Richter Group

2010 H1

Leading pharmaceutical group in the region

2010 H1

Pharmaceuticals

Parent company: Gedeon Richter
Founded: 1901

Russia: Gedeon Richter RUS
Greenfield investment (1996)

Romania: Gedeon Richter Romania
Acquisition (1998)

Poland: GR Polska
Acquisition (2002-2008)

India: Richter Themis
Joint venture (2004)

Germany: Richter-Helm Biologic
Joint venture (2007)

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

Wholesale and retail

Pharmafarm: wholesale (Romania)

Gedeon Richter Farmacia: retail (Romania, 120 pharmacies)

+ further minority interests in wholesale and pharmacies

Other

A number of companies rendering services or performing commercial and marketing activities

Key financial data

2010 H1

	HUF	Growth	EUR	Growth
Sales	137.2 bn	+ 2.0 %	504.5 m	+ 9.1 %
Operating profit	28.2 bn	+ 3.2 %	103.7 m	+ 10.3 %
Net profit	38.2 bn	+ 37.9 %	140.5 m	+ 47.6 %
EPS (HUF / EUR)	2041	+ 36.8 %	7.50	+ 46.2 %

Key market developments

2010 H1

- **CIS**
  - **Russia**
    - predictable economic environment
    - significant increase
    - 1 April 2010 – new price regulations – preshipments
  - **Ukraine**
    - political, economic stabilization
    - low base
  - **Other republics**
    - stabilizing economic environment
    - low base

Key market developments

2010 H1

- **USA**
  - Increasing level of drospirenone related revenues
  - lower level of API sales

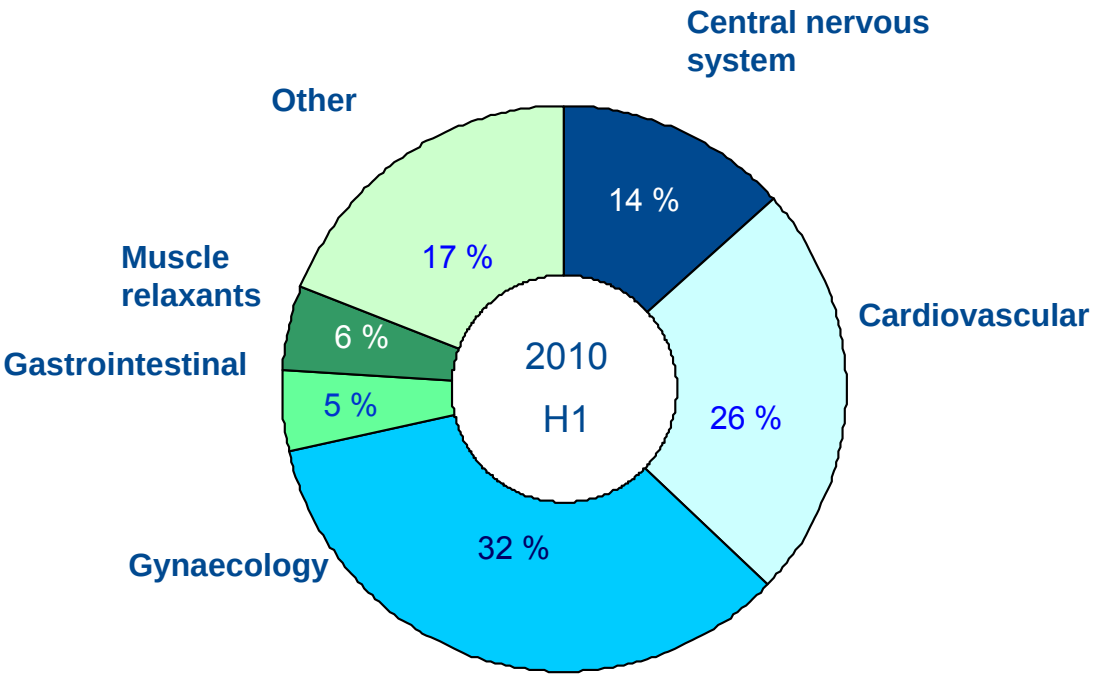
- **Central and Eastern Europe**
  - more difficult economic environment
  - growth: Czech Republic, Slovakia
  - decline: Poland, Romania

- **Hungary**
  - rate of price reductions became negligible
  - dynamic sales growth

