



GEDEON RICHTER

**Richter Group – Consolidated Report**

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

**2008**

# Leading pharmaceutical company in the region

2008

## Manufacturing and marketing



### Parent company: Gedeon Richter

Founded: 1901  
Number of employees: 6 174



### Russia: Gedeon Richter RUS

Greenfield investment (1996)  
Number of employees: 314



### Romania: Gedeon Richter Romania

Acquisition (1998)  
Number of employees: 577



### Poland: GZF Polfa

Acquisition (2002-2008)  
Number of employees: 528



### India: Richter Themis

Joint venture (2004)  
Number of employees: 264



### Germany: Richter-Helm BioLogics

Joint venture (2007)  
Number of employees: 81

+ more than 30 other commercial and servicing subsidiaries and associated undertakings

## Wholesale and retail

Dita Import Export: wholesale(Romania)

Pharmafarm: wholesale (Romania)

Gedeon Richter Farmacia: retail (Romania, 158 pharmacies)

+ other minority interests in wholesale firms and pharmacies

# Key financial data

2008

	HUF	Change	EUR	Change
Sales	236.5 bn	5.6%	941.6 m	5.6%
Operating profit	34.2 bn	-5.9%	136.0 m	-5.8%
Net profit	41.4 bn	24.2%	164.8 m	24.2%
EPS (HUF / EUR)	2,222	24.2%	8.85	24.2%

# Key market developments

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2008

- **CIS – uncertainty**
  - **Russia:**
    - slowdown in sales growth – wholesalers' destocking
    - 4<sup>th</sup> quarter: ruble depreciated versus euro
  - **Ukraine:**
    - significant turnover growth
    - substantial depreciation of the hryvnia versus the US dollar

**Rebates paid to wholesalers as partial compensation for their losses**

# Key market developments

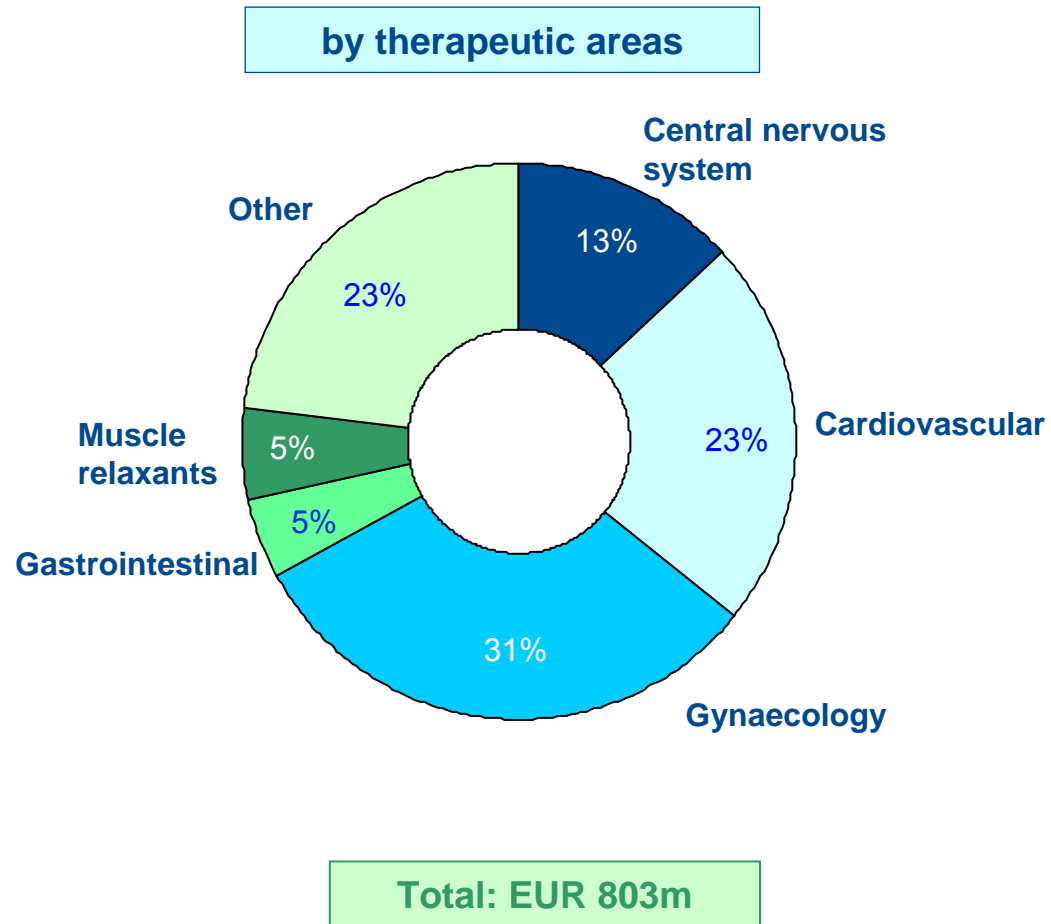
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2008

- **USA**
  - substantial profit sharing revenues – *drospirenone*
  - decline in API sales
- **Central and Eastern Europe**
  - Poland: turnover growth
  - Romania: decline in sales
- **Hungary**
  - rate of price reductions slowed down
  - unfavourable macroeconomic and industry environment

