

PHARMSTANDARD – LEADING RUSSIAN PHARMACEUTICAL COMPANY

1H 2009 Results

Analyst Day Presentation

2 September 2009

Presenting Team

| | <u>Name</u> | <u>Title</u> |
|---|-----------------------|--------------------|
|  | Igor Krylov | CEO |
|  | Elena Arkhangelskaya | CFO |
|  | Stanislav Reshetnikov | Marketing Director |
|  | Viacheslav Burmistrov | Medical Director |
|  | Anton Golubok | Head of IR |

Agenda

Topic

Presenter

Section 1

10.00 – 10.30 Business and Strategy

Igor Krylov

10.30 – 11.00 1H 2009 IFRS Results

Elena Arkhangelskaya

11.00 – 11.20 Section 1 Q&A

All

Coffee Break

Section 2

11.50 – 12.50 Marketing`

Stanislav Reshetnikov

12.50 – 13.20 Medical Division. R&D

Viacheslav Burmistrov

13.20 – 14.00 Q&A

All

Business & Strategy



Igor Krylov, CEO

Pharmstandard at a Glance

Market

Leading domestic pharmaceutical company in Russia (measured by sales)

- #4 pharma company overall in Russia
- #1 pharma company in the commercial segment
- #1 domestic pharma company

Production

Modern and efficient manufacturing facilities

- 4 pharmaceutical production sites and 1 medical equipment and disposables plant
- Russian standards compliant facilities, six lines on Kursk are EU GMP compliant
- More than 200 pharmaceutical products
- Capacity – more than 1,3 billion packs

Sales & Marketing

Experienced sales force & Market leading brands

- 460 sales people
- Top best selling brands
- Launched 39 new products from 2004

Financials

Industry leading growth and profitability

- Leading EBITDA (39%) & Gross profit (48%) margins
- Total Sales of RUR 10 062 mln in 1H 2009, representing 62% growth

1H 2009 Achievements

Company

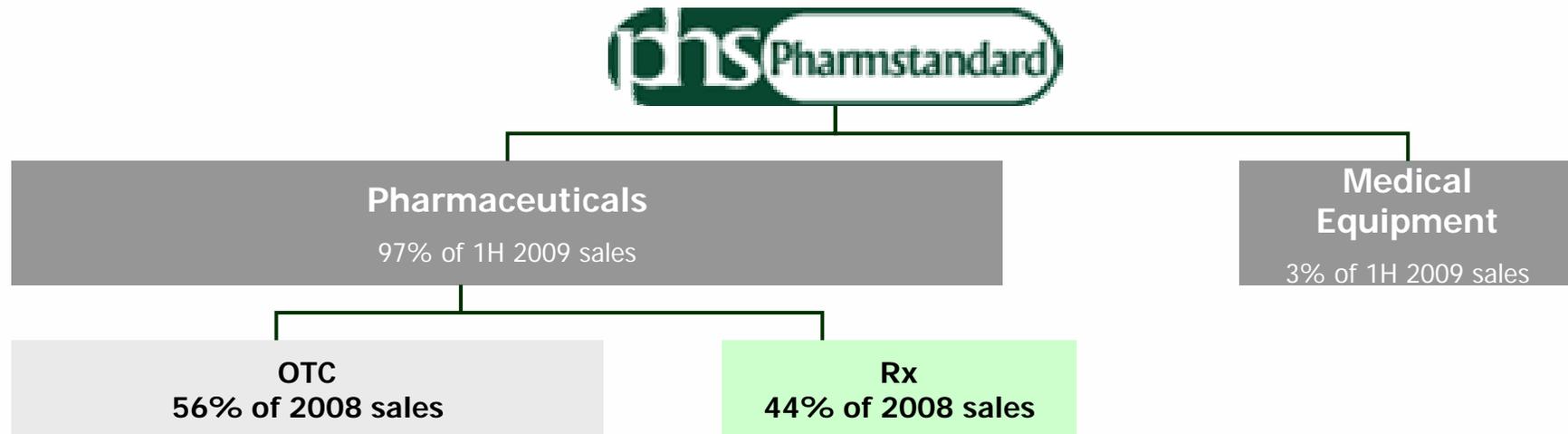
- Pharmstandard increased its participation in FRP programme (23% from PHST total sales); and supplied Velcade® (INN: bortezomib) for the total amount of RUR2,505 mln (including 10% VAT);
- Under 7 nosologies programme, Pharmstandard won tender for delivery of Rastan for 2H2009 amounting RUR 71 mln (26% of total auction amount).
- Arbidol is proven to be active against viruses A/H1N1 California and Moscow strains;
- In 1H 2009, the management adopted a decision of reorganizing Group's structure. This plan provides the reorganization of OJSC "Pharmstandart" in the form of joining OJSC "Pharmstandart - Octyabr" and CJSC "Masterlek". OJSC "Pharmstandart - Octyabr" and CJSC "Masterlek" will be incorporated to OJSC "Pharmstandart".
- Pharmstandard signs an agreement with Pharmapark on marketing and exclusive sales of Altevir® (gepatology). Starting from April 2009, sales of Altevir® reached RUR14 mln;
- Pharmstandard has become a full member of the International Pharmaceutical Excipients Council (IPEC) Europe.
- Pharmstandard and ZAO "Apteki 36.6" signed an agreement on direct collaboration (trade contract).

Financials – 1H 2009

- Revenue growth +62%; total revenue 10,061 mln RUR
- Gross profit growth +31%; gross profit 4,775 mln RUR or 48% of sales
- EBITDA* growth +51%; EBIDTA 3,952 mln RUR or 39% of sales
- Net profit growth + 47%; net profit 2,5588 mln RUR or 26% of sales

* - excluding foreign exchange gain or loss

1H 2009 Sales Structure



- Therapeutic focus:

- Analgesics
- Cough & cold
- Vitamins
- Anti-viral
- Anti-fungal

- Product portfolio includes:

- Coronary Therapy
- Acid pump inhibitors
- Nitrites & nitrates
- ACE inhibitors
- Alimentary tract metabolism

- Product portfolio includes:

- Sterilisers
- Distillers
- Medical disposables

33% growth (24% organically¹)

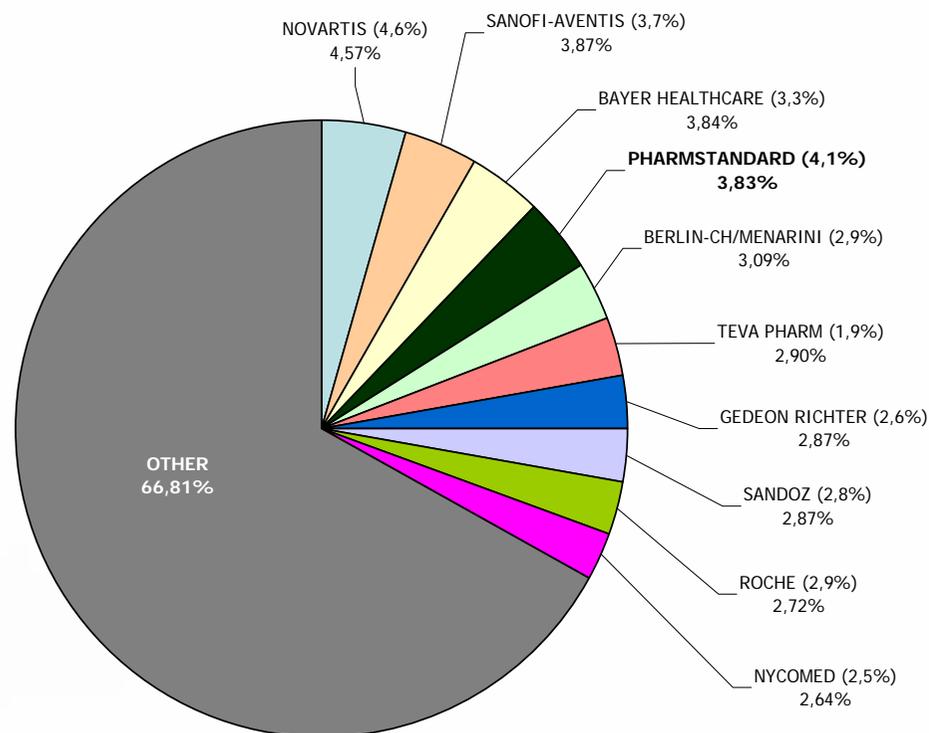
203% growth (52% organically²)

48% decrease

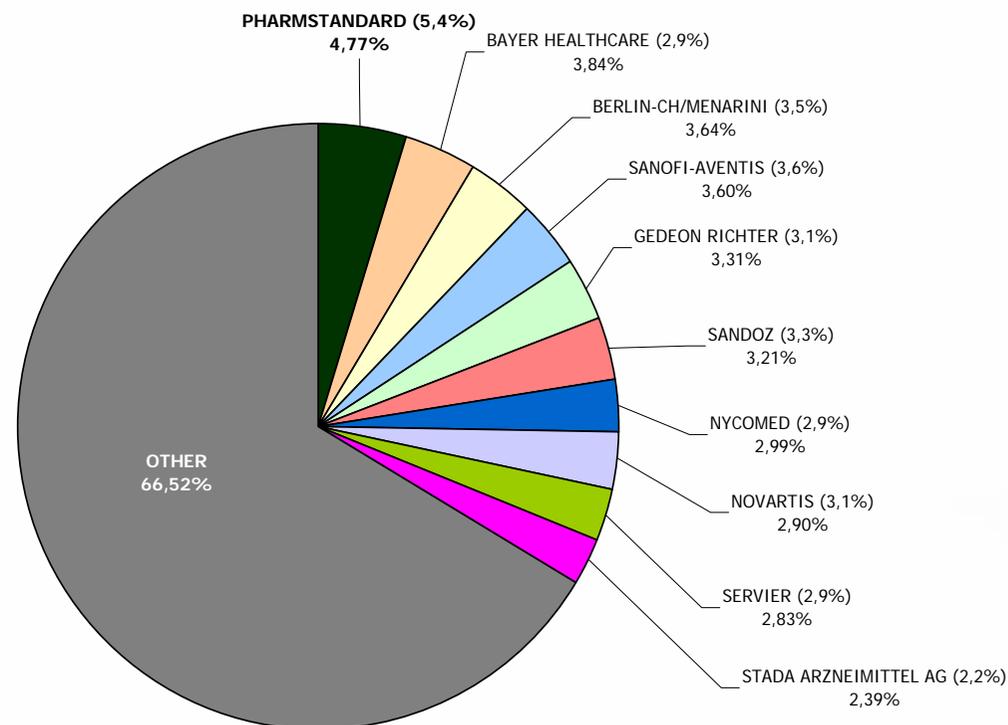
62% revenue growth in 1H 2009
32% organic growth in 1H 2009

PHST – Leading Russian Pharmaceutical Company

Market Share – All Companies



Market Share – Retail Segment



#4 pharma company in Russia overall
#1 domestic pharma company
#1 in Retail segment

MS in 1H 2009
 (1H 2008 – in brackets)

2009 Analyst Day Presentation, 2 September 2009



Strategy

1. Promote our market-leading brands to drive sales growth and profitability
2. Launch new products on a regular basis
3. Expand sales and marketing effort
4. Grow through acquisitions and realize synergies
5. Cooperation with leading pharmaceutical companies
6. Continue to actively control costs
7. Exploit opportunities arising from government funding of healthcare

Building the leading pharmaceutical company in Russia

2020 Russian Pharma Strategy*

- Provision with domestically produced medicines
- Harmonization of Russian standards of medication development and production with international requirements
- Stimulation of innovative medications development and production, support of Russian medications export
- Protection of the internal market from unfair competition
- Technical re-equipment of the Russian pharmaceutical industry
- Quality conformity confirmation of medications. Eliminating excessive administrative barriers during registration of domestic medicines
- Educational system for preparation of specialists for the pharmaceutical industry

2009-2020 budget: RUR 177 bn



- New list of life-saving drugs. Price control (project).
- GMP production facilities certification for budget procurement from Jan 2010 (project)
- 15% price preference for local producers in budget tenders
- New law about pharmaceutical products (project)

By 2020

- Domestic products consumption – 50% of total market by value
- Share of innovation preparations on the domestic market – 60% of total market by value
- Increase of export by 8 times compared to 2008
- Provision of medicinal safety of the RF in compliance with the list of life-saving drugs
- Stimulation of domestic substances production sufficient for production of 50% of total drugs by value