Composition of pharmaceutical sales

2010 H1

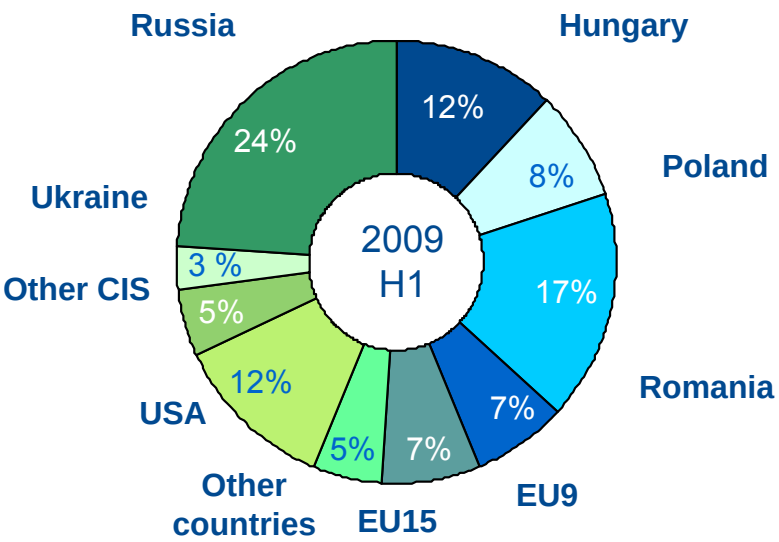
by therapeutic areas

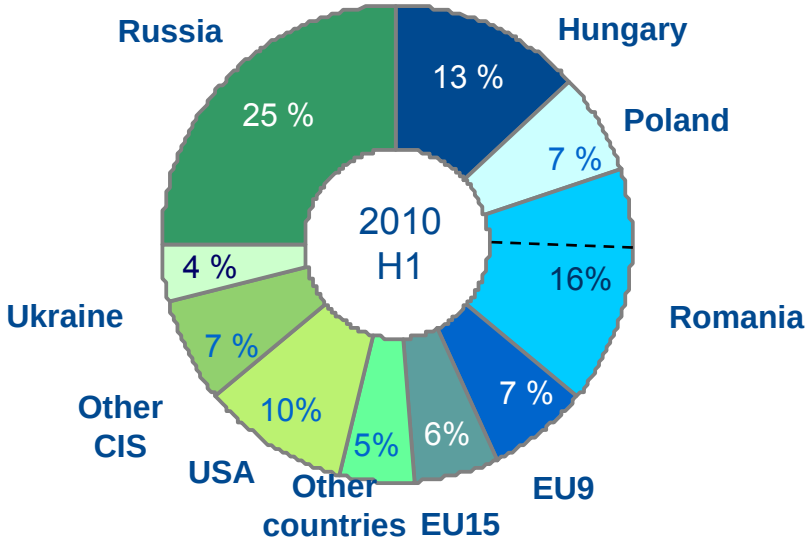


Total: EUR 426.0 m

Geographical composition of Group sales

2010 H1





Total:
HUF 134.5 bn
EUR 462.5 m

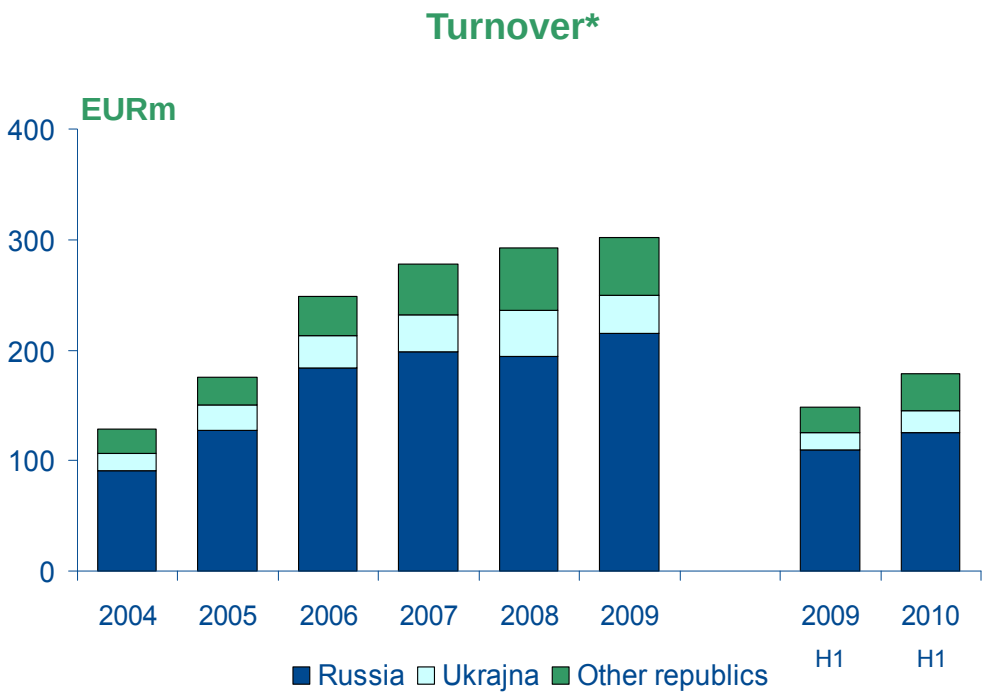
+ 9 % (€)