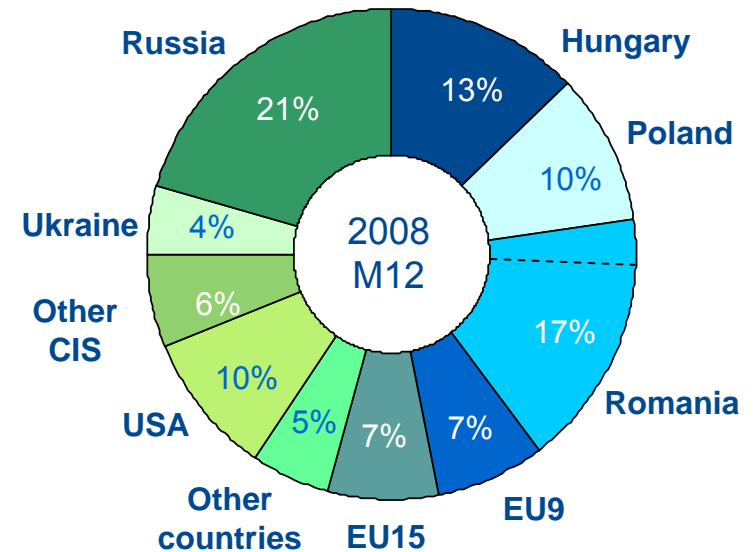
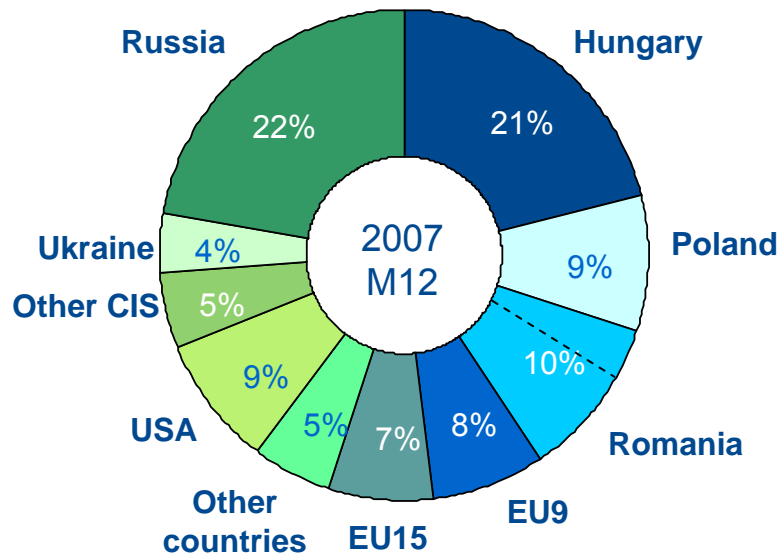
# Composition of pharmaceutical sales

2008



# Geographical composition of Group sales

2008

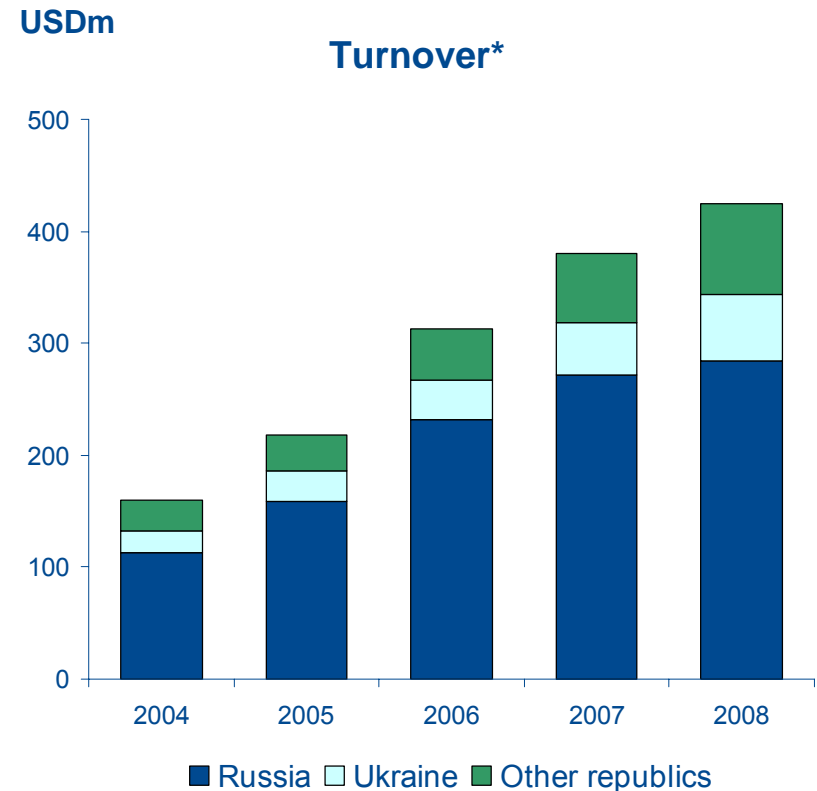


**Total:**  
HUF 224.1 bn  
EUR 892m

5.6% increase

**Total:**  
HUF 236.5 bn  
EUR 942m

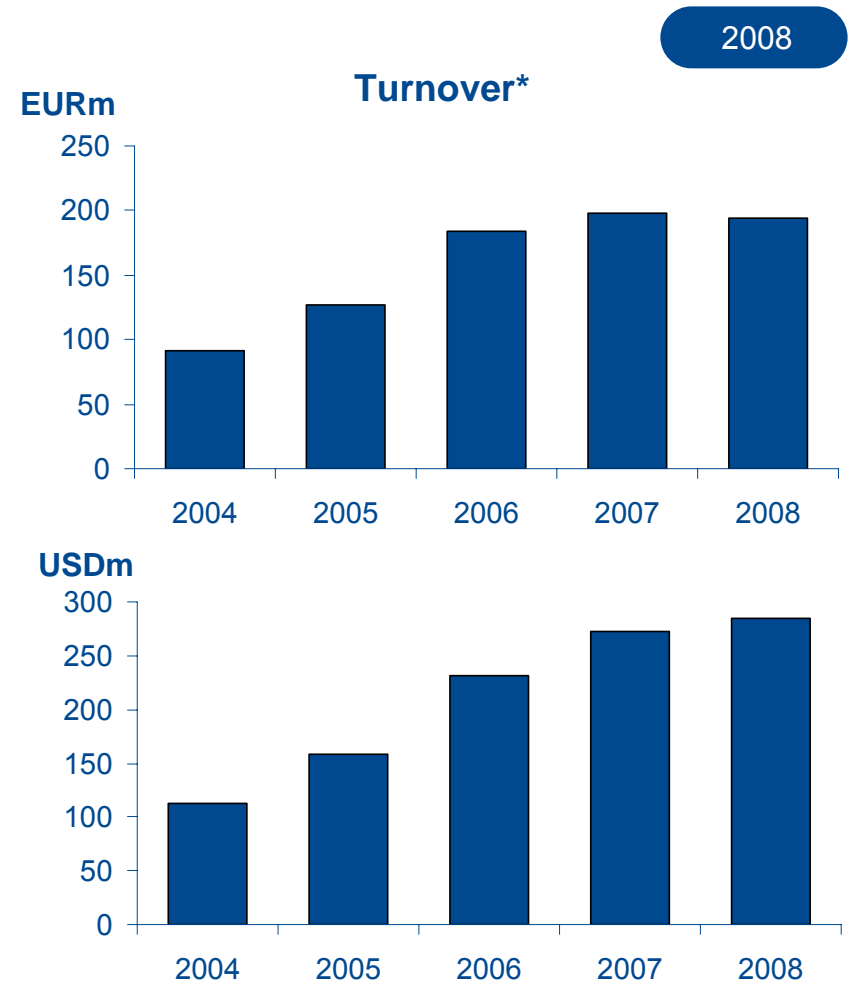
- **Growth rate: 4.4% in € terms, 11.6% in US\$ terms**
- **Continued expansion of the sales network**
- **More difficult financial and economic environment – increased currency risk**
- **Close monitoring of payment terms**