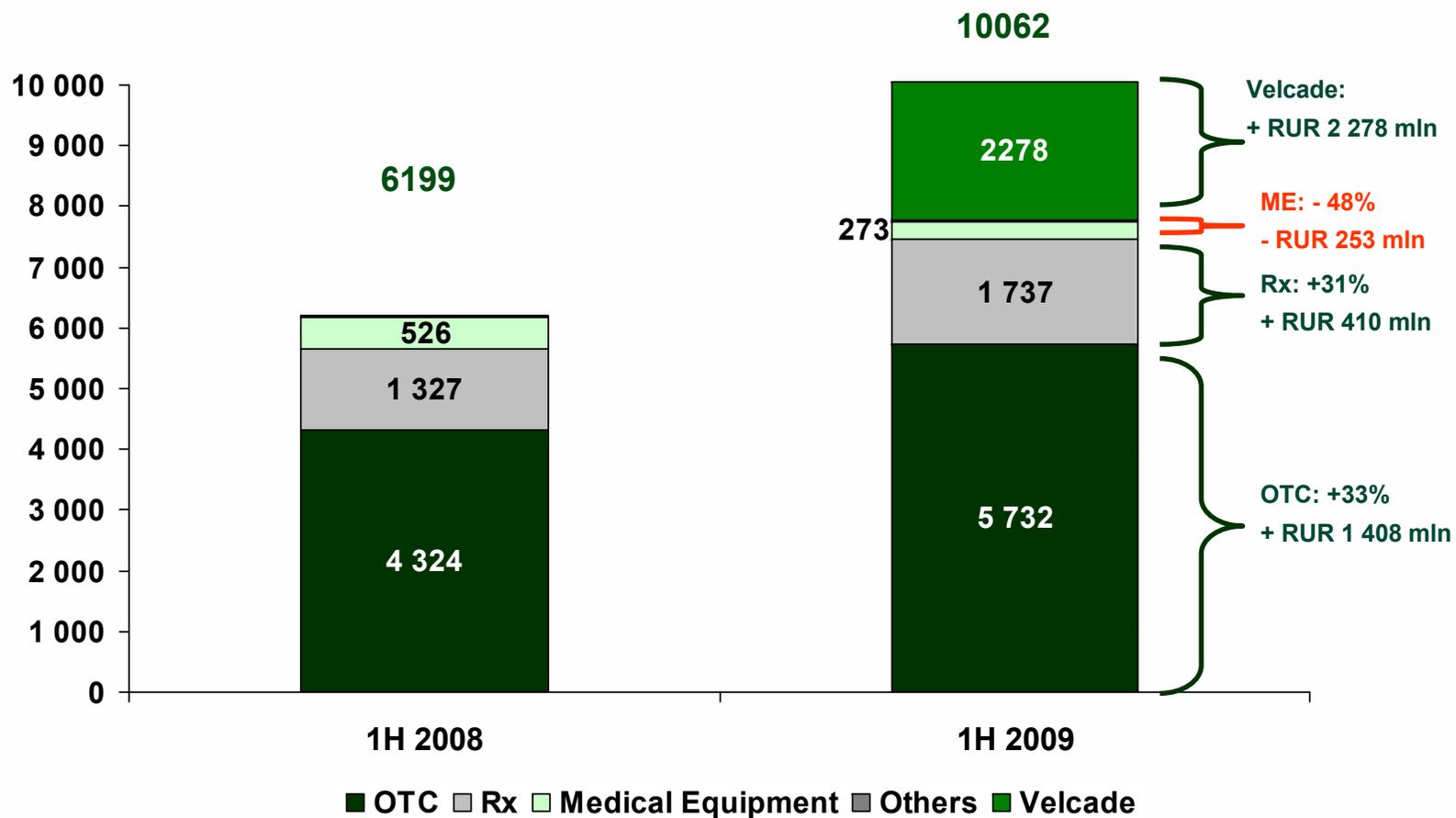
1H 2009 Financial Results



Elena Arkhangelskaya, CFO

Revenue Analysis

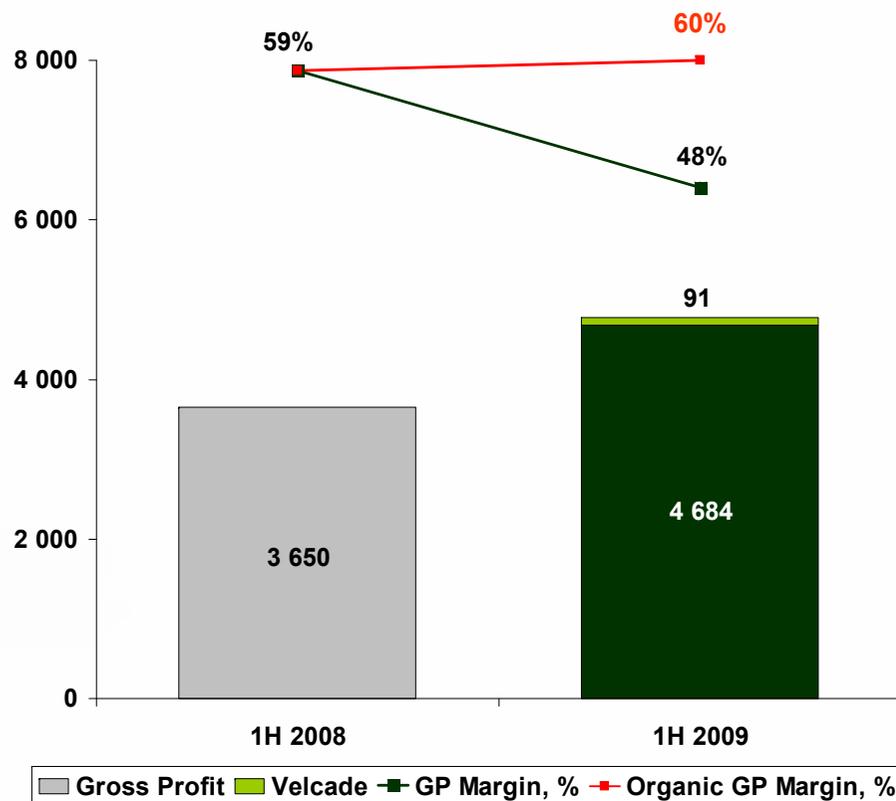
Sales structure, RUR mln



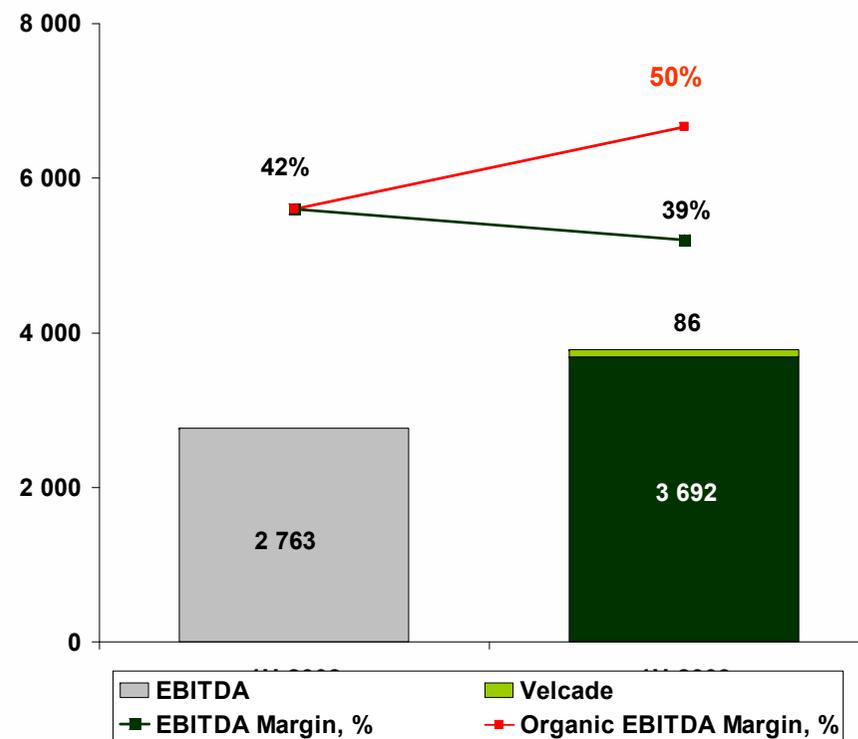
Total sales grew by 62%

Margins

Gross Profit



EBITDA*

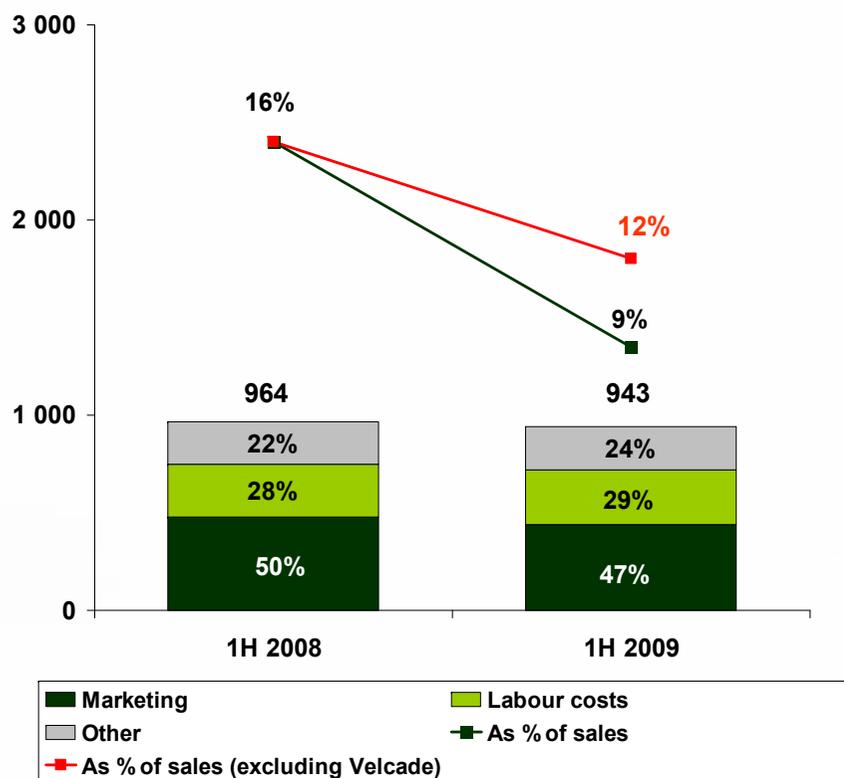


* - excluding foreign exchange gain or loss

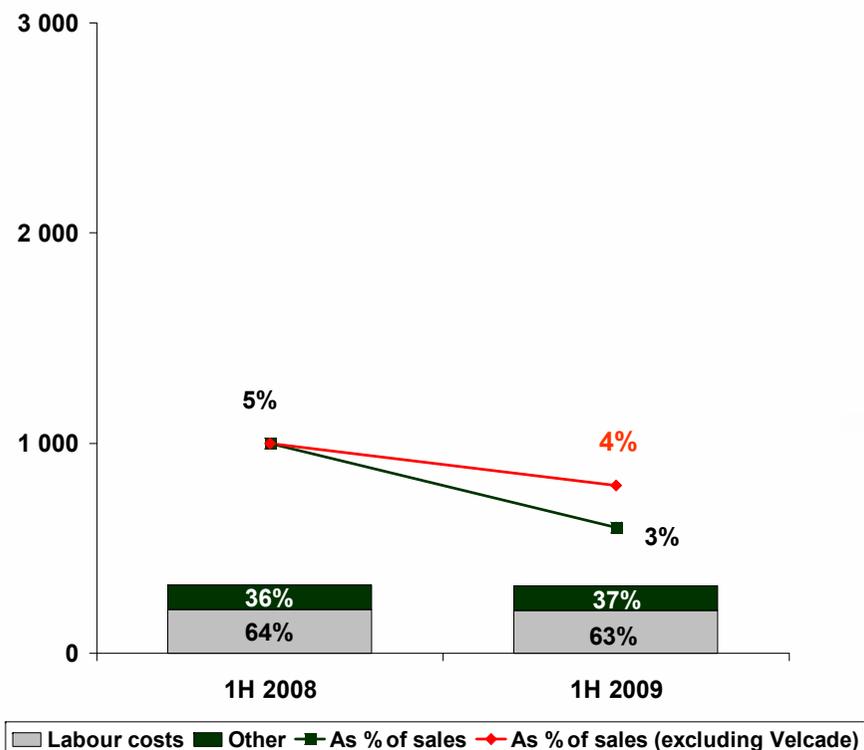
Gross profit margin (excluding Velcade) - 60%
EBITDA margin (excluding Velcade) - 50%

Competitive Cost Structure

Selling and Distribution Costs



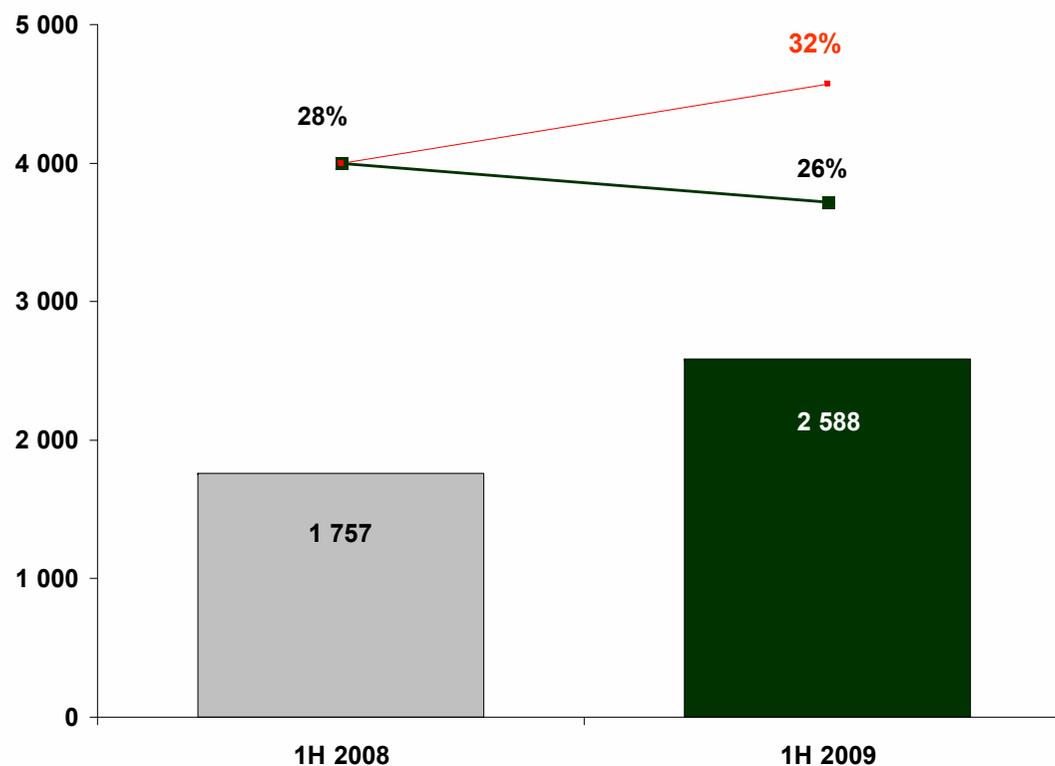
General and Administration Costs



1H 2009 Pharmstandard SG&A costs - less 13%

Profitability

Net Profit



Net profit growth of 47%
Income tax rate has been decreased to 20% from 24%

Consolidated Balance Sheet and CAPEX

IFRS basis, mIn RUR

| | 1H 2009 | 1H 2008 |
|---|---------------|---------------|
| Long-term assets | 10,076 | 10,264 |
| Trade receivables | 6,463 | 4,761 |
| incl.Velcade trade receivables | 1,757 | |
| Cash and cash equivalents | 2,280 | 186 |
| Other assets | 4,103 | 2,999 |
| Total assets | 22,922 | 18,210 |
| Total equity | 15,437 | 12,614 |
| Payables | 4,576 | 1,708 |
| incl.Velcade payables | 2,243 | |
| Long-term borrowings and loans | 608 | 761 |
| Current portion of long-term borrowings | 1,048 | 1,583 |
| Other liabilities | 1,544 | 1,379 |
| Total liabilities | 7,483 | 5,596 |
| Total equity and liabilities | 22,922 | 18,210 |

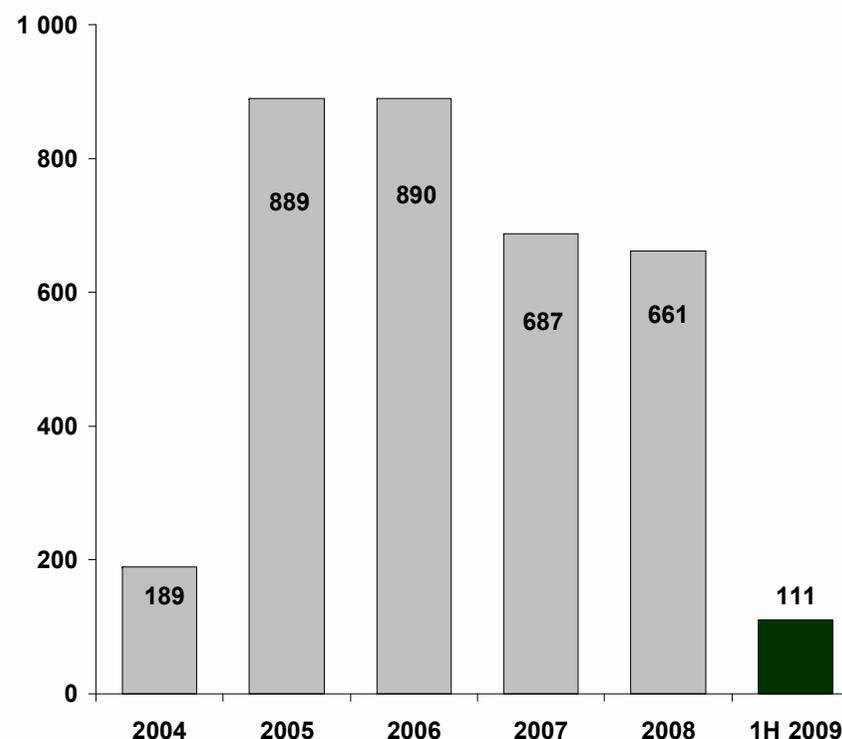
Debt summary, 1H 2009, USD

Facility A: US\$40.4m (maturity Dec-2009)

Facility B: US\$38.8m (maturity Dec-2011)

Debt: US\$54m

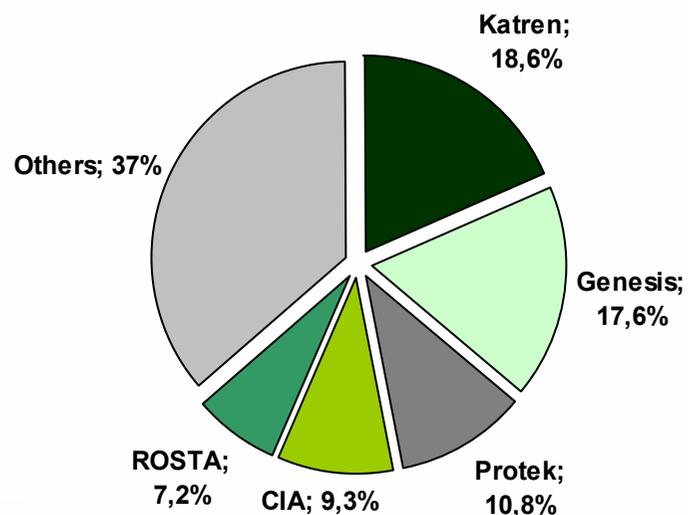
Capital Expenditure (PPE*), mIn RUR



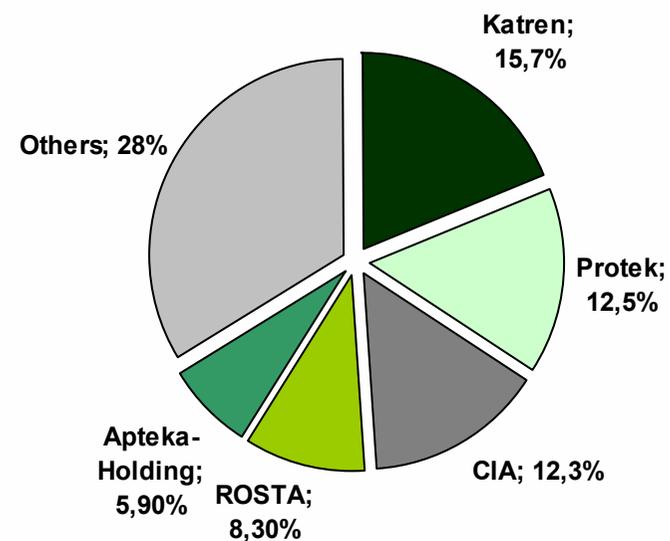
* - Ufa (ampules), Tomsk (tablets – Arbidol, Amixin, Imudon)

Distributors

1H 2008



1H 2009



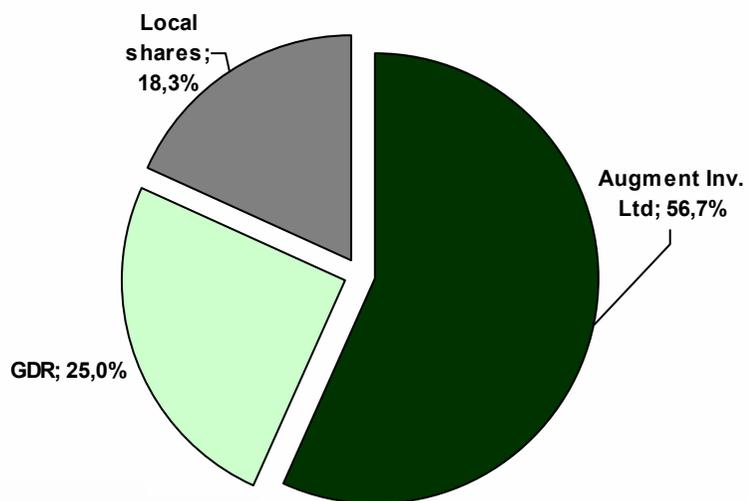
Payment terms

- Russia retail – up to 90 days
- Export – up to 180 days

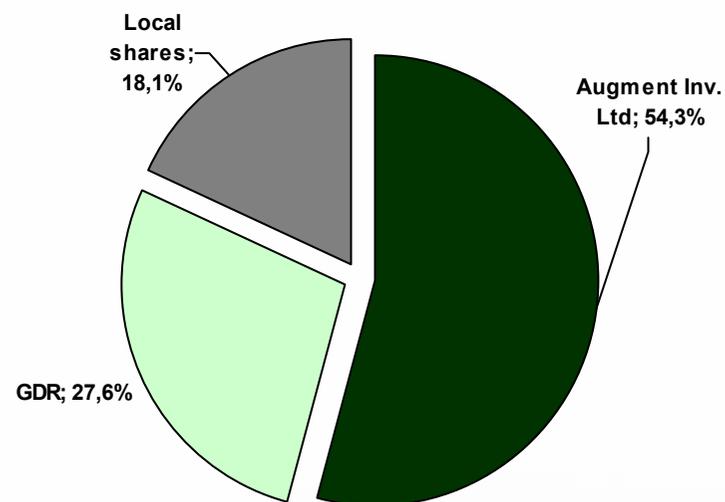
Share Capital

In 2009 Augment Investment Ltd. reacquired 55,000 ordinary shares representing a minor part of share capital. After these transactions, 45.7% of share capital was publicly listed of which 27.6% on LSE.