Total:
HUF 137.2 bn
EUR 504.5 m

CIS

2010 H1

- **Substantial sales increase**
  + 21 % in EUR terms
- **Low base**
- **Stabilizing economic environments**

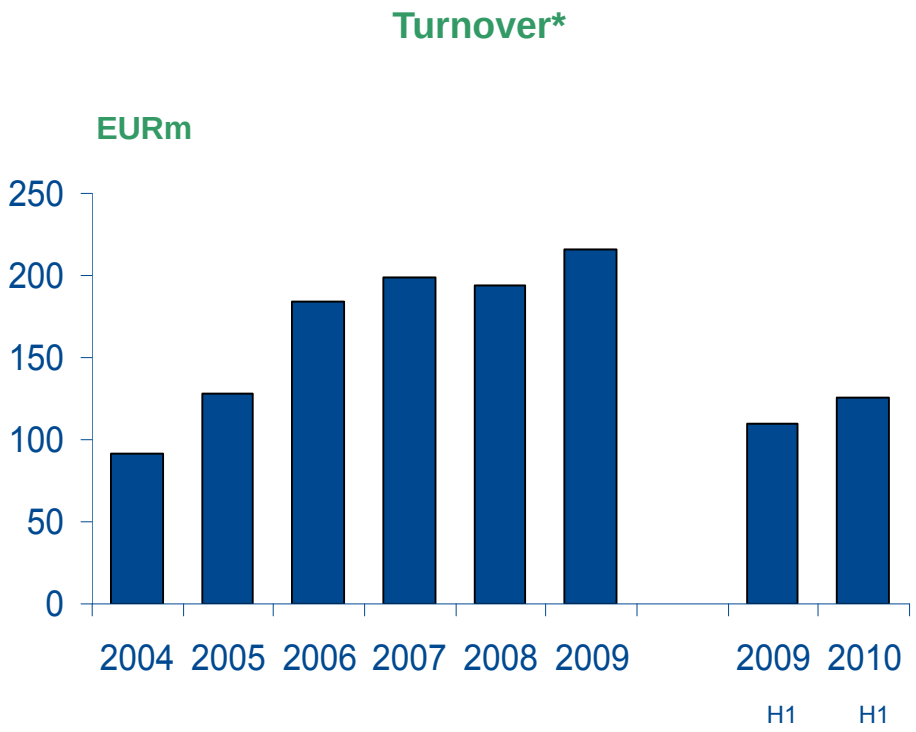


* Turnover of the pharmaceutical segment

Russia

2010 H1

- **Significant 14% sales growth in EUR terms**
- **Low base – I. quarter**
- **1 April 2010 – new price regulations**