\* Turnover of the pharmaceutical segment

# Russia

- Slight decline in sales in EUR terms
- Changes to wholesalers' inventory levels
- The economic and financial environment became unfavourable
- Sharp devaluation of local currency
- Compensation to wholesalers for part of their losses

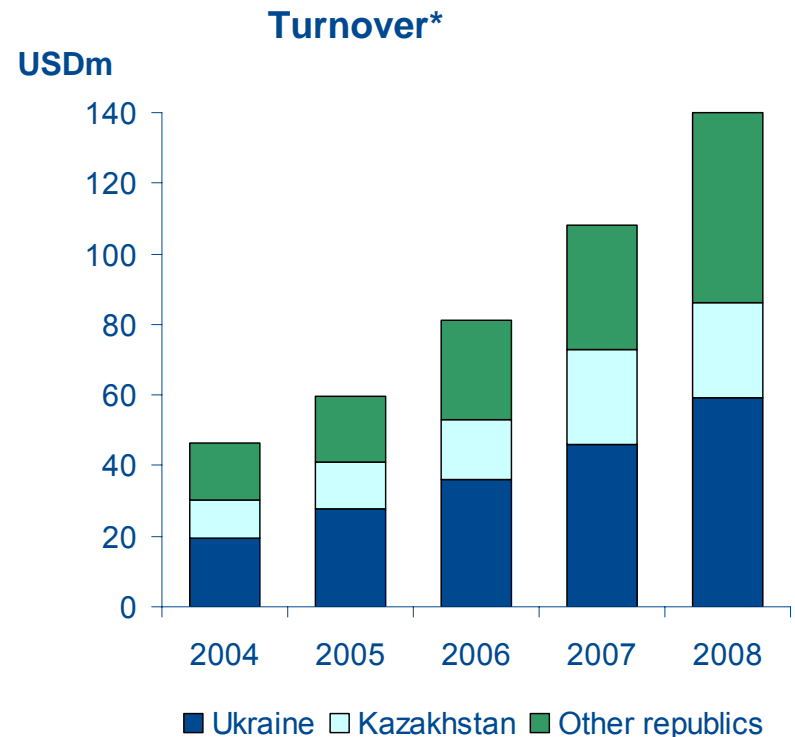


\* Turnover of the pharmaceutical segment

# Ukraine, Kazakhstan, other republics

2008

- **Ukraine**
  - outstanding growth: 29% in USD terms
  - growth drivers – oral contraceptives
  - depreciation of the hryvnia towards year end
- **Kazakhstan**
  - 20% sales growth in EUR terms<sup>1</sup>
- **Other republics**
  - outstanding growth in Belarus, Moldavia and Uzbekistan



\* Turnover of the pharmaceutical segment.

<sup>1</sup> Excluding one-off items.

# New products launched in the CIS (2008)

2008

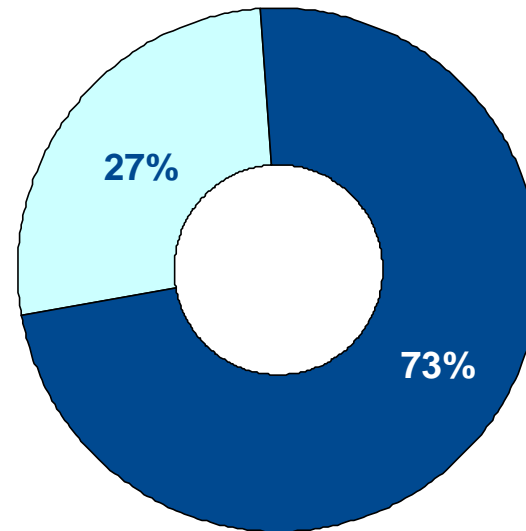
Brand name	Active ingredient	Therapeutic area
AIRTAL	aceclofenac	Non-steroid antiinflammatory
SONIZIN	tamsulosine	Benign prostrate hypertrophy
OSTALON	alendronate	Osteoporosis
BIDOP	bisoprol	Cardiovascular
SENTOR	losartan	Cardiovascular, antihypertensive

# EU – composition of sales

2008

- **Traditional EU member states**

- sales via partners
- increasing generic competition – decreasing prices



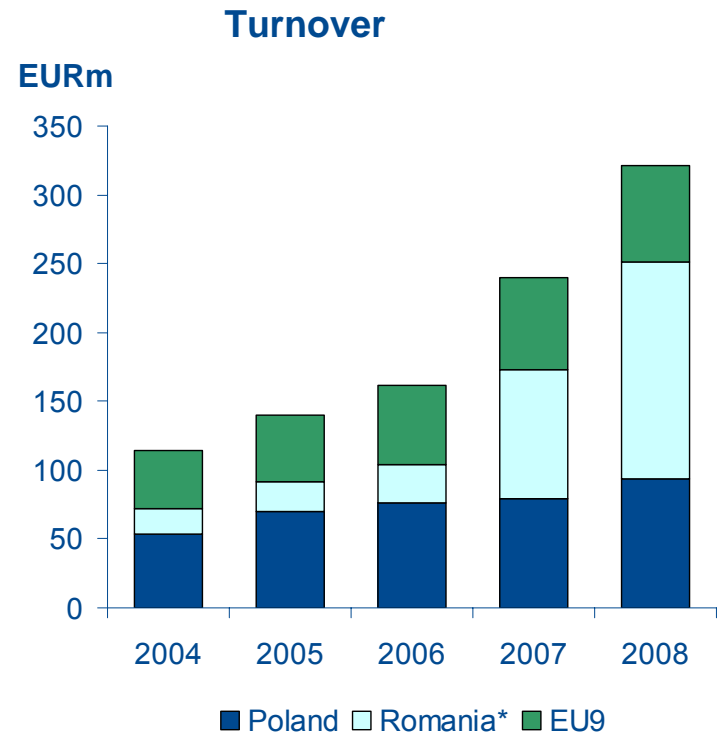
- **Poland, Romania, EU 9**

- well established in the region for decades
- own specialized sales network

# Poland, Romania, EU9

2008

- Good performance in a difficult market environment
- Increasing competition, lower levels of social security reimbursement
- Introduction of new products
- Poland: significant growth
- Romania: wholesale and retail segment's significant contribution to turnover