2008



1H 2009



Marketing



Stanislav Reshetnikov, Marketing Director

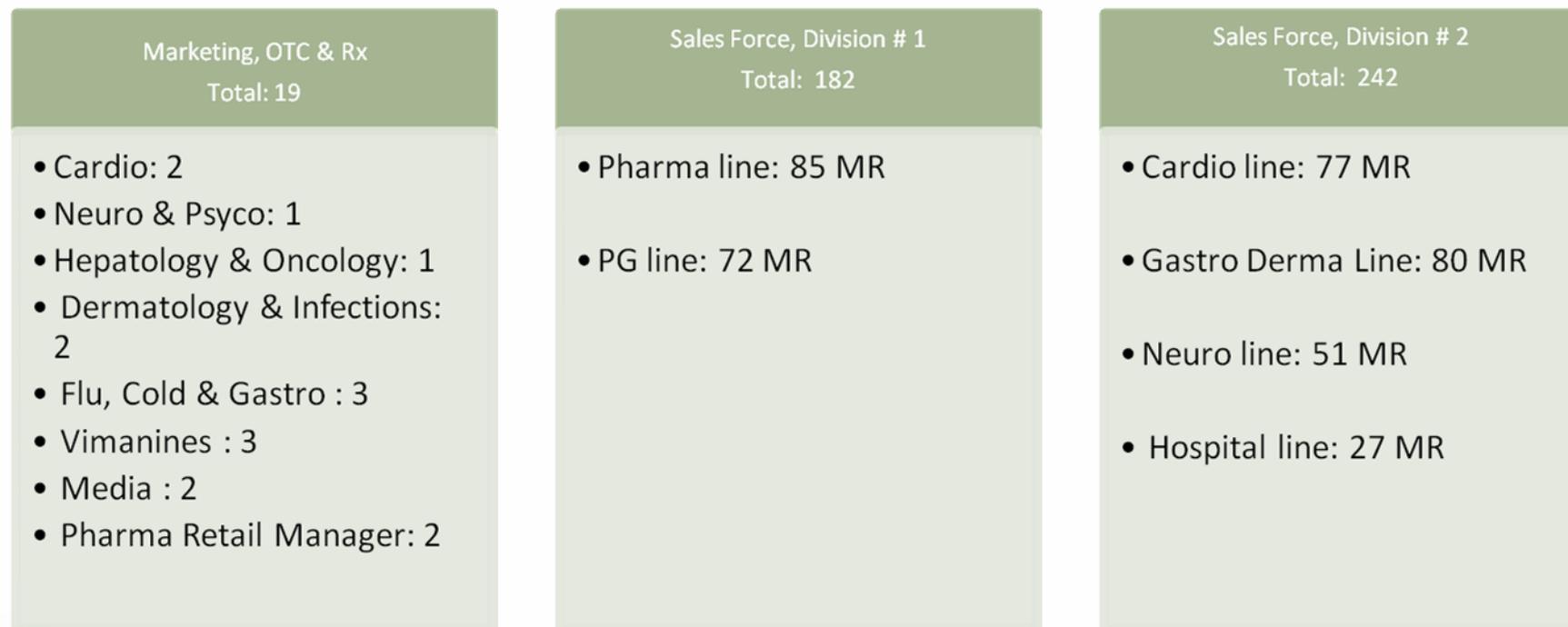


- 1. Marketing Department**
2. Market Trends
3. Pharmstandard on the Market
4. Top Products Review

Marketing Department Structure



2009 Marketing & Sales Force Structure



- ✓ Staff as of 1H2009: 457 people
- ✓ Actively promoted OTC brands: 17
- ✓ Actively promoted Rx brands: 12
- ✓ Target groups: pharmacies, GPs, pediatricians, gynecologists, cardiologists, neurologists, dermatologists, gastroenterologists, hepatologists, oncologists

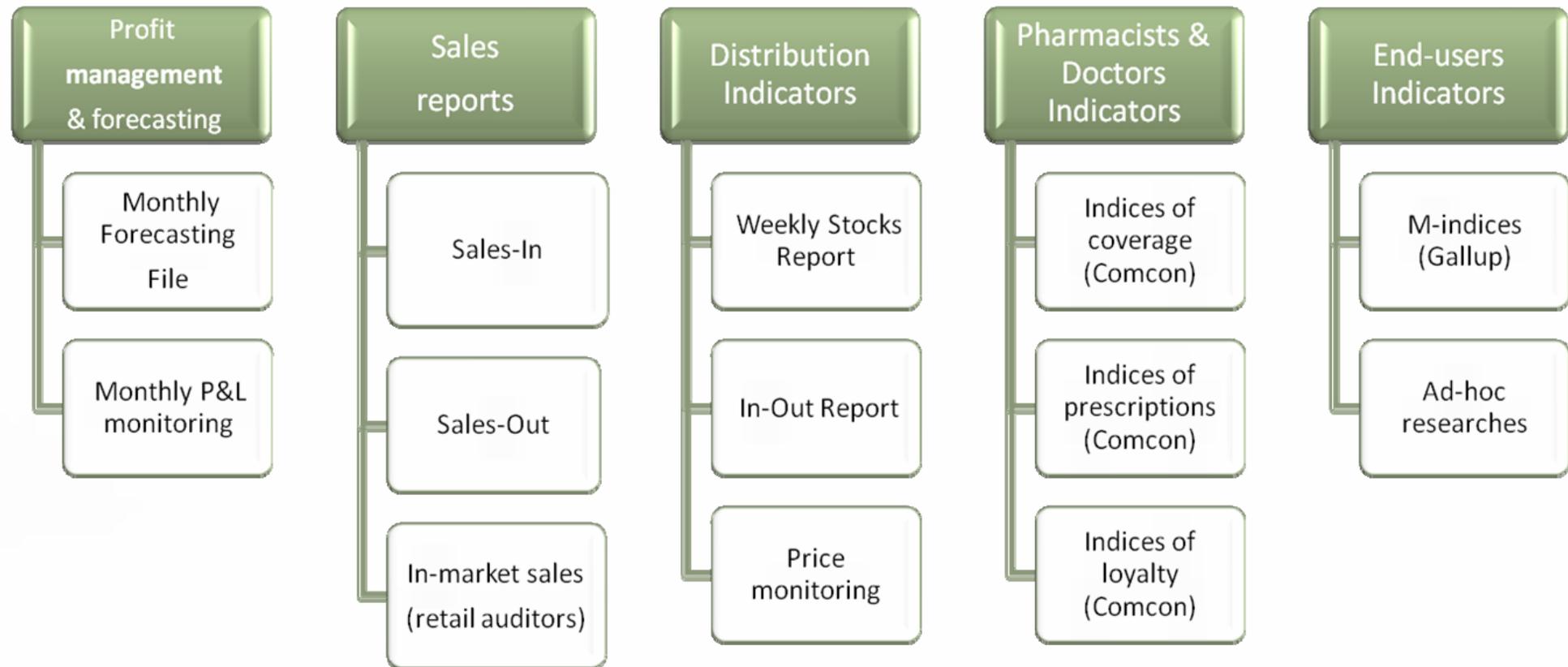
Main Changes in Structure 2008-2009



Changes 2008-2009:

- Formation of unified marketing division and OTC/Rx sales force divisions (rejection of business units system)
- “Cross-products”: Arbidol, Afobazol, Amixin, Flukostat, Mildronat

Key Information Sources for Decision-making Process



Marketing Division Development: 2H 2009

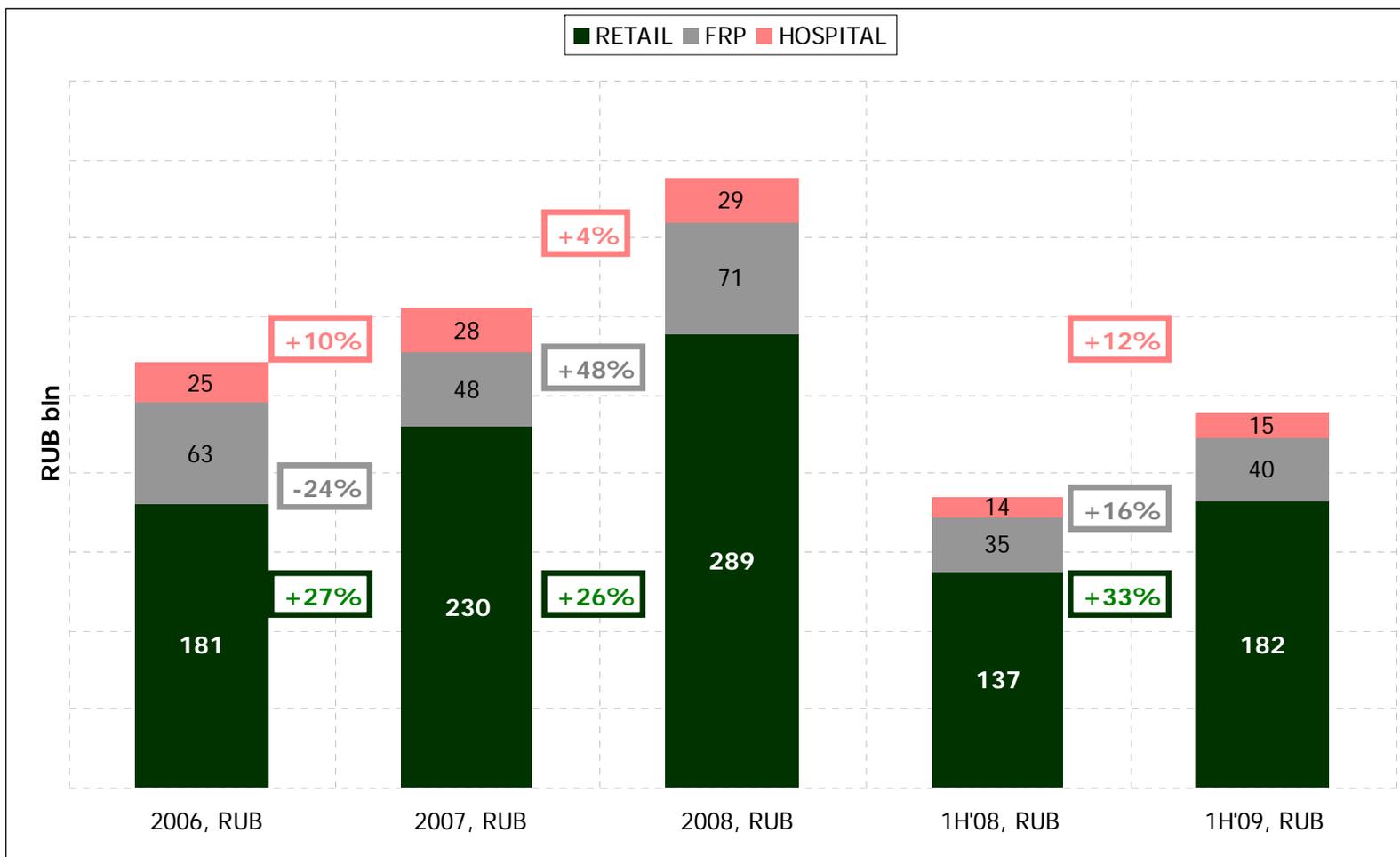
- Improvement of portfolio synergy, forming of “product basket” for each medical target audience
- Further optimization of ETMS (new approach for customer potential estimations)
- Systematic revision of marketing & sales force in the light of dynamically changing external and internal factors

Goal: more effectiveness, less costs



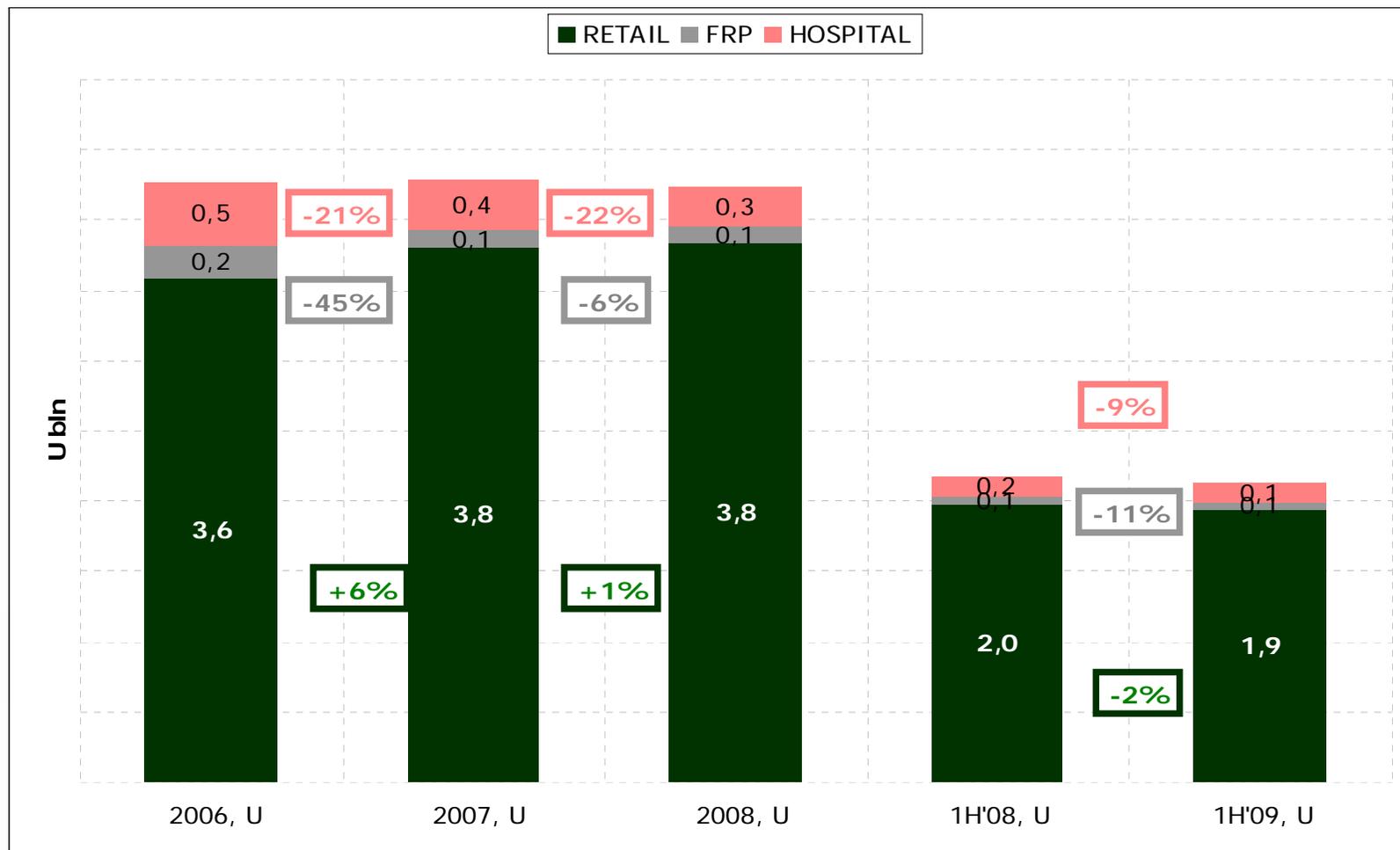
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Russian Pharmaceutical Market Development