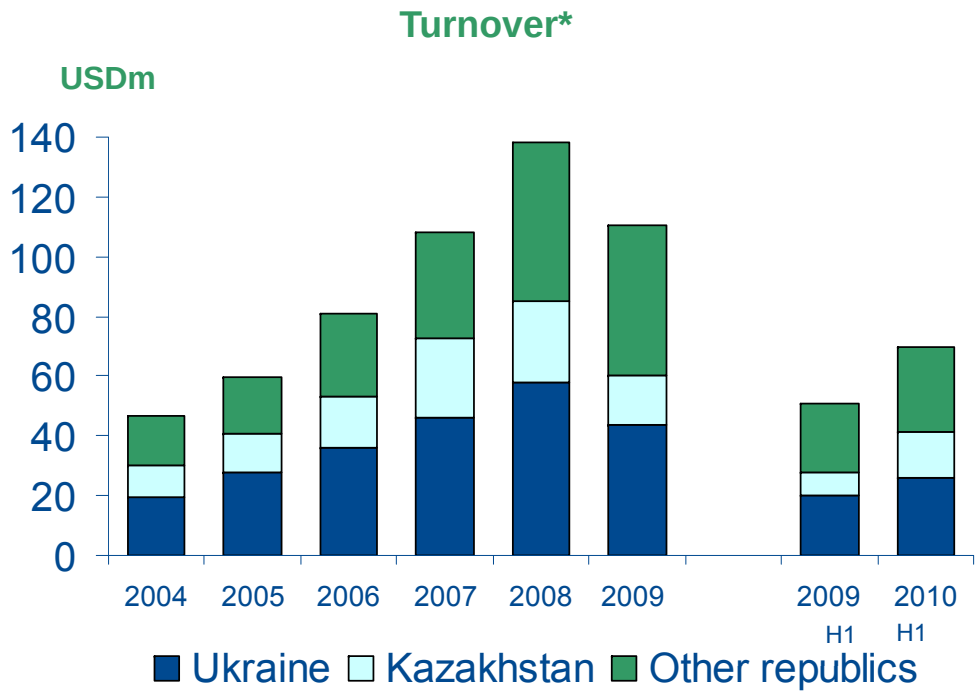


* Turnover of the pharmaceutical segment

Ukraine, Kazakhstan, other republics

2010 H1

- **Ukraine**
  - **29 % growth in USD terms**
  - **low base**
- **Kazakhstan**
  - **more favourable economic environment**
- **Other republics**
  - **stabilization**

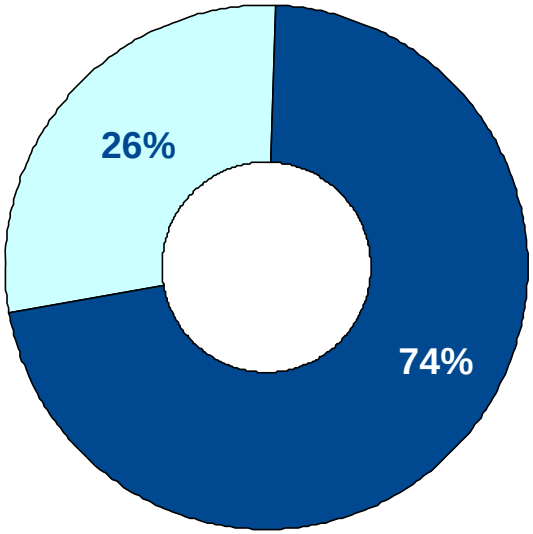


* Turnover of the pharmaceutical segment

EU – composition of sales

2010 H1

- **Traditional EU member states**
  - **sales via partners**
  - **increasing generic competition – decreasing prices**