\* incl. turnover of wholesale and retail segment

# New products launched in CEE countries (2008)

2008

Country	Brand name	Active ingredient	Therapeutic area
Poland	JARVIS	venlafaxine	CNS, antidepressant
	AZALIA	desogestrel	gynaecology, oral contraception
	NANTARID	quetiapin	CNS, antipsychotics
	TYSABRI	natalizumab	sclerosis multiplex
	LARUS	atorvastatin	cardiovascular, cholesterol-lowering
	PROTEVASC	trimetazidine	cardiovascular
Czech Rep.	LEKOPROST	finasteride	benign prostrate hypertrophy
	AZALIA	desogestrel	gynaecology, oral contraception
	URO-VAXOM	liofilizált E. Coli	urinary infection
	DOXIUM	calcium dobesilate	cardiovascular, vasoprotective

# New products launched in CEE countries (2008)

2008

Country	Brand name	Active ingredient	Therapeutic area
Slovakia	AZALIA	desogestrel	gynaecology, oral contraceptive
	ESCAPELLE	levonorgestrel	gynaecology, emergency contraceptive
	NANTARID	quetiapin	CNS, antipsychotic
Latvia	NANTARID	quetiapin	CNS, antipsychotic
	AZALIA	desogestrel	gynaecology, oral contraceptive
Lithuania	NANTARID	quetiapin	CNS, antipsychotic
	AZALIA	desogestrel	gynaecology, oral contraceptive
Romania	SPORILIN	itraconazol	antifungal
	TINERIL	glimepirid	antidiabetics
	VALZER	meloxicam	non-steroid antiinflammatory

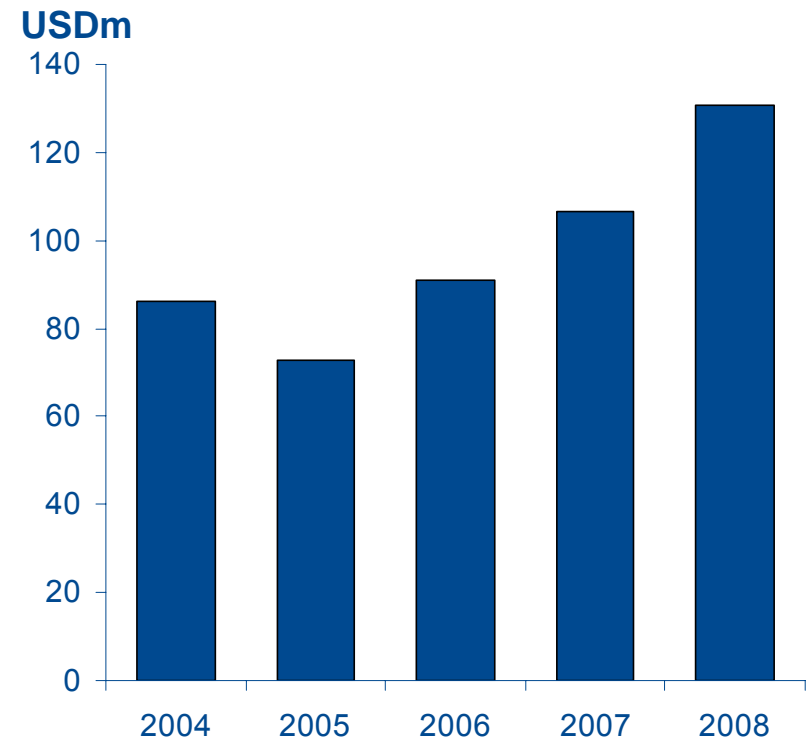
# USA

2008

- Sales increased by 23% in USD terms
- Sales driven by gynaecology – 84%
- Significant revenue growth – drospirenone
- Plan B – sales increase



Turnover

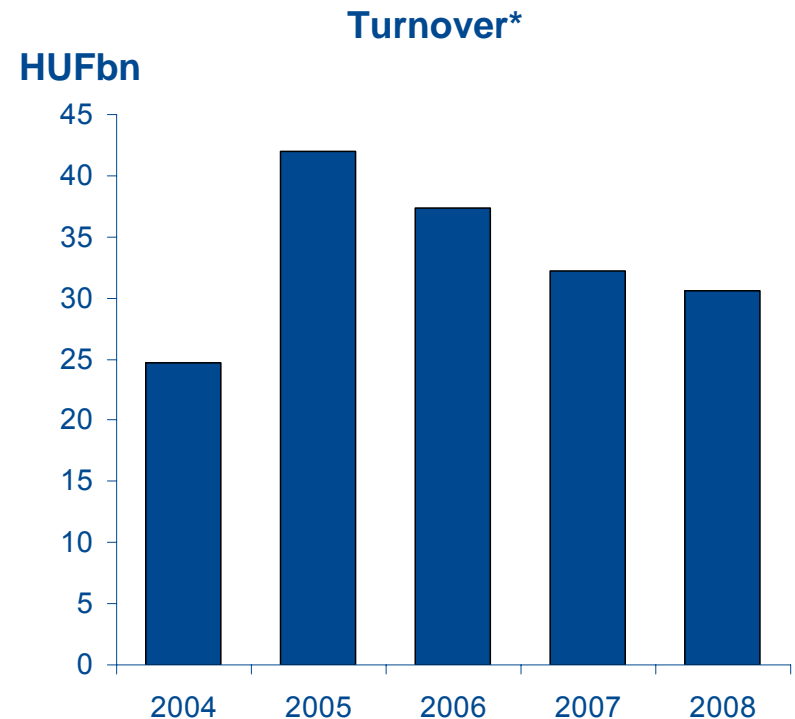


- Decline in generic API sales

# Hungary

2008

- Decline in sales: 5.6%
- Unfavourable macroeconomic and industrial environment
- Lower rate of price reductions
- New product launches
- Regulatory environment
  - medical representative fee: **HUF 301m**
  - 12% tax on reimbursed products: **HUF 1,592m**



