ● 12% tax on reimbursement: | HUF 1.6 bn |
| ● Medical representative fee: | HUF 0.3 bn |
| ● Tax for covering health budget deficit: | - |
| ● Solidarity tax: | HUF 1.4 bn |
| ● Price reduction in the case of reimbursed drugs*: | HUF 5.2 bn |
| ● Total: | HUF 8.5 bn |

* Including the compound effect of 2007 price decreases

Effect of additional burdens on Richter (2003-2008)

2008

- amount paid back to the Health Insurance Fund
- 12% tax
- medical representative fee

amount paid between 2003-2008

HUF 5,557 million

Direct contribution to the national economy by Richter

2008

- **Capital expenditure:** HUF 16.6 bn
 - **Research and development:** HUF 18.4 bn
 - **Taxes, contributions:** HUF 22.2 bn
 - **Employment:** 4,624 people
-
- **Total contribution of Richter Plc (parent company) to the Hungarian economy:** HUF 56.8 bn

Income statement - highlights (according to Hungarian Accounting Rules)

2008

| | 2008 HUF m | 2007 HUF m | Change | |
|-------------------------------|---------------|---------------|--------|------|
| | | | HUF m | % |
| Total sales | 170,418 | 171,216 | -798 | -0.5 |
| Cost of sales | 49,364 | 50,252 | -888 | -1.8 |
| Gross profit | 121,054 | 120,964 | 90 | 0.1 |
| Operating expenses | 86,006 | 78,602 | 7,404 | 9.4 |
| Profit from operations | 34,982 | 34,180 | 802 | 2.3 |
| Net financial income | 10,931 | 7,560 | 3,371 | 44.6 |
| Profit before taxation | 45,102 | 34,847 | 10,255 | 29.4 |
| Profit for the year | 43,737 | 25,470 | 18,267 | 71.7 |

Balance sheet - highlights (according to Hungarian Accounting Rules)

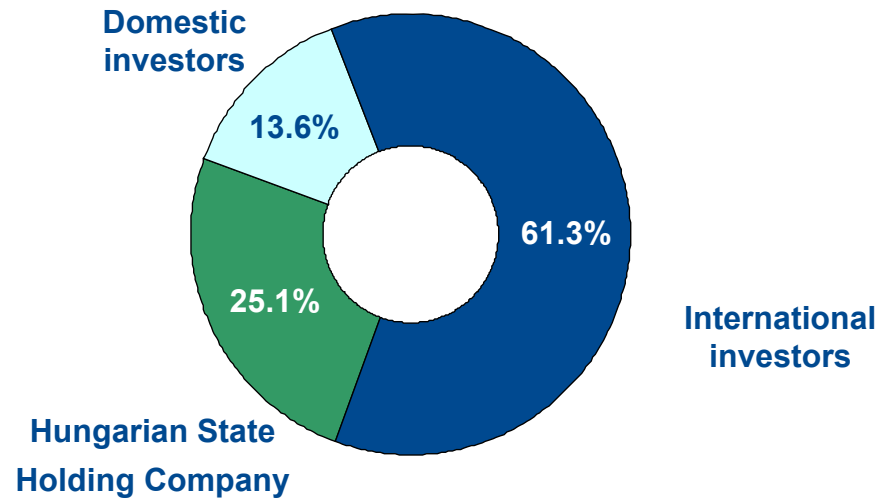
2008

| | 2008 HUF m | 2007 HUF m | Change | |
|-------------------------------------|---------------|---------------|--------|-------|
| | | | HUF m | % |
| Non-current assets | 190,417 | 184,216 | 6,201 | 3.4 |
| Current assets | 168,887 | 140,584 | 28,303 | 20.1 |
| of which: Cash and cash equivalents | 44,226 | 42,285 | 1,941 | 4.6 |
| Prepayments | 1,439 | 985 | 454 | 46.1 |
| Total assets | 360,743 | 325,785 | 34,958 | 10.7 |
| Shareholders' equity | 341,346 | 297,533 | 43,813 | 14.7 |
| Provisions | 105 | 60 | 45 | 75.0 |
| Liabilities | 17,212 | 23,937 | -6,725 | -28.1 |
| of which: Non-current liabilities | 0 | 0 | 0 | n.a. |
| Accruals | 2,080 | 4,255 | -2,175 | -51.1 |
| Total equity and liabilities | 360,743 | 325,785 | 34,958 | 10.7 |

Ownership structure

2008

31 December 2008



**Finally, I would like to express
my gratitude for the efforts
our dedicated employees have made
during the year,
which have allowed me
and the Executive Management team
to concentrate on resolving
the key issues and challenges.**

Thank you for your attention!