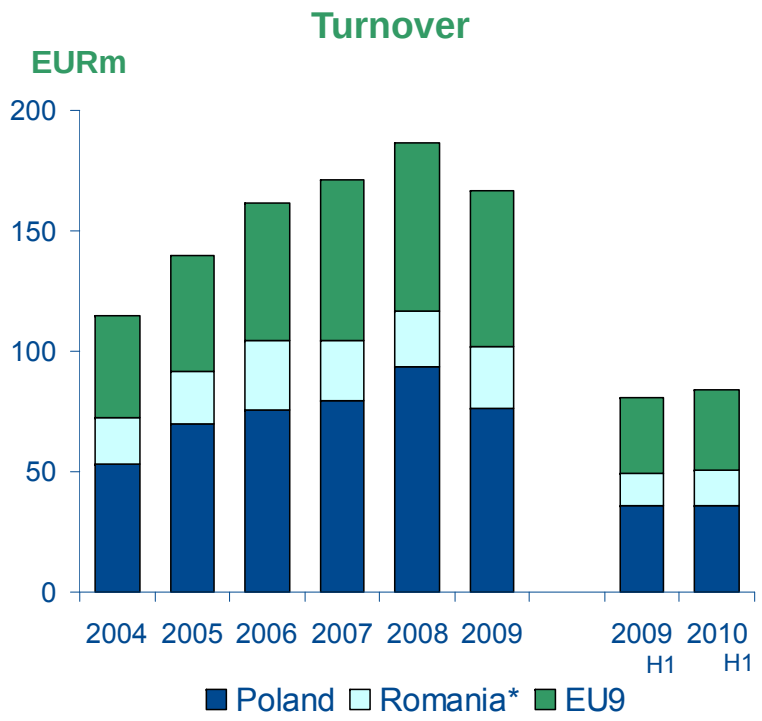


- **Poland, Romania, EU 9**
  - **well established in the region for decades**
  - **own specialized sales network**

Poland, Romania, EU9

2010 H1

- Unfavourable regulatory environment
- Introduction of new products
- Poland:
  - sales decline of 10 % in PLN
- Romania:
  - revenue – decrease
  - increasing bad debts

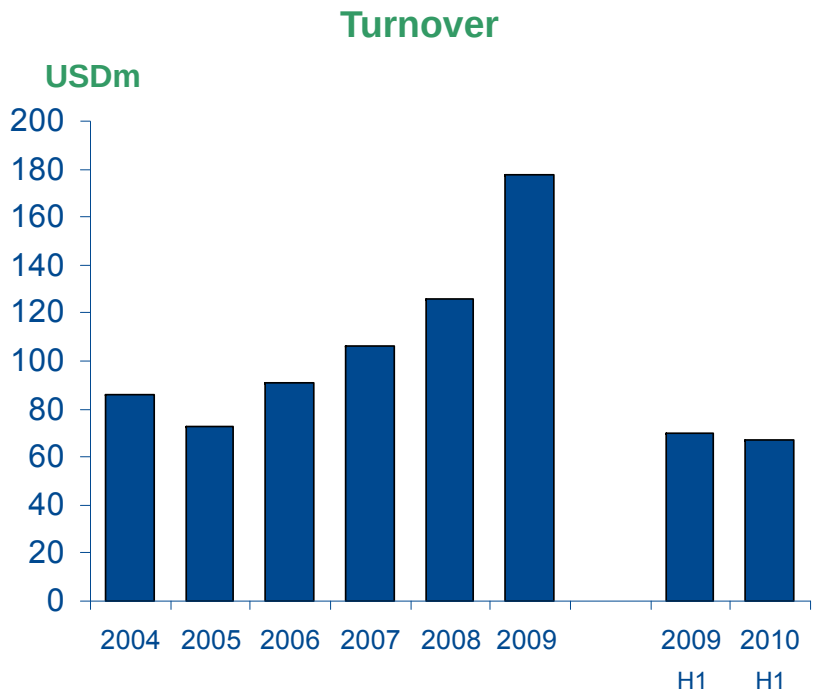


* incl. turnover of wholesale and retail segment

USA

2010 H1

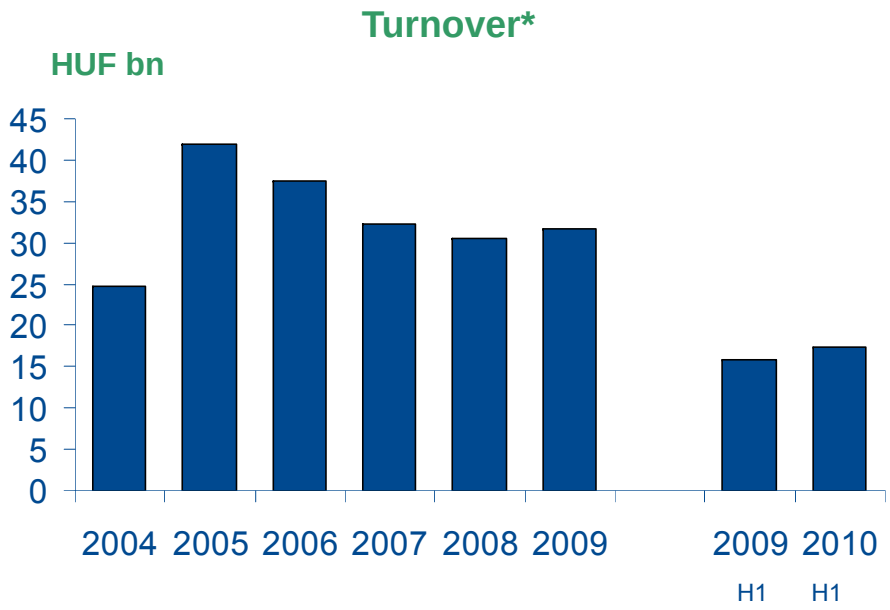
- Revenue decline
- Significant proportion of gynaecology – 97 %
- Further decline in API sales
- Increasing contribution of drospirenone related profit sharing – II.quarter