\* Excl. turnover of Medimpex wholesale

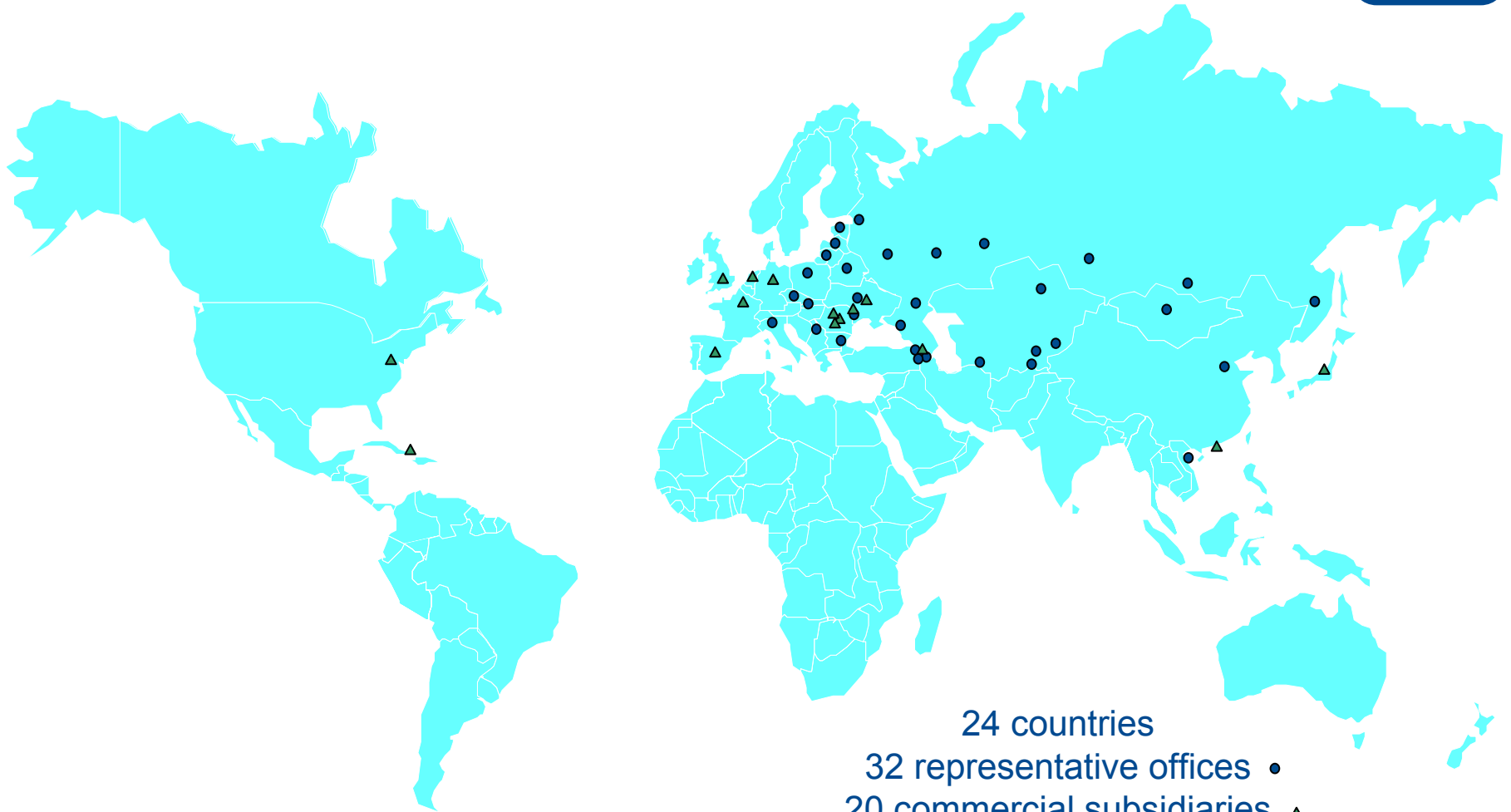
# New products launched in Hungary (2008)

2008

Brand name	Active ingredient	Therapeutic area
JARVIS	venlafaxine	CNS, antidepressant
NARVA	indapamide	cardiovascular, diuretic
PALIXID	donepezil	CNS, antimentia
NANTARID	quetiapin	CNS, antipsychotic
EMREN	ramipril	cardiovascular, antihypertensive
AZALIA	desogestrel	gynaecology, oral contraception
DOLFORIN	fentanyl	CNS, narcotic analgesic