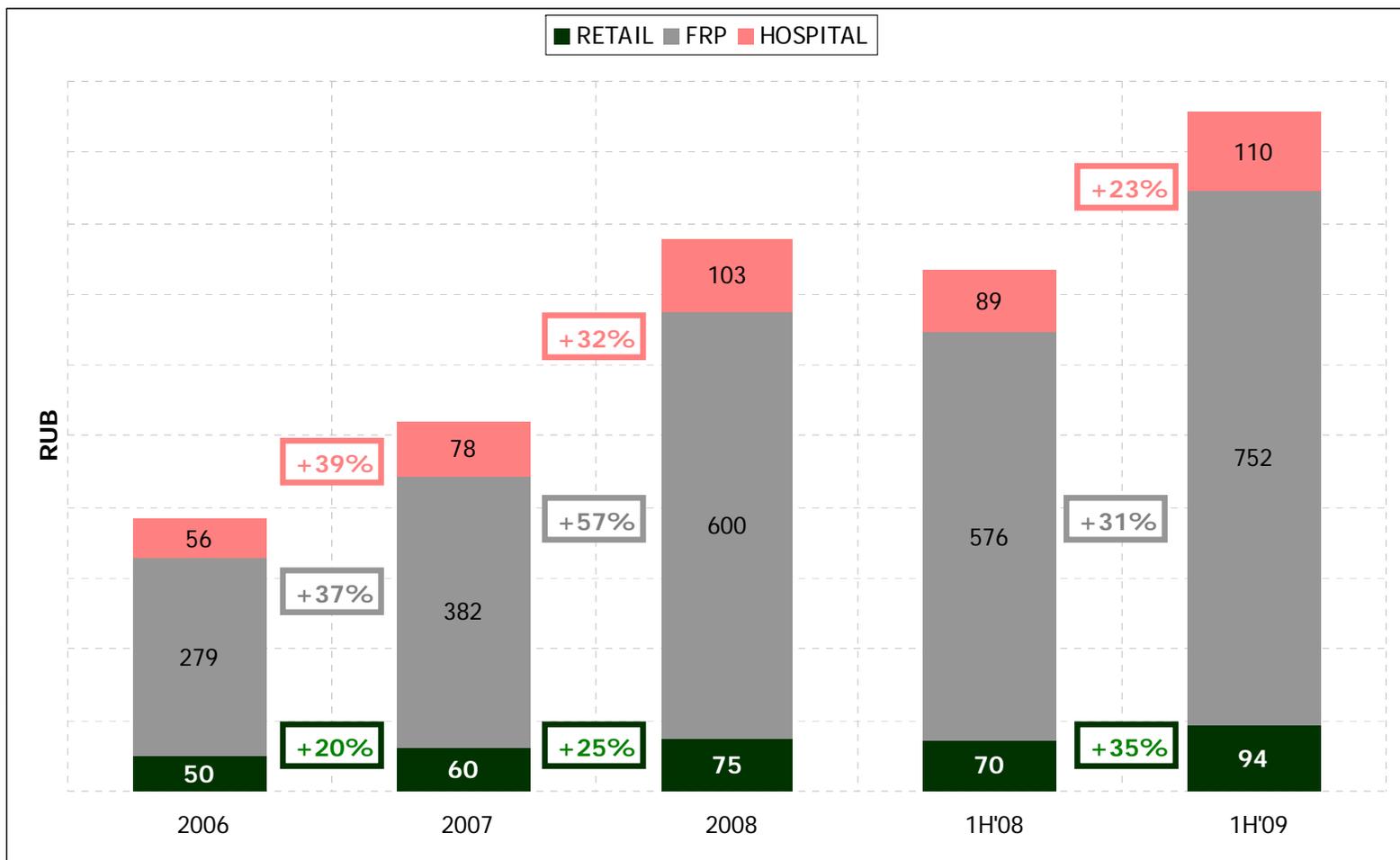
Russian pharmaceutical market keeps the positive trend as it was in 2006-2008 (growth in commercial segment 1H 2009/1H 2008: + 33%)

Russian Pharmaceutical Market Development



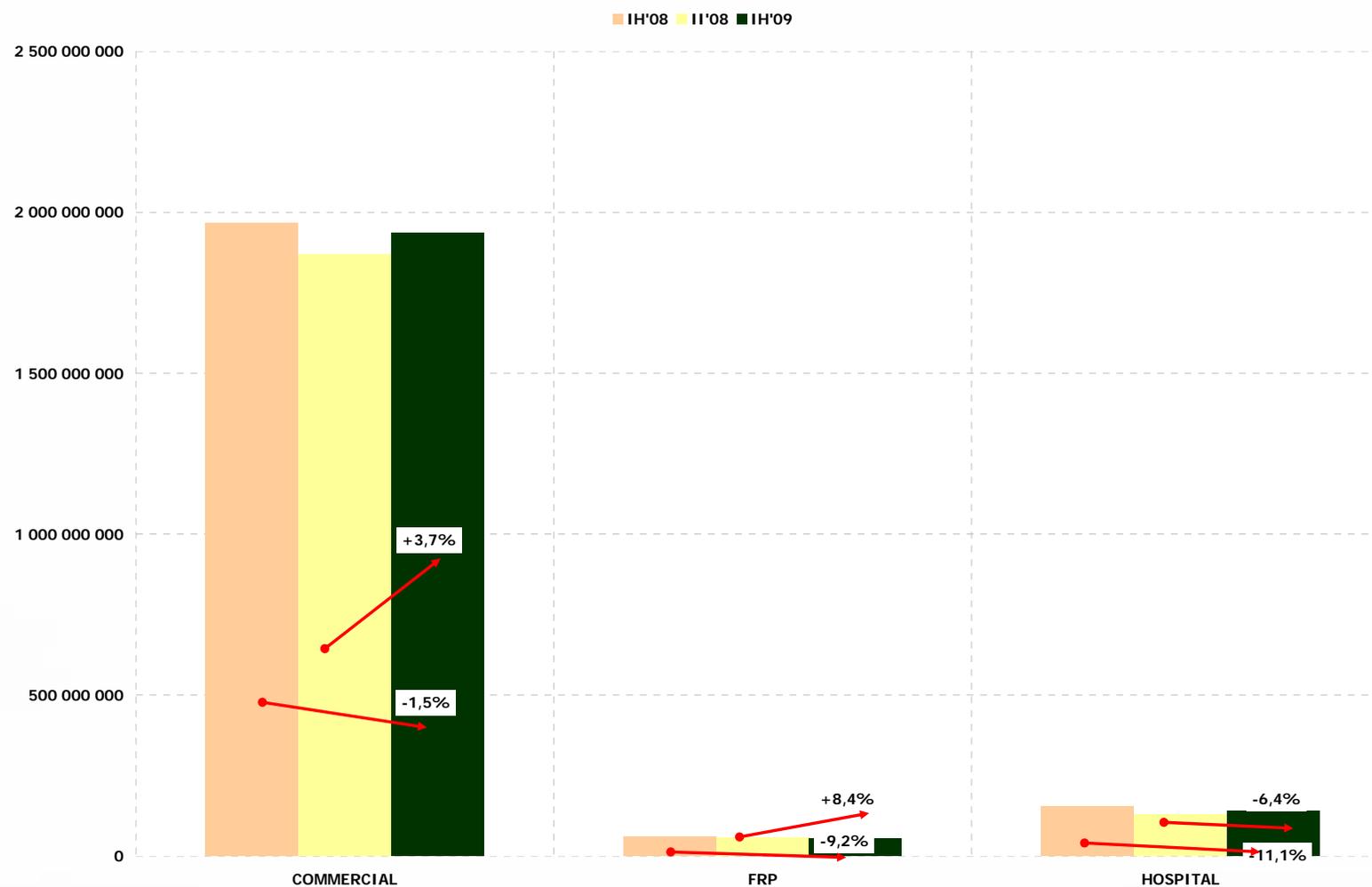
Market volume keeps on the same level as in previous period

Average price dynamics by segments, RUR



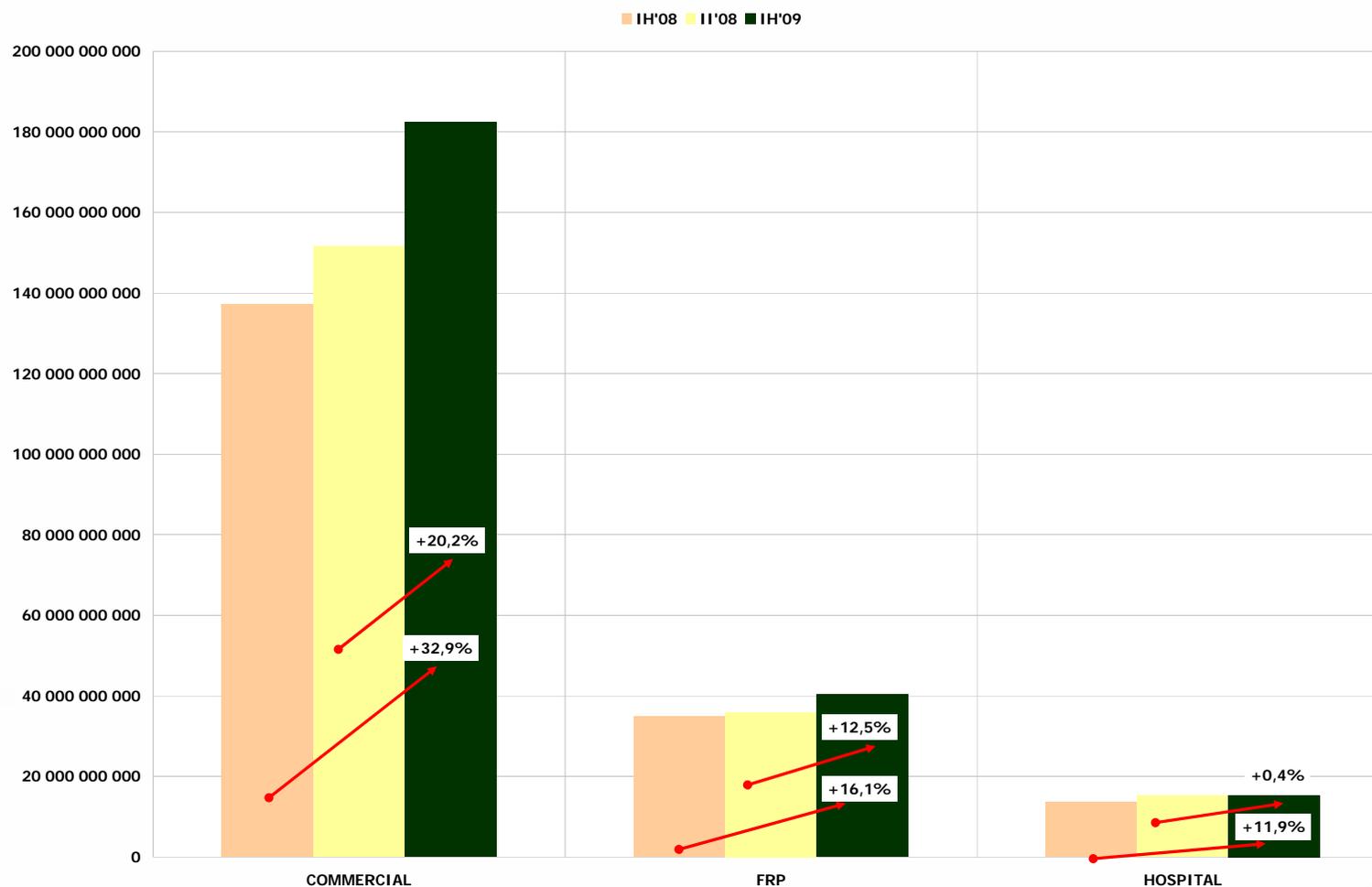
Average price in retail segment is growing (+35% 1H'09 vs. 1H'08)

Market Segments 1H08/2H08/1H09 by Volume, Units



• **Visible declining in 2H08 with positive trend in 1H09 (retail and hospital segments)**

Market Segments 1H08/2H08/1H09 by Value, RUR

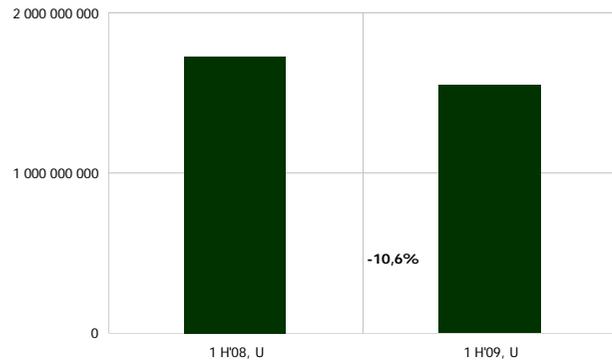


• Value growth in retail segment 1H09/1H08 + 33%

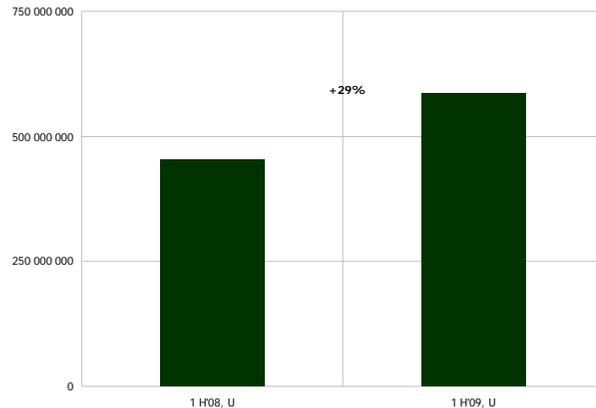
Low-tier & High-tier retail segments 1H09 vs. 1H08

By Volume (units)

< 100 RUR per unit

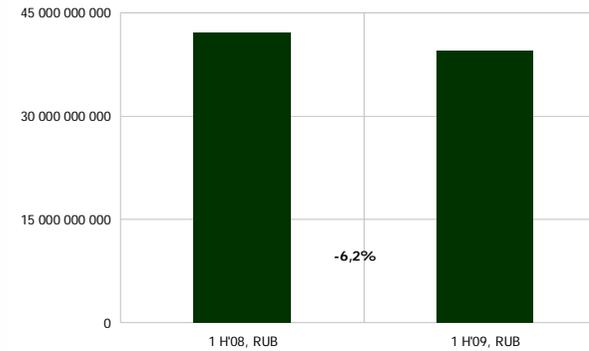


> 100 RUR per unit

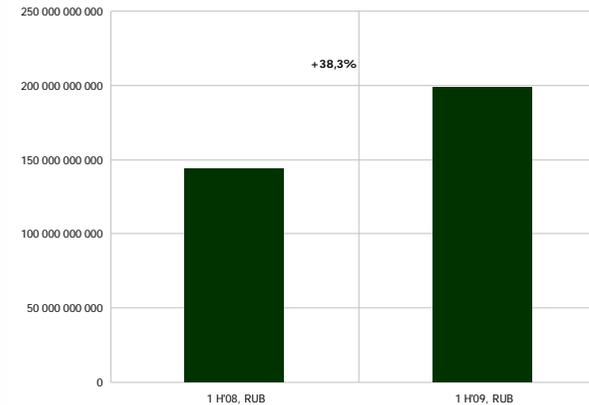


By Value, RUR

< 100 RUR per unit



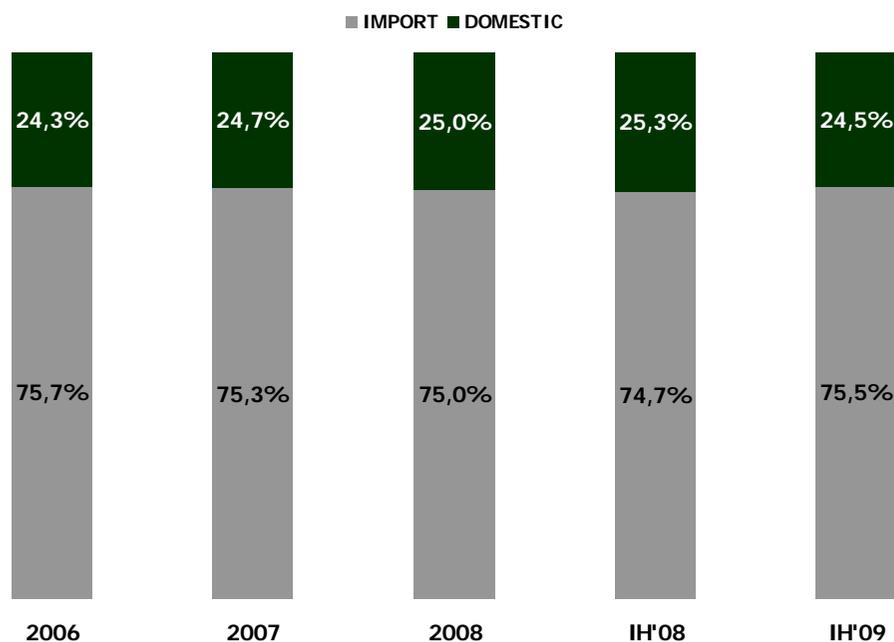
> 100 RUR per unit



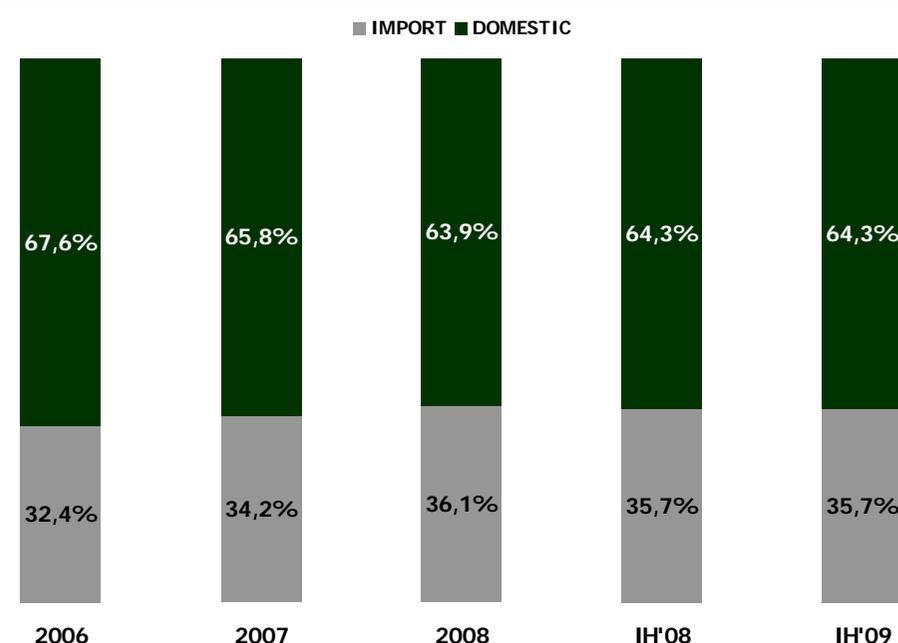
• High-tier segment grew in volume and in value (+29% and + 38% respectively)