Hungary

2010 H1

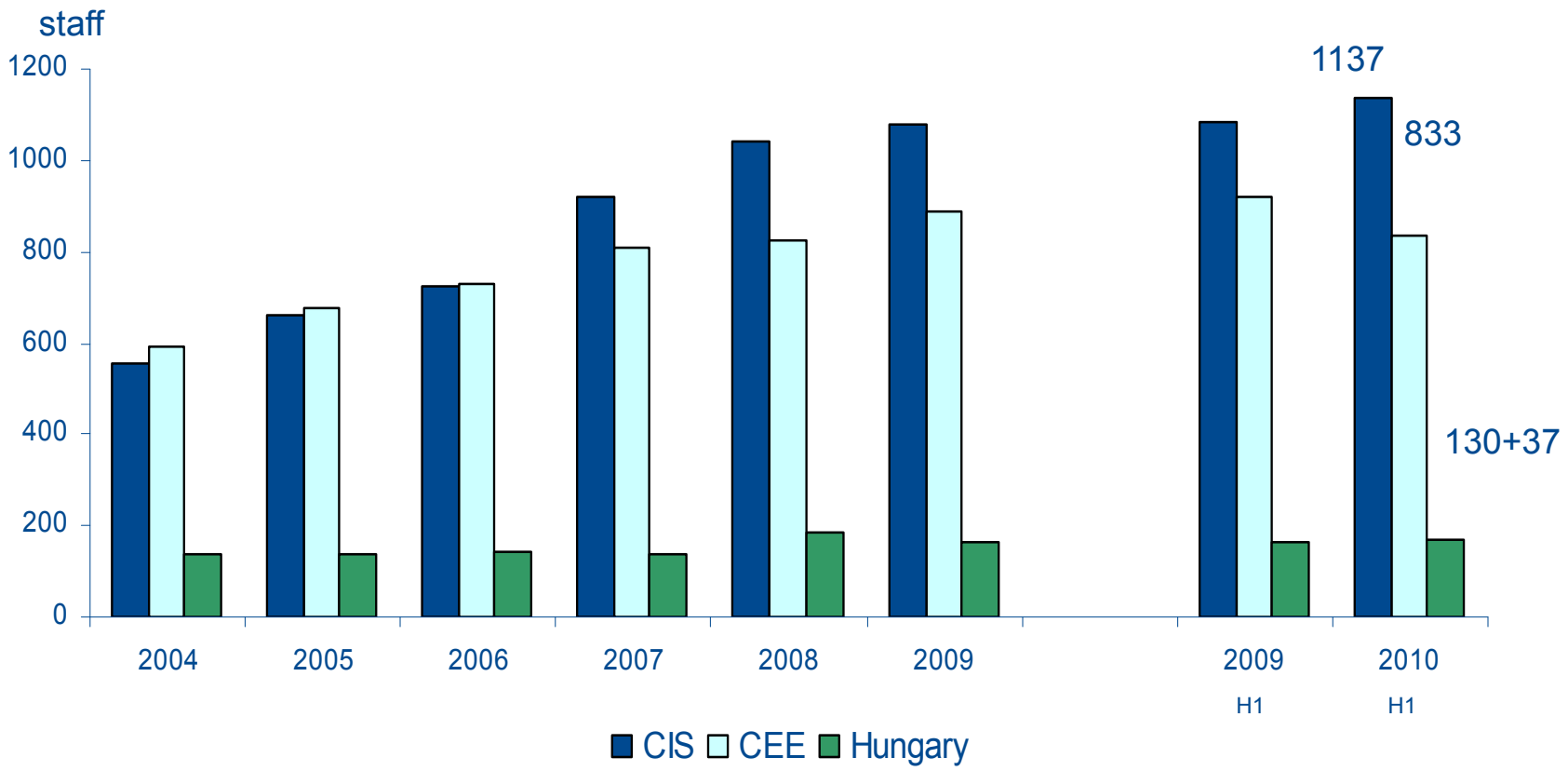
- **Sales growth: 9 % in HUF terms**
- **Rate of price reductions became negligible**
- **Full amount of extraordinary taxes are to be reclaimed**
- **New product launches**