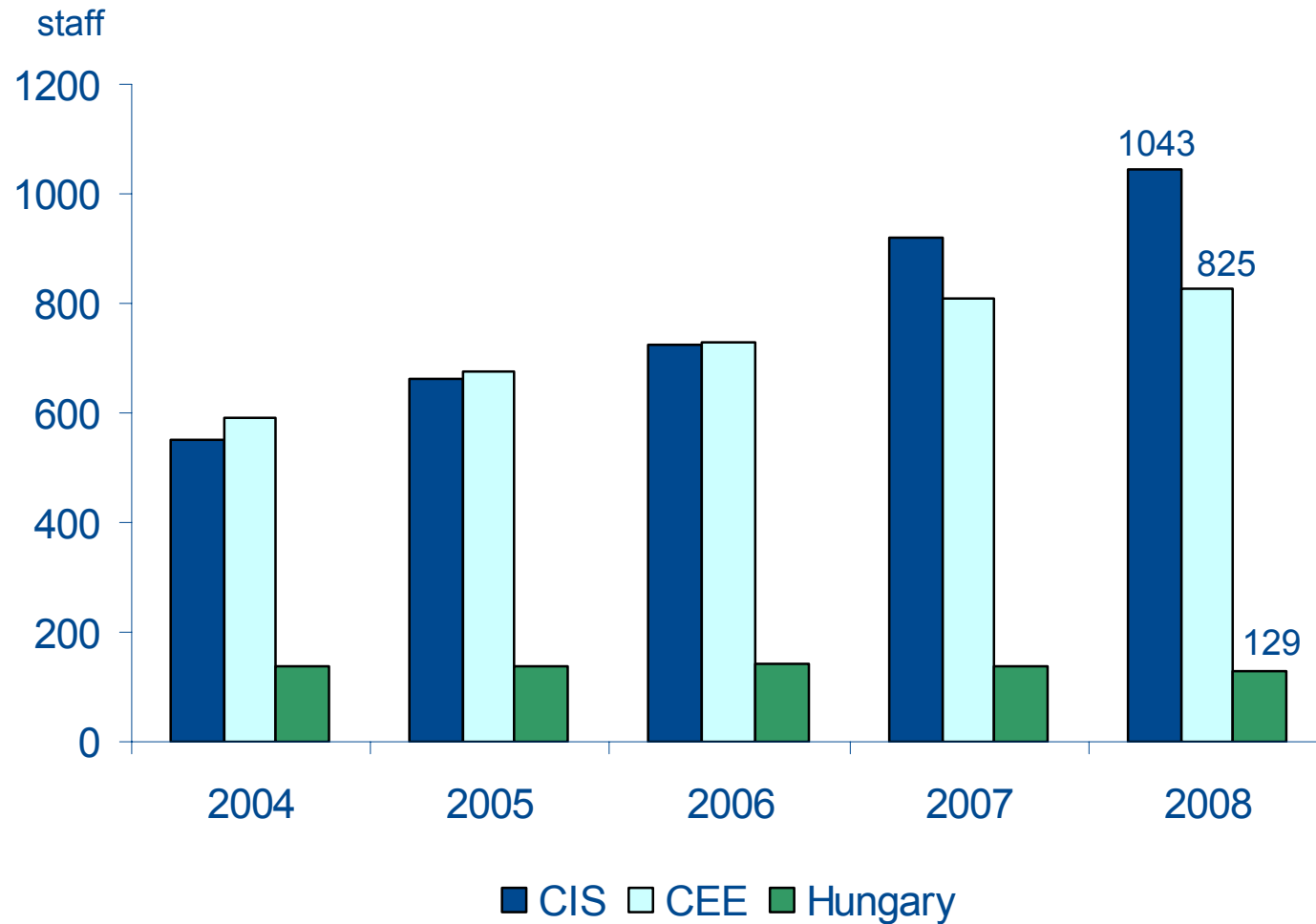
# Sales network – world

2008



# Sales network – CIS, CEE & Hungary

2008



# Key financial data

2008

	2008 HUFm	2007 HUFm	Change	
			HUFm	%
<b>Total sales</b>	236,518	224,076	12,442	5.6
<b>Gross profit</b>	128,097	119,697	8,400	7.0
<b>Operating profit</b>	34,156	36,283	-2,127	-5.9
<b>Net financial income</b>	8,394	(1,238)	9,632	n.a.
<b>Profit for the period</b>	41,410	33,336	8,074	24.2
<b>Total assets*</b>	384,133	347,963	36,170	10.4
<b>Shareholders' equity*</b>	336,499	306,183	30,316	9.9
<b>Capital expenditures</b>	22,010	23,197	-1,187	-5.1
<b>Cash position*</b>	57,456	49,831	7,625	15.3

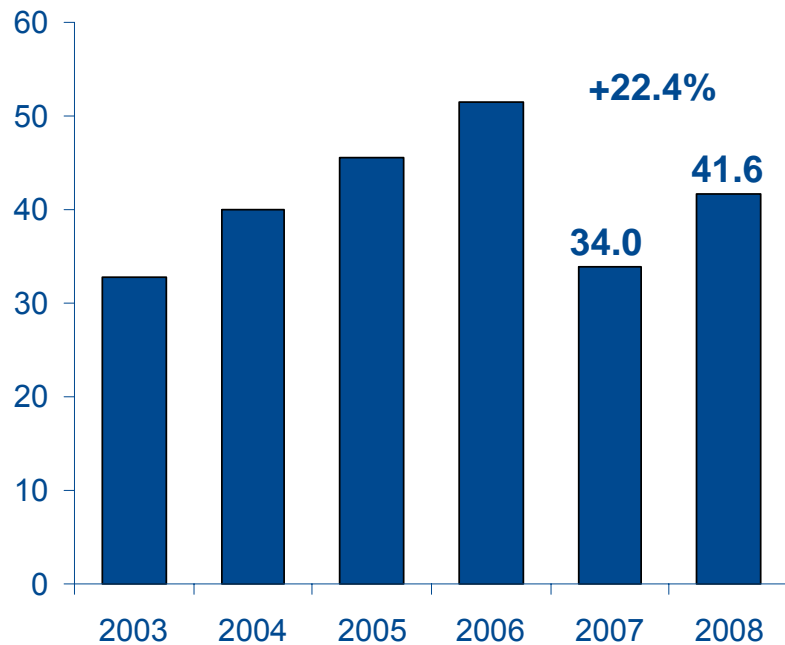
\* As of 31 December 2008 and 2007, respectively.