Retail Segment - Imported vs. Local

By Value, RUR, %



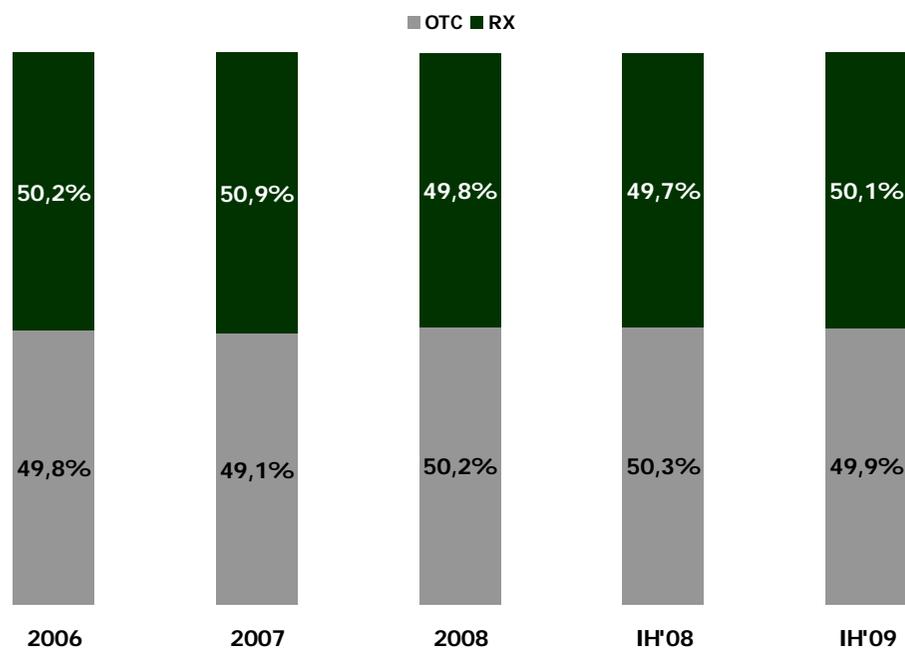
By Volume, units, %



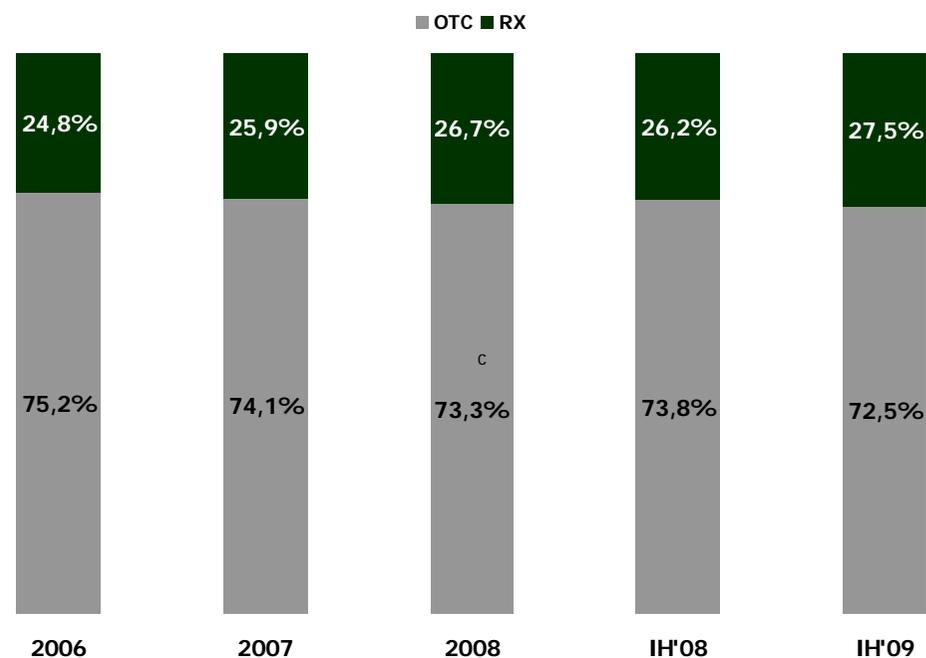
- Volume share of local products in 1H09 demonstrates tendency to grow (till 2008 – declining trend!)
 - Pharmstandard volume share grew from 8,8% to 10.6%
- Value share of local products in 1H09 is reducing (mostly due to price increase of imported remedies)

Retail Segment - OTC vs. Rx

By Value, RUR, %



By Volume, units, %



- In value: ratio between OTC and Rx keeps stable
- In volume: Rx share is growing up (due to unsaturated ATC categories)

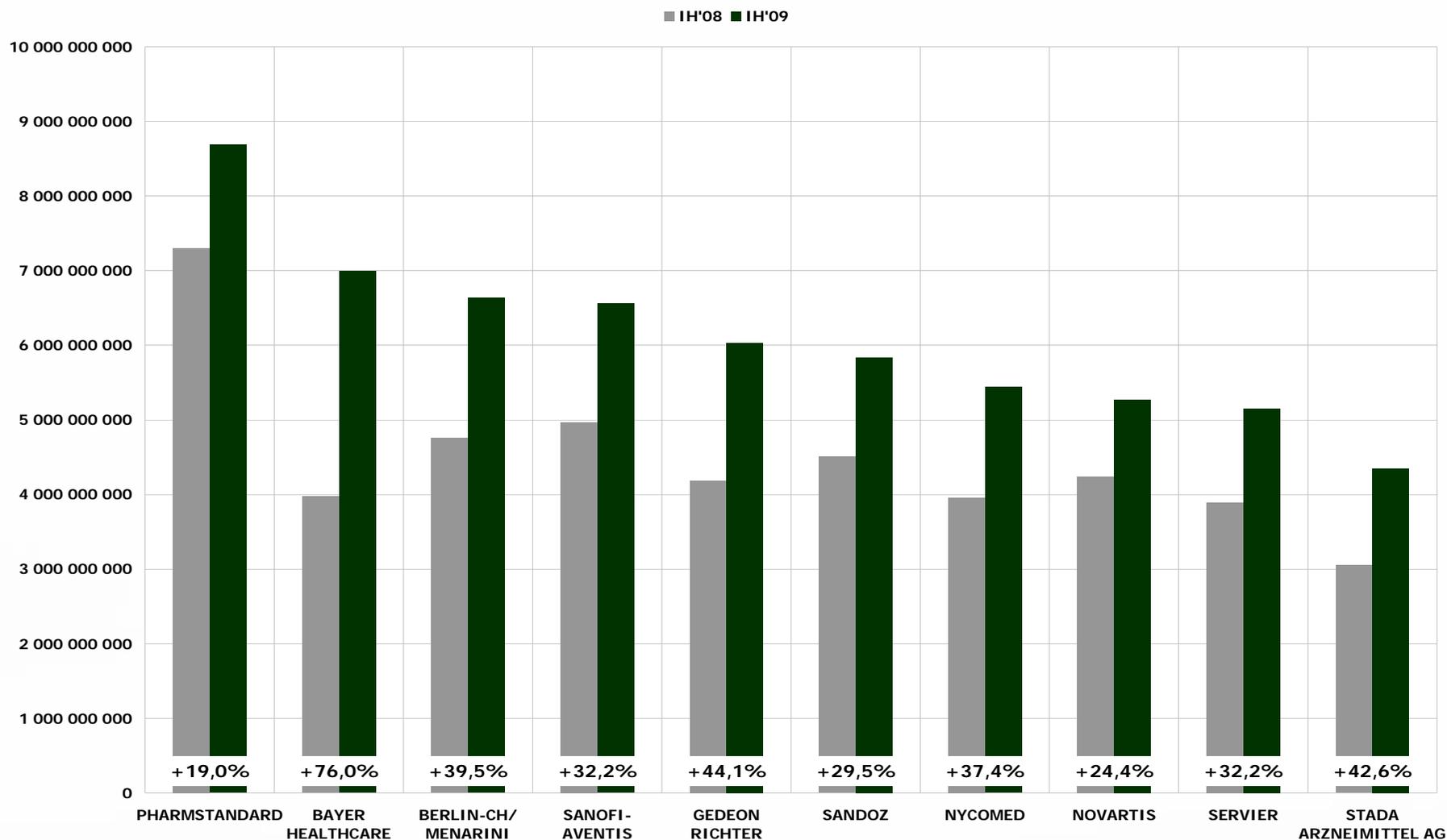
1H09 vs. 1H08: Summary

- Russian pharmaceutical market keeps the positive trend as it was in previous years (retail segment 1H 2009/1H 2008: + 33% in RUR)
- Key point in 1H 2009: increase in average in-market price what is linked both with changing in RUR\USD ratio and risk management (increase in distributors and retail mark-ups)
- Retail market volume 1H 2009/1H 2008 is quite stable (-1.5%) with growth 1H 2009/2H 2008 (+3.6%)
- Volume share of local products tends to increase, value share is declining due to price increase of imported products
- Ratio between OTC & Rx – with no visible dynamics



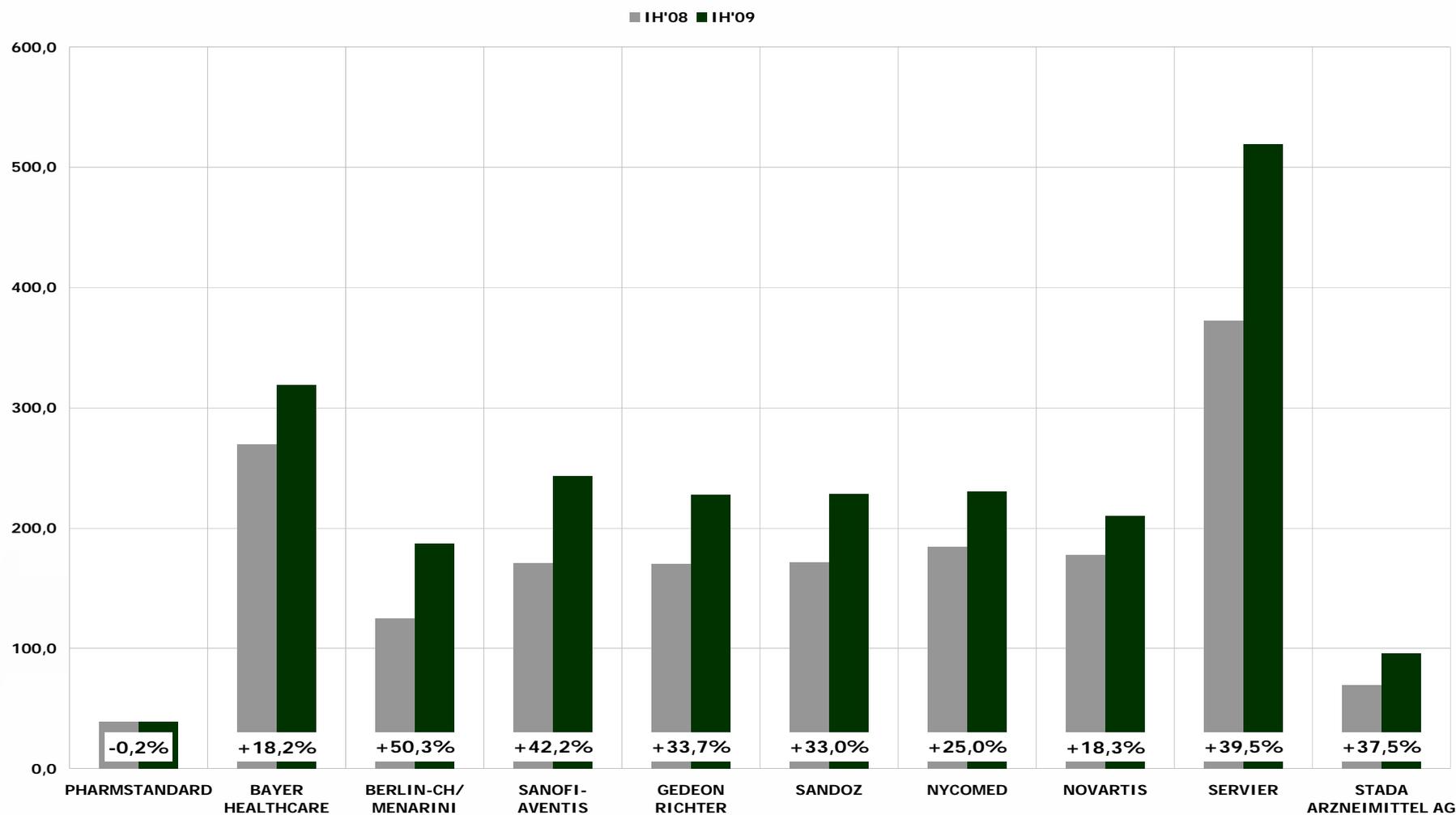
1. Marketing Department
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4. Top Products Review

TOP-10: retail sales 1H09/1H08 by Value, RUR



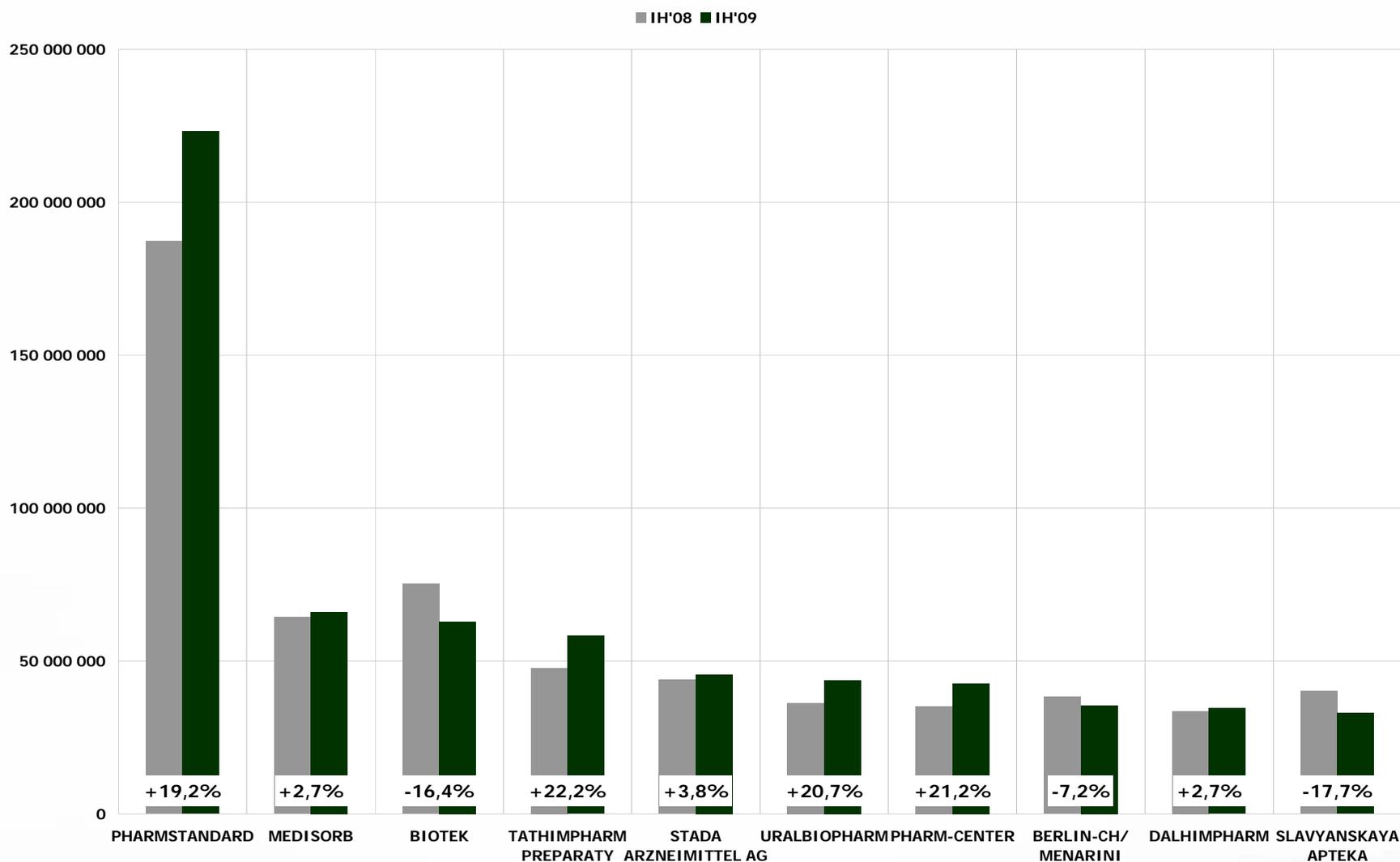
Pharmstandard retail sales growth: +19%

Average Price Dynamic (Retail) of Top-10 by value (RUR)



• Pharmstandard keeps stable average retail price

TOP-10: retail sales 1H09/1H08 by Volume, Units



• **Pharmstandard growth in value (+19%) was stipulated mainly by increase in volume (+19.2%)**