* Excl. turnover of Medimpex wholesale

Sales network

2010 H1



Key financial data

	2010 H1 HUFm	2009 H1 HUFm	2010 H1 Change HUFm	2010 H1 Change %
Total sales	137,221	134,539	2,682	2.0
Gross profit	80,728	76,815	3,913	5.1
Operating profit	28,206	27,327	879	3.2
Net financial income	9.898	2,237	7,661	342.5
Profit for the period	38,210	27,704	10,506	37.9
Total assets	466,638	409,477	36,668	8.5
Shareholders' equity	409,092	353,919	30,337	8.0
Capital expenditures	6,940	7,953	- 1,013	- 12.7
Cash	101,388	65,278	36,110	55.3

Operating expenses and margins

2010 H1

- **Sales and marketing expenses**
  - **21% of turnover**
- **Administration and general expenses**
  - **increased by 2 %**

Gross margin

57.1% → 58.8%

- **Research and development expenses**
  - **13 % of consolidated turnover**
  - **grew by 26 %, mainly due to the costs of clinical trials**

Operating margin

20.3% → 20.6%

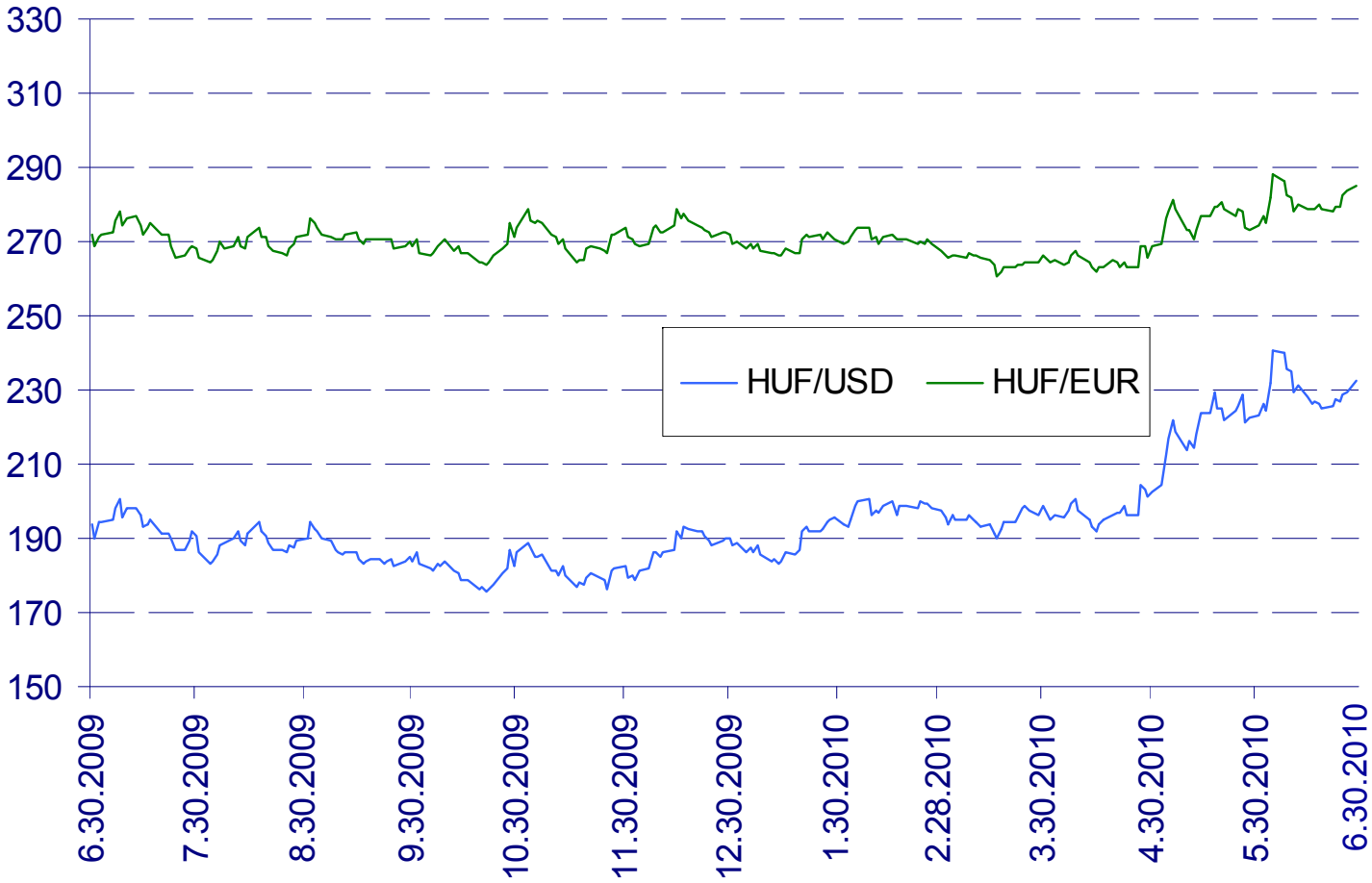
- **Other income and other expenses**
  - **one-off items – H1 2010-2009**
    - milestone payments - Cariprazine
    - expenses related to the 12 % tax on subsidies