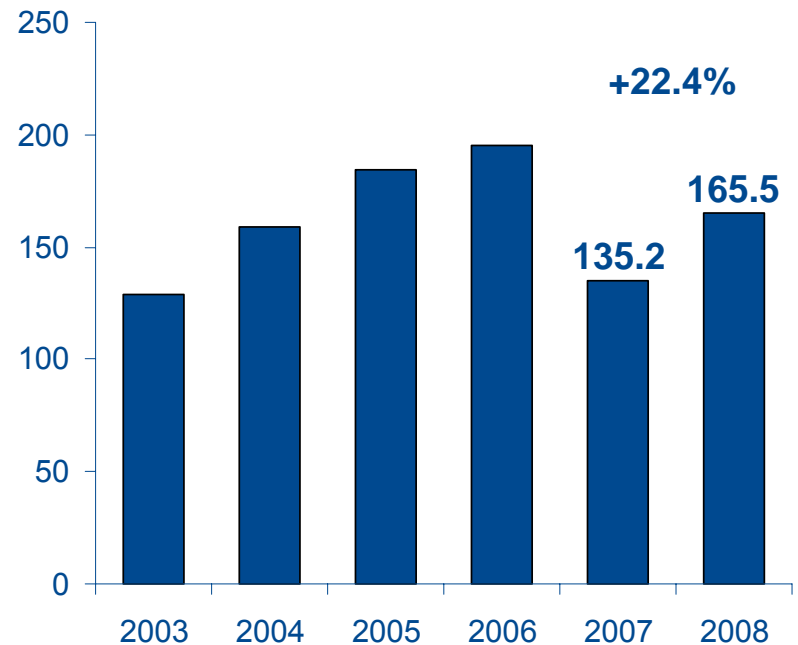
# Profit after taxation

2008

HUF bn



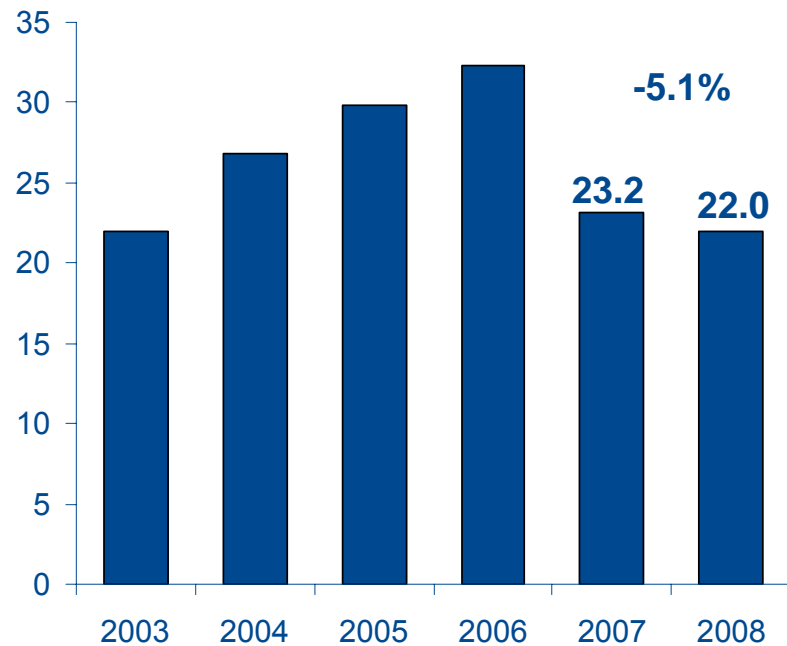
EUR m



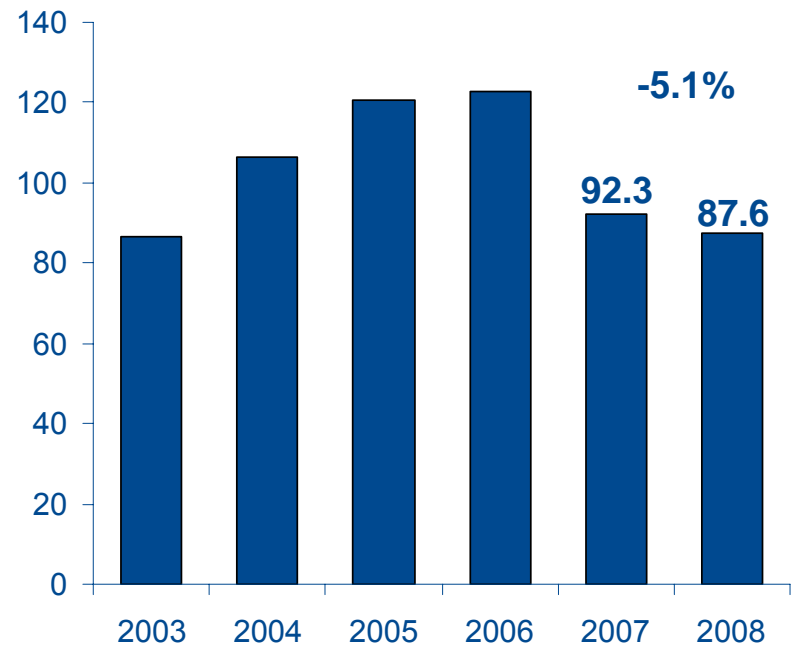
# Capital expenditure

2008

HUF bn



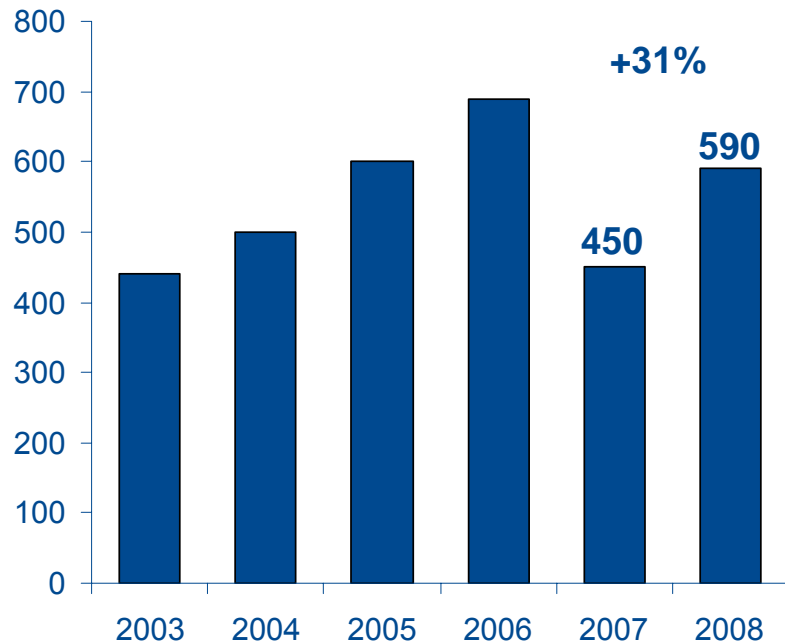
EUR m



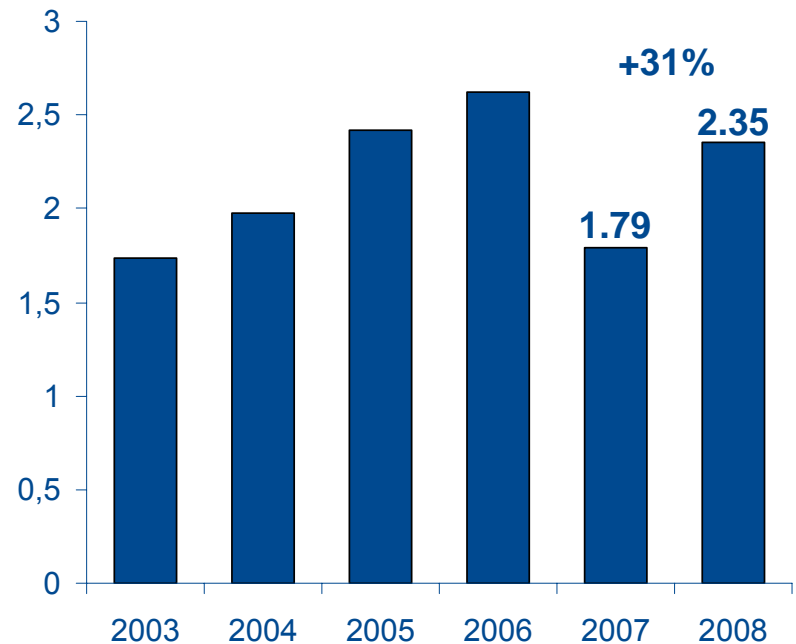
# Dividend per ordinary share

2008

HUF



EUR



# Margins and operating costs

2008

- **Sales and marketing expenses**

- 22.0% of turnover
- expansion of the sales network in CIS
- reduced sales staff in Hungary

- **Administration and general expenses**

- increased by 7.1%
- incl. advisory fees related to the Polpharma transaction

- **Research and development expenses**

- increased by 1.9%
- 7.8% of sales

- **Other income and other expenses**

- balance of which on the cost side increased by 7%
- include expenses related to the 12% tax obligations