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4. **Top Products Review**

Best Selling Brands 1H 2009

| № | BRAND | 1H 2009 | | | 1H 2008 | | | Volume 09/08 | | Sales 09/08 | |
|---------------------|-------------|--------------------|-----------------|------------------|--------------------|-----------------|------------------|---------------|------------|--------------|------------|
| | | Volume (mln packs) | Sales (mln RUR) | % of total sales | Volume (mln packs) | Sales (mln RUR) | % of total sales | Change | % | Change | % |
| 1 | Velcade | 0,040 | 2 278 | 23% | 0,000 | 0 | - | 0,040 | - | 2 278 | - |
| 2 | Arbidol | 12,329 | 1 475 | 15% | 9,962 | 1 021 | 18% | 2,368 | 24% | 454 | 44% |
| 3 | Pentalgin | 18,306 | 945 | 10% | 14,051 | 690 | 12% | 4,255 | 30% | 255 | 37% |
| 4 | Mildronate | 3,087 | 674 | 7% | 3,089 | 627 | 11% | -0,002 | 0% | 46 | 7% |
| 5 | Complivit | 7,164 | 487 | 5% | 5,426 | 342 | 6% | 1,738 | 32% | 144 | 42% |
| 6 | Codelac | 3,392 | 339 | 3% | 2,762 | 157 | 3% | 0,630 | 23% | 183 | 116% |
| 7 | Phosphogliv | 0,934 | 326 | 3% | 0,727 | 238 | 4% | 0,206 | 28% | 88 | 37% |
| 8 | Flukostat | 2,700 | 316 | 3% | 2,343 | 272 | 5% | 0,357 | 15% | 44 | 16% |
| 9 | Terpincod | 2,151 | 302 | 3% | 9,083 | 799 | 14% | -6,932 | -76% | -497 | -62% |
| 10 | Afobazol | 1,297 | 191 | 2% | 0,000 | 0 | 0% | 1,297 | - | 191 | - |
| Other brands | | 282,024 | 2 413 | 25% | 236,855 | 1 504 | 27% | 45,169 | 19% | 909 | 60% |
| TOTAL SALES | | 333,424 | 9 747 | 100% | 284,297 | 5 651 | 100% | 49,127 | 17% | 4 095 | 72% |

**Pharmstandard demonstrated total value growth (excluding Velcade) of 32%,
(17% volume growth)**

2009 New Products

New Products

| Product | Date | Description | ATC value, US\$ mln |
|--|-------|--|---------------------|
| Complivit Anti-stress | Jun09 | A11A - multivitamins with minerals Launched | 252 |
| Complivit Siyanie | Sep09 | A11A - multivitamins with minerals | 252 |
| Complivit Diabetes | Jun09 | A11A - multivitamins with minerals Launched | 252 |
| Mildronate, ampules | Aug09 | C01D - coronary therapy excluding calcium antagonists and nitrites | 113 |
| Traneksam | Sep09 | B02A - antifibrinolytics | 3 |
| Complivit Woman 45+ | Nov09 | A11A - multivitamins with minerals | 252 |
| Complivit Active (Chewing), 3-10 years | Nov09 | A11A - multivitamins with minerals | 252 |
| Codelac Broncho, syrup | Dec09 | R05D - antitussives | 110 |
| Codelac Broncho, tablets | Jun09 | R05D - antitussives Launched | 110 |
| Magnelis B6 | Apr09 | A12C - other mineral supplement Launched | 36 |
| Zinocap, aerosol | Sep09 | D05A - topical antipsoriasis product | 22 |
| Zinocap, cream | Sep09 | D05A - topical antipsoriasis product | 22 |

Top 10 OTC Brands 1H 2009

| № | BRAND | 1H 2009 | | | 1H 2008 | | | Volume 09/08 | | Sales 09/08 | |
|---------------------|-----------|--------------------|-----------------|------------------|--------------------|-----------------|------------------|---------------|------------|--------------|------------|
| | | Volume (mln packs) | Sales (mln RUR) | % of total sales | Volume (mln packs) | Sales (mln RUR) | % of total sales | Change | % | Change | % |
| 1 | Arbidol | 12,329 | 1 475 | 26% | 9,962 | 1 021 | 24% | 2,368 | 24% | 454 | 44% |
| 2 | Pentalgin | 18,306 | 945 | 16% | 14,051 | 690 | 16% | 4,255 | 30% | 255 | 37% |
| 3 | Complivit | 7,164 | 487 | 8% | 5,426 | 342 | 8% | 1,738 | 32% | 144 | 42% |
| 4 | Codelac | 3,392 | 339 | 6% | 2,762 | 157 | 4% | 0,630 | 23% | 183 | 116% |
| 5 | Flukostat | 2,663 | 310 | 5% | 2,316 | 268 | 6% | 0,347 | 15% | 42 | 16% |
| 6 | Terpincod | 2,151 | 302 | 5% | 9,083 | 799 | 18% | -6,932 | -76% | -497 | -62% |
| 7 | Afobazol | 1,297 | 191 | 3% | 0,000 | 0 | 0% | 1,297 | - | 191 | - |
| 8 | Amixin | 0,399 | 175 | 3% | 0,293 | 127 | 3% | 0,106 | 36% | 48 | 38% |
| 9 | Corvalol | 26,431 | 126 | 2% | 22,260 | 93 | 2% | 4,171 | 19% | 33 | 36% |
| 10 | IRS-19 | 0,439 | 107 | 2% | 0,000 | 0 | 0% | 0,439 | - | 107 | - |
| Other brands | | 236,675 | 1 274 | 22% | 201,027 | 827 | 19% | 35,648 | 18% | 447 | 54% |
| TOTAL SALES | | 311,247 | 5 732 | 100% | 267,179 | 4 324 | 100% | 44,068 | 16% | 1 408 | 33% |

- ✓ **Newcomers in the list: Afobazol and IRS-19**
- ✓ **Pharmstandard demonstrated total OTC growth of 33%, (16% volume growth)**

Arbidol (1): 1H09 vs 1H08

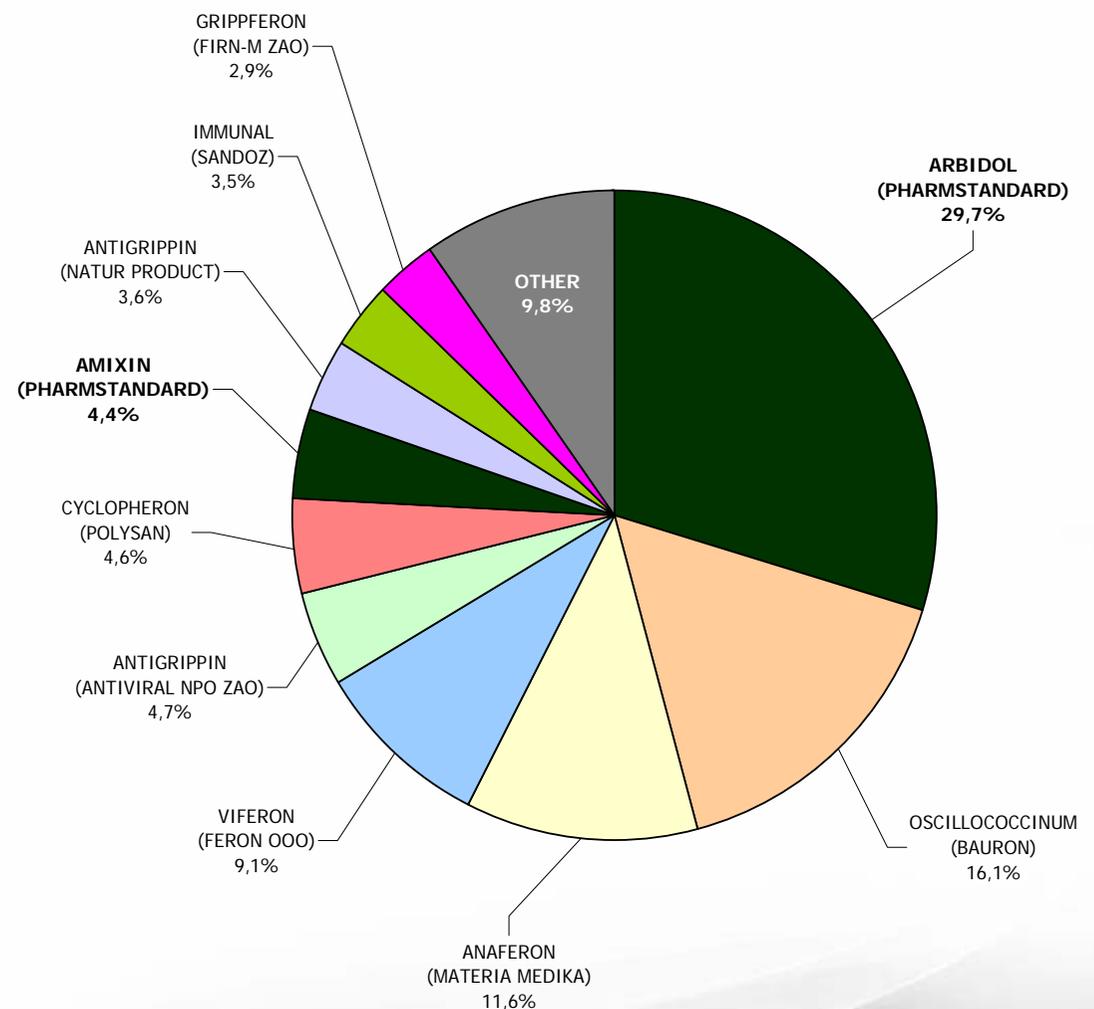
Trends

- Absence of national flu outbreak in 1Q09
- Growth of media pressure of main competitors
- Positive trend in 1H09 stipulated by launch of new SKU #20 capsules

Summary

- Retail Sales: + 9% (rub), -11% (units)
- MS in RUR: 30% vs 36%
- Market growth RUR: + 21%
- Market growth Units : +6%

"Anti-flu" rebuilt market



Arbidol (2)

- Brand growth became slower, but trend is positive (+9%)
- Brand awareness is growing*: 5.7 mln vs 5.1 mln
- Brand consumption is growing*: 3.1 mln vs 2.9 mln

Actions:

- Announcement of results of Arbidol testing on “swine flu” model
- Announcement of official local guidelines regarding “swine flu” treatment
- Increase in media pressure in 2H 2009
- DTC campaign against homoeopathic remedies

Expectations:

- Sales growth in 2HY2009 vs 2HY2008
- Market share recovering
- Crucial issue: autumnal flu out-break

Pentalgin: 1H09 vs 1H08

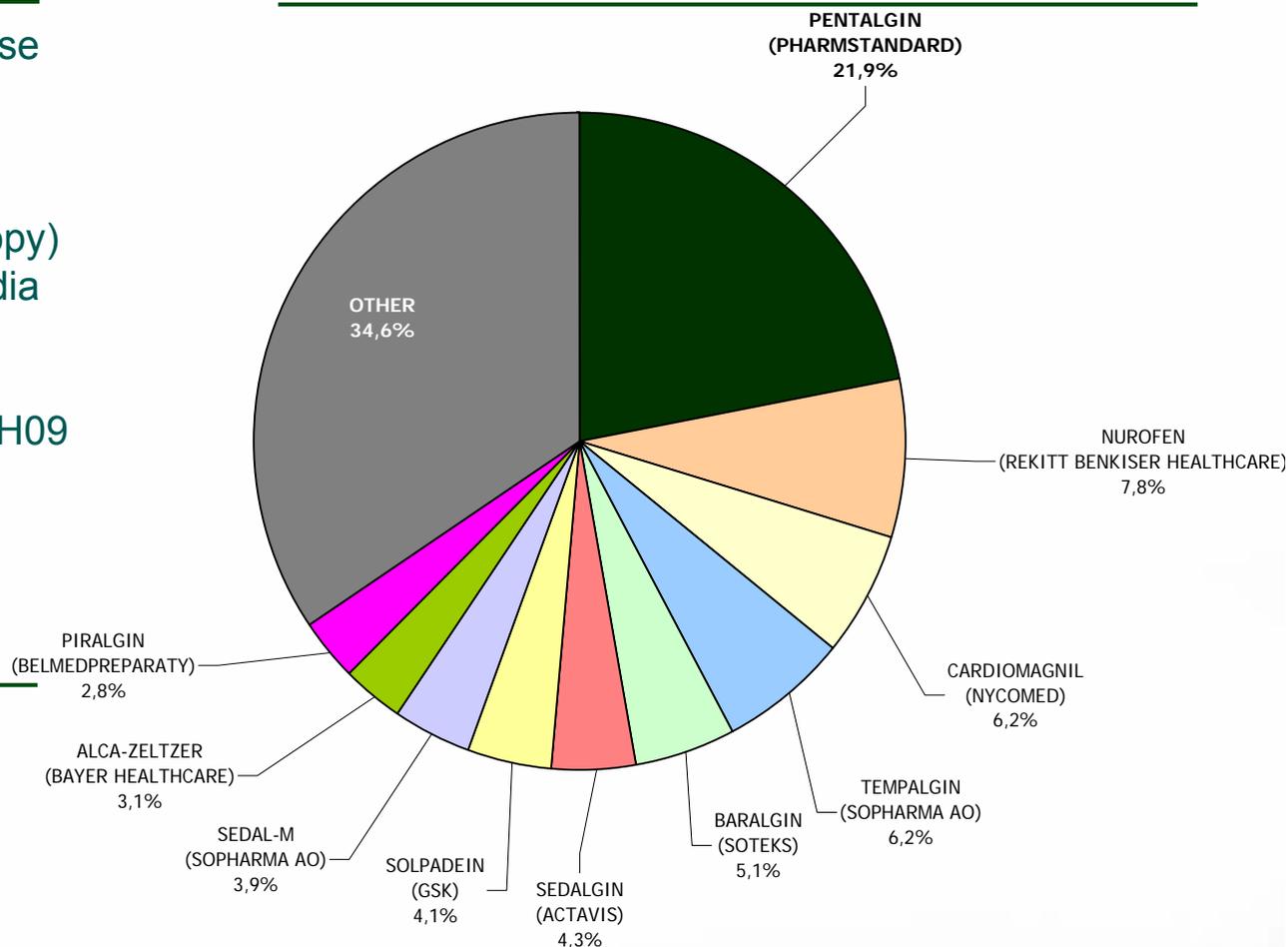
Trends

- Increase of average unit price because of launch of new Pentalgin Plus (premium segment)
- **Actions:** new communication (TV copy) in 2H 2009 and enhancement of media campaign
- **Expectations:** Retail sales growth 2H09 vs 2H08

Summary

- Retail Sales: + 22% (rub), 2% (units)
- MS in RUR: 22% vs 25%, units – no changes
- Market growth RUR: + 38%
- Market growth Units : +2%

Analgesics Market



Complivit: 1H09 vs 1H08

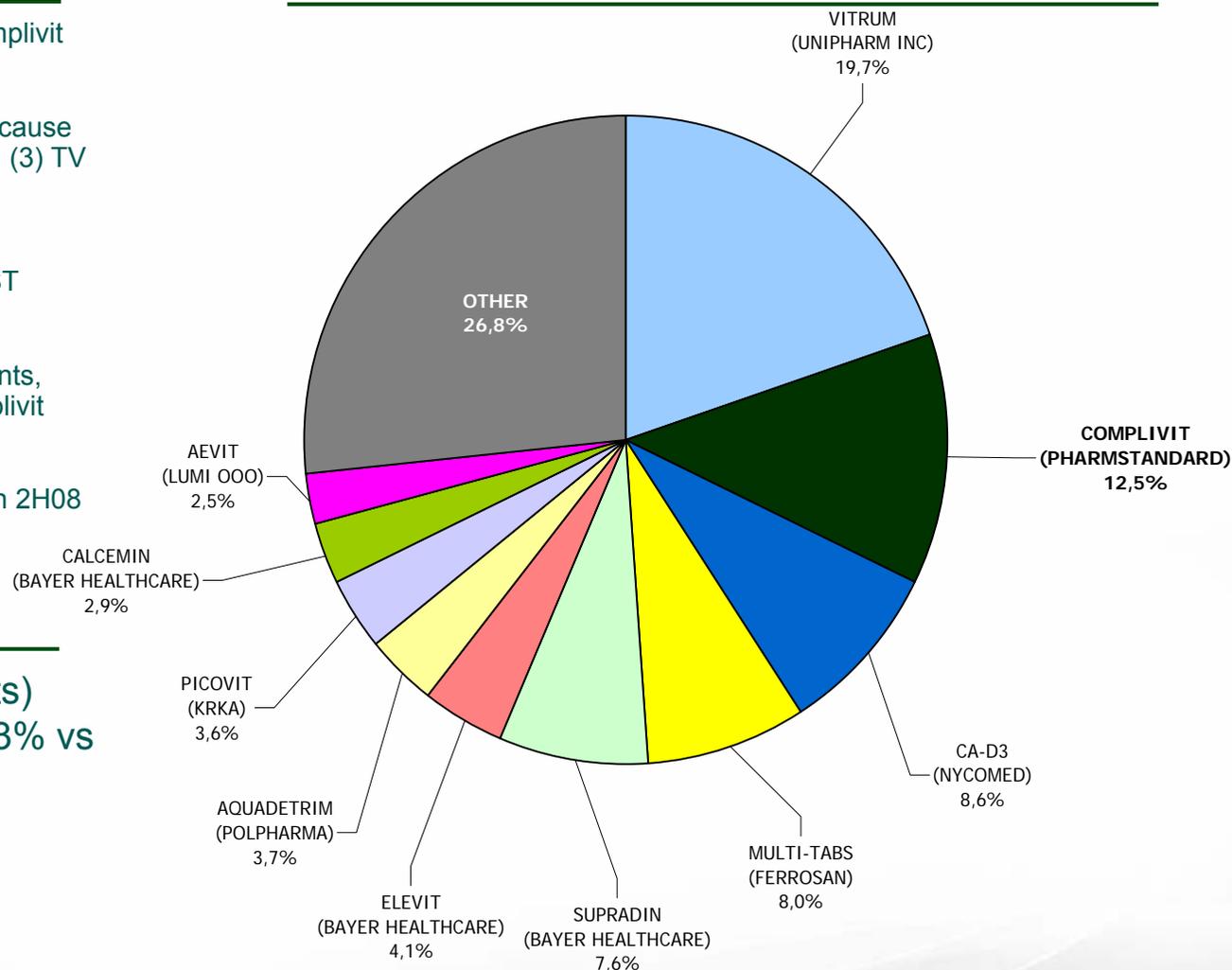
Trends

- Vitamins Market decreased in units by -7%, Complivit decreased only by 4%
- Complivit shows sustainable growth in value, because (1) sub-brands launches (2) new communication (3) TV investments
- Decrease of MS in value stipulated by growth of average price of imported vitamins (+40%). PHST average price increase 4%, Complivit 24%
- **Actions:** keep communication and TV investments, launches of new forms: Complivit Siyanie, Complivit Diabetes, Complivit Anti-Stress
- **Expectations:** 2H09 sales – not less than that in 2H08