Financial income

	2010 H1	HUFm	2009 H1
Unrealised financial items	4.365		(4.859)
Reassessment of currency related trade receivables and trade payables	2.334		(2.109)
Reassessment of currency loans	213		(165)
Reassessment of other currency related items	3.871		(2.612)
Reversal of assessment of forward exchange contracts as of 1 Jan	108		(1.239)
Result of unrealised forward exchange contracts	(2.161)		1.266
Realised financial items	5.533		7.096
Result of realised forward exchange contracts	(1.148)		(158)
Exchange losses /gains realised on trade receivables and trade payables	2.918		3.918
Exchange gains on conversion	1.319		1.085
Dividends	-		5
Net interest income	2.234		2.232
Other	210		14
Net financial income	9.898		2.237

Evolution of currency exchange rates

2010 H1



Exchange rates

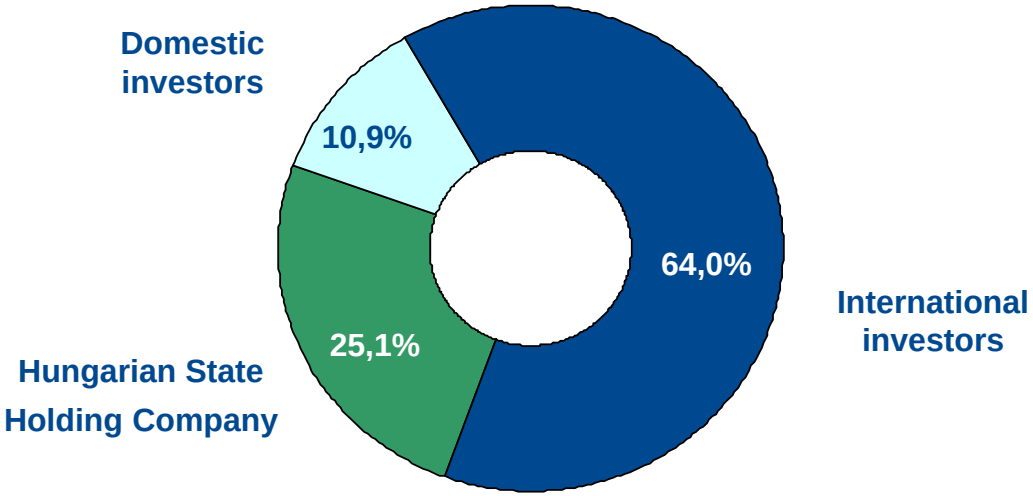
2010 H1

	2009 Q2	2009 Q3	2009 Q4	2009	2010 Q1	2010 Q2
EUR/HUF						
period end	272.1	269.4	270.5	**270.5**	266.6	284.7
average	273.2	267.1	271.1	**280.7**	268.4	273.6
USD/HUF						
period end	192.8	183.8	187.7	**187.7**	198.3	233.0
average	188.8	184.5	183.3	**201.2**	194.5	212.4

Ownership structure

2010 H1

30 June 2010



Thank you for your attention!