## Gross margin

53.4%  54.2%

## Operating margin

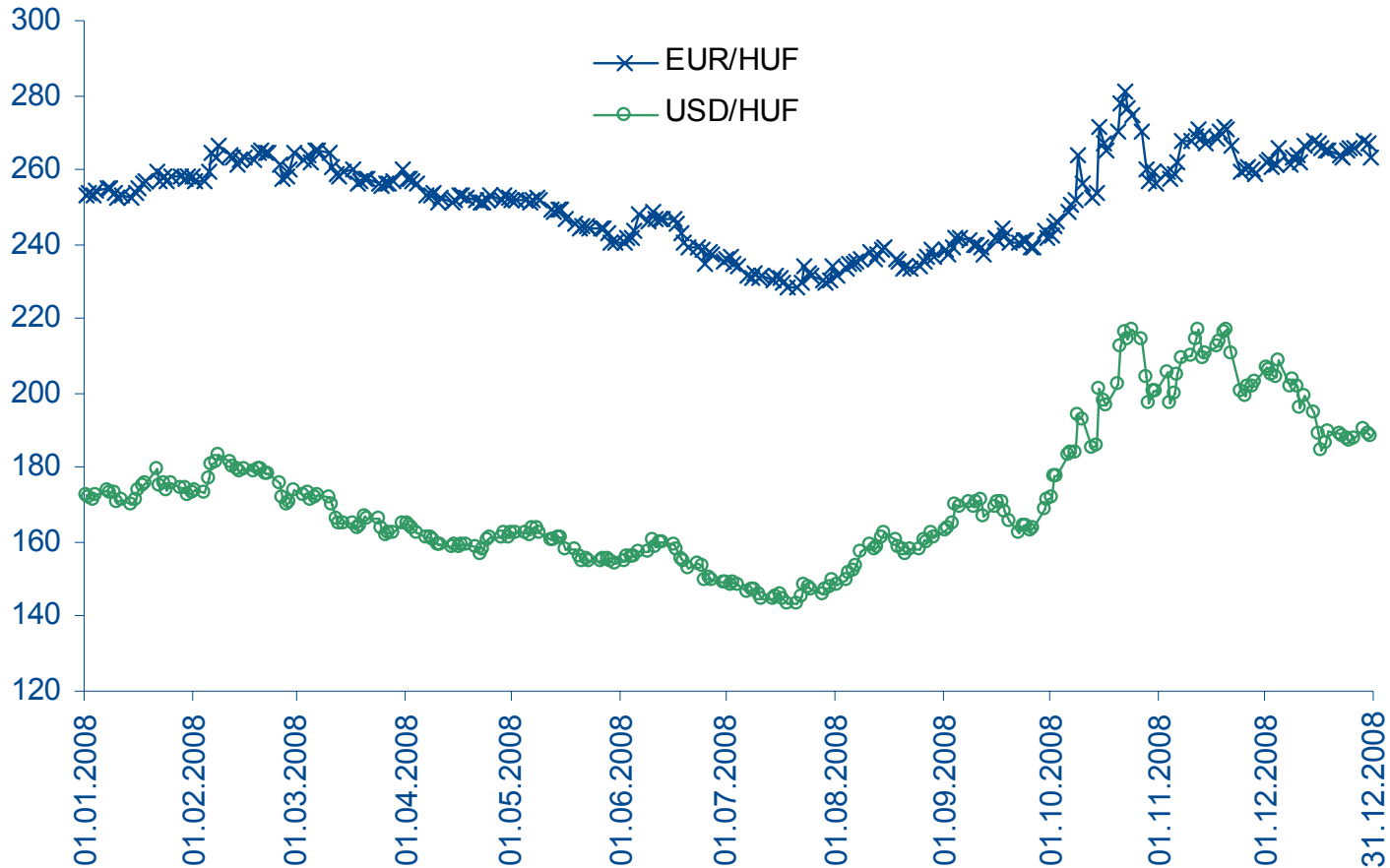
16.2%  14.4%

# Net financial income

	2008	
	2008	2007
	HUF m	
<b>Unrealised financial items</b>	<b>2,391</b>	<b>-2,039</b>
Reassessment of currency related trade receivables and trade payables	202	-659
Reassessment of currency loans	-57	-1,202
Reassessment of other currency related items	1,007	-178
Result of unrealised forward exchange contracts	1,239	-
<b>Realised financial items</b>	<b>6,003</b>	<b>801</b>
Result of realised forward exchange contracts	232	429
Exchange gains / losses realised on trade receivables and trade payables	1,562	-2,454
Exchange gains / losses on conversion	629	-195
Dividends	78	70
Net interest income	3,152	2,797
Other	350	154
<b>Net financial income</b>	<b>8,394</b>	<b>-1,238</b>

# Evolution of foreign currency exchange rates

2008



# Exchange rates

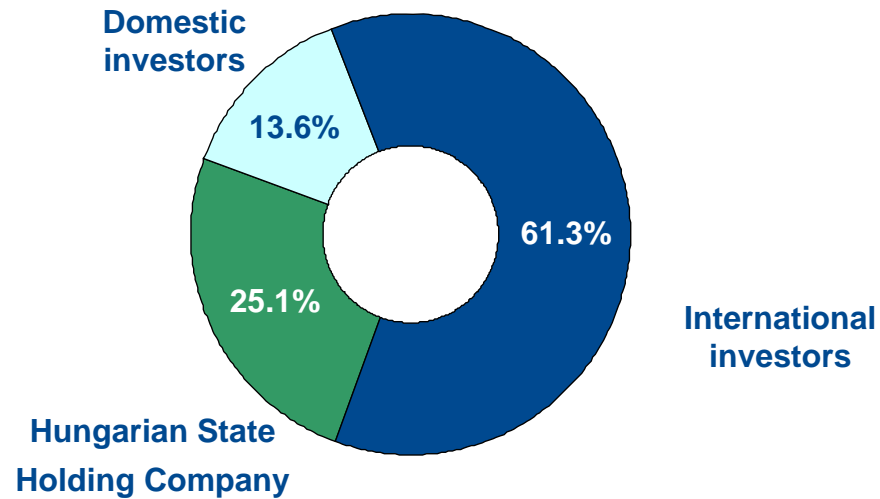
2008

	Q1	Q2	Q3	Q4	M12
<b>EUR/HUF</b>					
period end	259.3	235.9	244.0	264.5	<b>264.5</b>
average	259.4	247.7	234.6	263.1	<b>251.2</b>
<b>USD/HUF</b>					
period end	164.1	148.9	170.5	188.5	<b>188.5</b>
average	173.1	158.6	156.0	199.9	<b>171.3</b>

# Ownership structure

2008

31 December 2008



**I would like to express herewith my appreciation to all our people working in Hungary and abroad. It is the result of their joint efforts that Richter started the year 2009 with substantial reserves and a stable financial position. This is very important at a time when global challenges threaten to become bigger than in recent history.**

**Thank you for your attention!**