Summary

- Retail Sales: + 21% (rub), -4% (units)
- MS in RUR: 13% vs 14%, units – 13% vs 12.7% changes
- Market growth RUR: + 31%
- Market growth Units : -7%

Vitamins Market



Afobazol: 1H09 vs 1H08

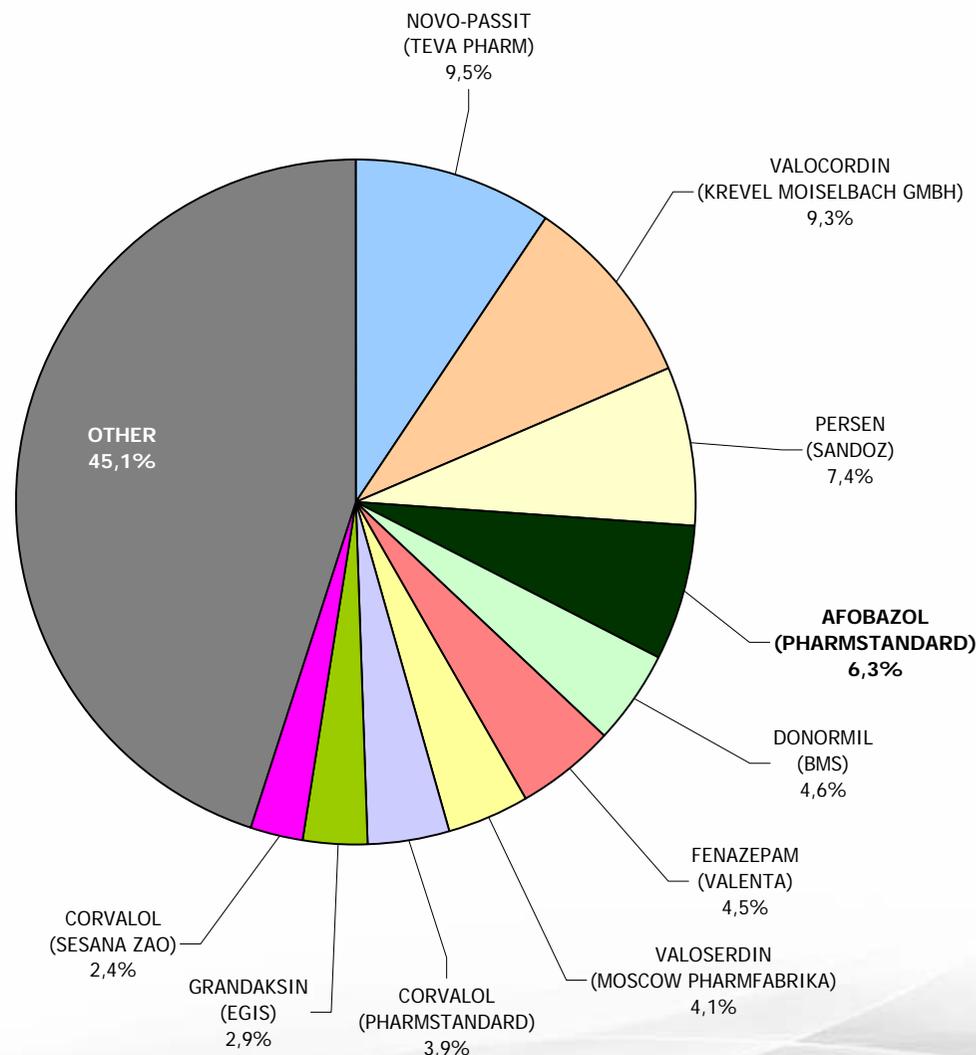
Trends

- Unique Product
- Successful marketing mix in 1H09
- Brand awareness and usage grew more than 2 times*
- **Actions:** new TVC, new educational media projects, launch of National Anxiety School (for medical doctors)
- **Expectations:** Growth of sales, further brand development

Summary

- Retail Sales: + 92% (rub), 52% (units)
- MS in RUR: 6% vs 4%, units: 1% vs 0.6% changes
- Market growth RUR: + 32%
- Market growth Units : -2%

Sedatives and Tranquilizers Market



Flukostat:1H09 vs 1H08

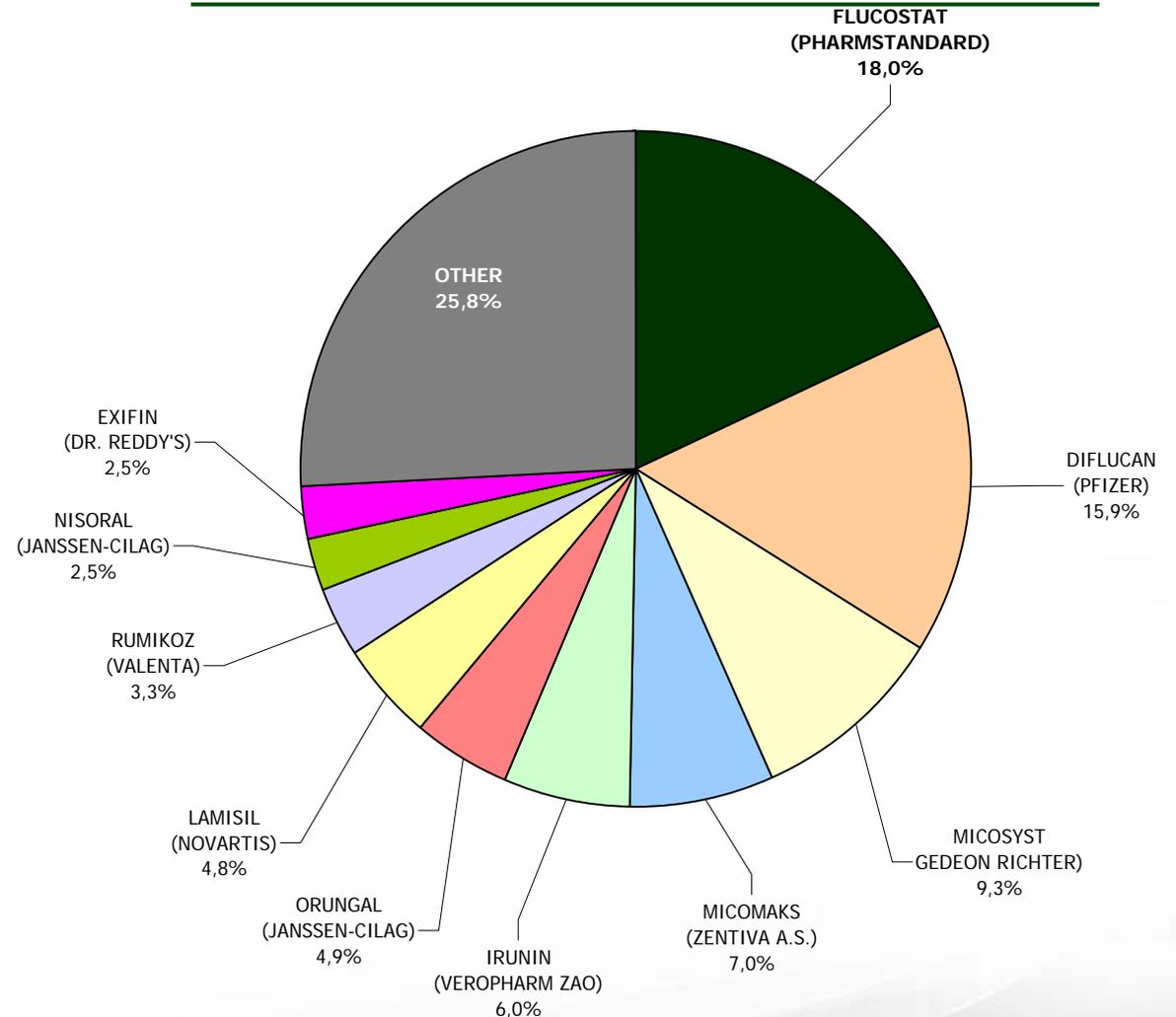
Trends

- Leading position on its market
- Growth of brand awareness and brand usage*
- Market issue: switching to local cheaper unbranded flukonazoles (“ looks-like brands”)
- Actions: new TVC, enhancement of media campaign (internet, product placement), BTL against unbranded flukonazoles, new package design
- Expectations: keeping market share

Summary

- Retail Sales: + 2% (rub), -8% (units)
- MS in RUR: 18% vs 21%, units: 21% vs 23% changes
- Market growth RUR: + 15%
- Market growth Units : +3%

Antifungal Market



Codelac:1H09 vs 1H08

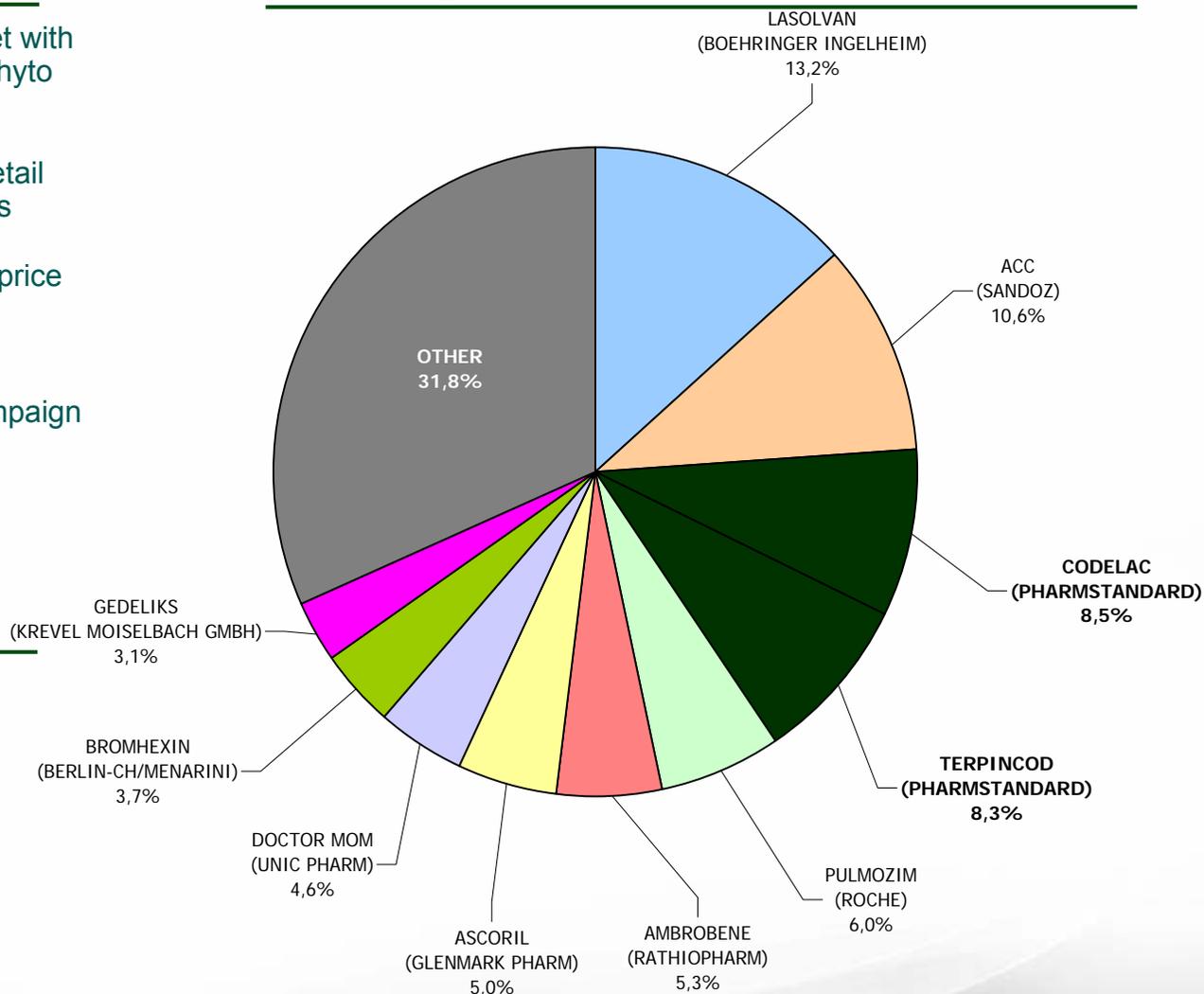
Trends

- PHST keeps its leading position on this market with the brands Codelac (Codelac tabs, Codelac phyto elixir) and Terpincod
- 1H 2009: local regulatory restrictions limiting retail merchandizing for codeine-containing products
- Decrease in media investments + increase in price → profit optimization
- **Actions:** Launch of new codeine-free sub-brand: Codelac Broncho, start of its media campaign in 2010
- Codeine products: cash cows

Summary

- Retail Sales: + 56% (rub), -14% (units)
- MS in RUR: 9% vs 7%, units: 3% vs 4% changes
- Market growth RUR: + 21%
- Market growth Units : -7%

Anti-cough Market



Top 10 Rx Brands 1H 2009

| № | BRAND | 1H 2009 | | | 1H 2008 | | | Volume 09/08 | | Sales 09/08 | |
|---------------------|-------------|--------------------|-----------------|------------------|--------------------|-----------------|------------------|--------------|------------|--------------|-------------|
| | | Volume (mln packs) | Sales (mln RUR) | % of total sales | Volume (mln packs) | Sales (mln RUR) | % of total sales | Change | % | Change | % |
| 1 | Velcade | 0,040 | 2 278 | 23% | 0,000 | 0 | - | 0,040 | - | 2 278 | - |
| 2 | Mildronate | 3,087 | 674 | 17% | 3,089 | 627 | 47% | -0,002 | 0% | 46 | 7% |
| 3 | Phosphogliv | 0,934 | 326 | 8% | 0,727 | 238 | 18% | 0,206 | 28% | 88 | 37% |
| 4 | Biosulin | 0,180 | 91 | 2% | 0,168 | 71 | 5% | 0,011 | 7% | 20 | 29% |
| 5 | Combilipen | 0,744 | 74 | 2% | 0,074 | 6 | 0% | 0,671 | 910% | 69 | 1195% |
| 6 | Reduxin | 0,066 | 68 | 2% | 0,032 | 25 | 2% | 0,033 | 103% | 43 | 174% |
| 7 | Pikamilon | 2,118 | 57 | 1% | 1,305 | 23 | 2% | 0,813 | 62% | 34 | 146% |
| 8 | Cyclodol | 1,249 | 51 | 1% | 0,982 | 33 | 3% | 0,267 | 27% | 18 | 54% |
| 9 | Azitrox | 0,254 | 41 | 1% | 0,150 | 22 | 2% | 0,105 | 70% | 19 | 86% |
| 10 | Renipril | 0,944 | 35 | 1% | 0,880 | 31 | 2% | 0,064 | 7% | 5 | 16% |
| Other brands | | 12,562 | 319 | 8% | 9,711 | 251 | 19% | 2,851 | 29% | 68 | 27% |
| TOTAL SALES | | 22,177 | 4 015 | 100% | 17,118 | 1 327 | 100% | 5,059 | 30% | 2 688 | 203% |

**Pharmstandard demonstrated total Rx value growth (excluding Velcade) of 31%,
(30% volume growth)**

Phosphogliv:1H09 vs 1H08

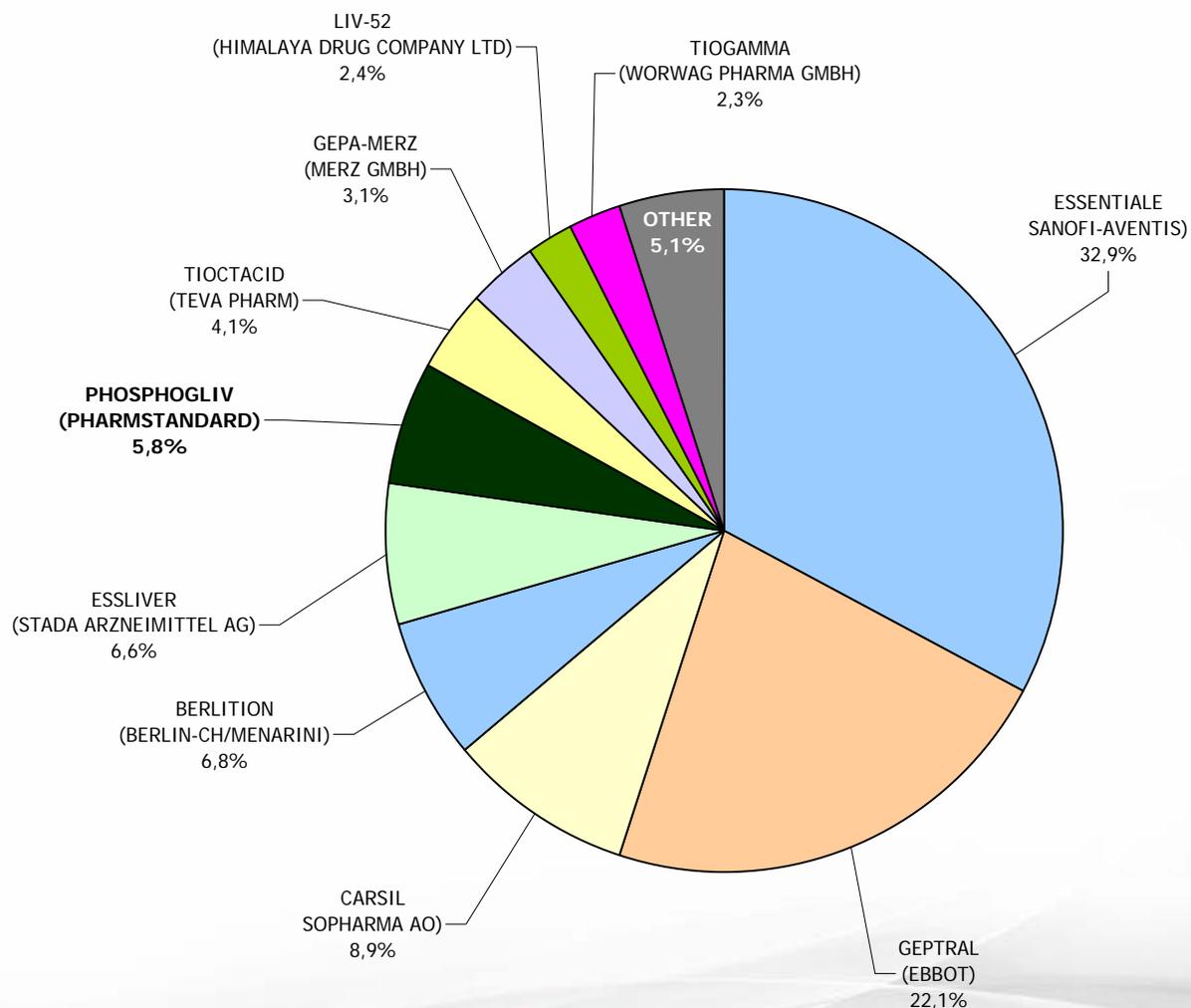
Trends

- Positive brand dynamics both in value and in volume
- MS growth in volume
- Decrease of MS in value stipulated by price increase of imported brands
- Actions: keep the product in active promotion, spreading of positioning
- New post marketing clinical trials

Summary

- Retail Sales: + 22% (rub), +5% (units)
- MS in RUR: 6% vs 7%, units: 5% vs 4% changes
- Market growth RUR: + 41%
- Market growth Units : -4%

Hepatoprotectors Market



Summary

1H 09 Tendencies

- Positive sales dynamic for most top brands in volume
- Negative trend or stagnation in volume stipulated by both general ATC trend (vitamins, analgesics) and external factors (e.g. absence of flu outbreak)
- Market keeps “media sensitivity”. Moderate approach for media investments in 1H09 ensured profit growth but some enhancement is needed for further sales development

2H 09 Actions

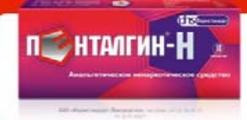
- New TV communications, additional media investments
- Price control in retail

В НАШЕЙ АПТЕКЕ «АНТИКРИЗИСНЫЕ» ЦЕНЫ!



АРБИДОЛ® 100 мг

ОСТАНАВЛИВАЕТ
ВИРУС, ЛЕЧИТ
ГРИПП



ПЕНТАЛГИН®-Н

ОДНА ТАБЛЕТКА
И БОЛИ НЕТ



КОМПЛИВИТ®

ПОМОГАЕТ
ВЫДЕРЖАТЬ НАГРУЗКИ



АФОБАЗОЛ®

ОТ ТРЕВОГИ И СТРЕССА



ФЛЮКОСТАТ® 150 мг

ВСЕГО ОДНА КАПСУЛА
ПРОТИВ «МОЛОЧНИЦЫ»

«АНТИКРИЗИСНЫЕ» ЦЕНЫ!

ВНИМАНИЕ!

«АНТИКРИЗИСНЫЕ» ЛЕКАРСТВА ОТ РОССИЙСКОЙ КОМПАНИИ ФАРМСТАНДАРТ

Во время кризиса, забыть о своём здоровье может каждый. Правильно ли это? Говорят, на здоровье нельзя экономить. Но как быть, когда не хватает денег на самое необходимое?

Компания «Фармстандарт» – крупнейший российский производитель лекарственных препаратов. Мы выпускаем более 400 лекарственных препаратов для лечения и профилактики более 1000 различных заболеваний.

Мы, как никто другой, понимаем – сейчас особенно важно, чтобы лекарственное средство было не только эффективным и качественным, но и **ДОСТУПНЫМ ПО ЦЕНЕ!**

Поэтому, мы обещаем сделать все возможное, чтобы аптечная цена наших лучших препаратов не превышала:

| | | | | |
|---|---|---|---|---|
| 190 рублей | 80 рублей | 100 рублей | 240 рублей | 180 рублей |
|  |  |  |  |  |
| АРБИДОЛ® 100 мг | ПЕНТАЛГИН®-Н | КОМПЛИВИТ® | АФОБАЗОЛ® | ФЛЮКОСТАТ® 150 мг |

Мы желаем Вам здоровья и сил!

Вместе мы пережили разные катаклизмы, переживём и этот кризис.



С уважением, Ваши соотечественники,
сотрудники компании Фармстандарт

Medical Division. R&D



Viacheslav Burmistrov, Medical Director

Drug Circulation Division

Deputy GM of drug circulation

Drug circulation department

New products registration dpt

Medical department

Drug Circulation Division: Roles & Functions (1)

- Pharmaceuticals and medical equipment registration (av 100/year)
- Manufacture facilities licensing
- Products release regulatory management
- Management of state control process

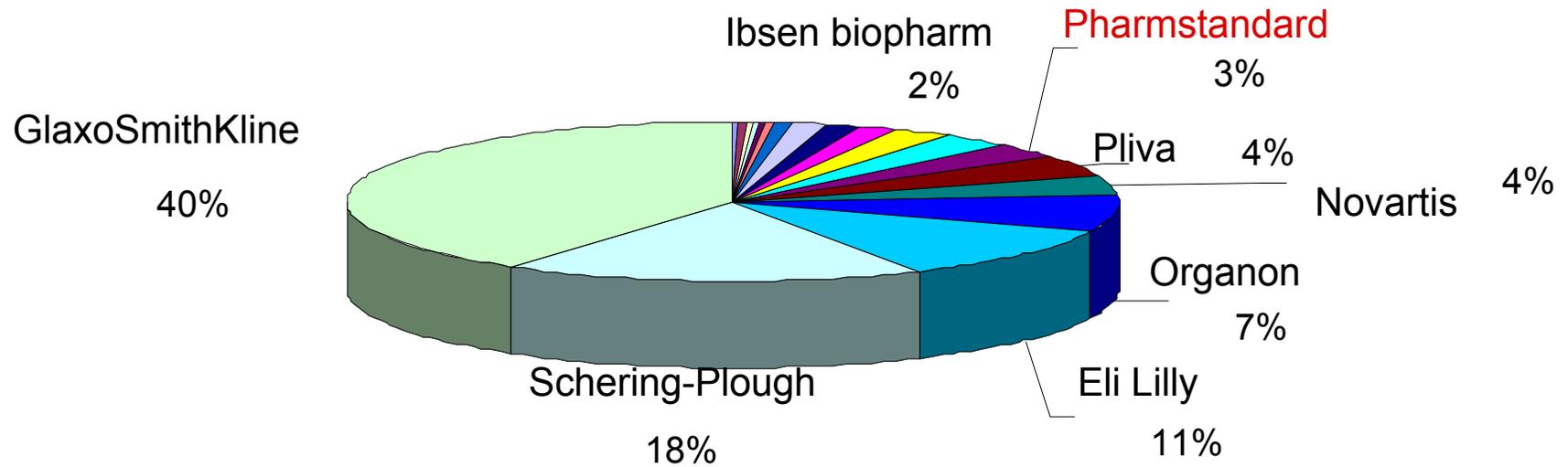
Drug Circulation Division: Roles & Functions (2)

- New products search and development
- Medical / marketing strategy development
- Scientific research (preclinical&clinical tests)
- Medical information & expertise
- Registration support
- Pharmacovigilance

Pharmacovigilance

- Pharmstandard is the local leader in pharmacovigilance
- The only local manufacturer is a member of pharmacovigilance working group in Federal service (FSS HSD RF)
- The PV system in PHST is easy and available for all parties (patients, health care providers, medical representatives)

Pharmstandard is a local leader in AE* reporting (2008)



Drug Development & Research

- Discovery & Development
- Preclinical testing
- Clinical trials (CT), 4 phases according to GCP

Discovery & Development Phase

- New potential active compound selection (Arbidol, Afobazol, Phosphogliv)
- New combinations development based on pharmacological approaches (Codelaс Broncho, Pentalgin Plus, Complivit Oftalmo)
- New compositions testing

Examples of CT in Pharmstandard

- CTs of Biogenerics: Rastan, Neipomax
- CT of original combination: Codelac broncho
- Study of therapeutic equivalence: Zinocap cream and spreay
- Bioequivalence studies for generic drugs: Bloctran
- Postregistration studies, phase IV: Liptonorm, Benfolipen, Phosphogliv, Neupomax

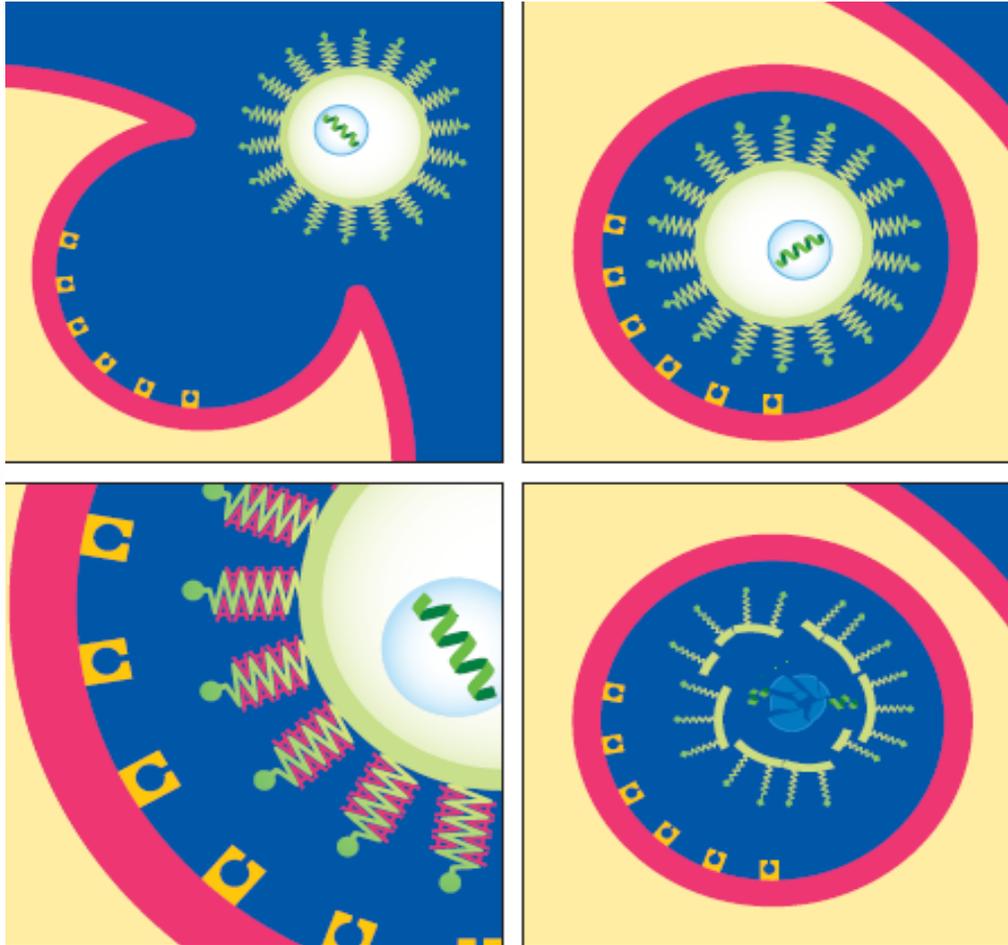
Arbidol Discovery and Development

- Discovered in 1974
- Studied for 15 years before clinical usage
- Antiviral activity was proved in numerous studies performed in leading Russian research centers and independent laboratories in USA, UK, Australia, France and China.
- Efficacy and safety was confirmed in clinical studies in more than 17 000 patients

Arbidol Antiviral Profile

- Active against A and B influenza viruses, including H1N1, H2N2, H3N2 and H5N1 subtypes.
- Active against a number of other acute respiratory viral infection (ARVI) viruses (adenovirus, respiratory syncytial virus, coronavirus, including SARS virus).

Mechanism of Action



Arbidol® has a direct antiviral effect. Arbidol® belongs to fusion inhibitors; it interacts with the virus hemagglutinin and thus prevents fusion of the viral envelope with cell membranes.

International Publications

2006

- **VIROLOGY JOURNAL**

Boriskin Y., Pecheur E., Polyak S. Arbidol: a broad-spectrum antiviral that inhibit acute and chronic HCV infection// Virology Journal. – 2006. – 3: 56.

- **JOURNAL OF PHARMACEUTICAL AND BIOCHEMICAL ANALYSIS**

Xiao Liu, Yu-Wei Huang, Juan Li, Kai-Shun Bi, Xiao-Hui Chen Determination of arbidol in plasma by LC-ESI-MS// Journal of pharmaceutical and biochemical analysis. – 2006. – June

2007

- **ARCHIVES OF VIROLOGY**

Shi L, Xiong H, He J, Deng H, Li Q, Zhong Q, Hou W, Cheng L, Xiao H, Yang Z. Antiviral activity of arbidol against influenza A virus, respiratory syncytial virus, rhinovirus, coxsackie virus and adenovirus in vitro and in vivo// Arch Virol . -2007.- May

2008

- **CURRENT MEDICINAL CHEMISTRY**

Boriskin Y., Leneva I., Pecheur E., Polyak S. Arbidol: a broad-spectrum antiviral compound that bloks viral fusion// Current Med. Chem.- 2008.-15.-P.997-1005

- **JOURNAL OF MASS SPECTROMETRY**

Yuya Wang, Xaioyan Chen, Qiang Li, Dafang Zhong Metabolite identification of arbidol in human urine by the study of CID fragmentation pathways using HPLC coupled with ion trap mass spectrometry// Journal of mass spectrometry 2008; 43: 1099-1109.

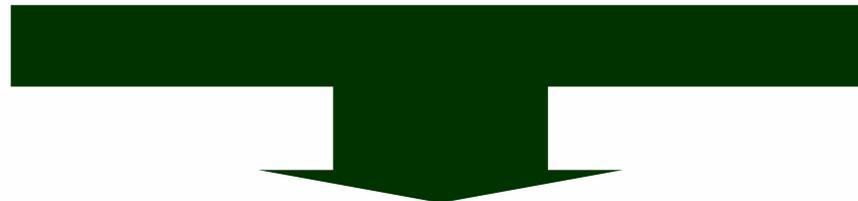
2009

- **ANTIVIRAL RESEARCH**

Leneva I., Russel R.J., Boriskin Y., Hay A. Characteristics of arbidol-resistant mutants of influenza virus: implications for the mechanism of anti-influenza action of Arbidol// Antiviral Research.-2009 Feb;81(2):132-40

2009 Swine Influenza Studies

- Vector, Novosibirsk
- Virology Research Institute of the RAMS, Moscow
- Grippe Research Institute of the RAMS, St.Petersburg



Arbidol is proven to be active against viruses A/H1N1
California and Moscow strains

Arbidol is included in MoH recommendation on prevention
and treatment of influenza caused by A/H1N1

Afobazol

Our Life is a Non-stop Stress:

- Overload at work
- Family issues
- Financial issues
- Health issues
- Exam anxiety
- Traffic jams



About 25% of individuals worldwide reports a lifetime history of at least 1 anxiety disorder.

Anxiety disorder is 2 times more common in women than in men.

Afobazol: Discovery and Development

- Developed 15 years ago in the light of the pharmacogenetic theory of anxioreactivity at the Research Institute of Pharmacology named by V.V. Zakusov of RAMS
- Development and preclinical testing last more 10 years
- Selective anxiolytic effect and excellent safety profile were proven in 24 clinical studies in 1 500 patients in various therapeutic areas

Afobazol: Clinical Trials

- **BASIS** – an open multicenter clinical study of efficiency and safety of Afobazol in patients with neurotic and stress induced disorders.
 - conducted in 26 clinical centers (792 patients enrolled) in 22 regions of Russia
 - supervised by the outstanding experts in psychiatry from the leading centers
- Subsequently monitored in **17 post-registration clinical studies** on combined therapy of psycho-somatic disturbances (anxiety plus somatic disorders) in cardiology, pulmonology, gastroenterology, connective tissue disorders, dermatology, gynecology, toxicology (more than 1500 patients enrolled)

Afobazol: a New Generation of Anti-anxiety Drugs

- Selective anxiolytic (anti-anxiety) medication not related to benzodiazepines
- Interacts with specific sigma-1 (non-benzodiazepine) receptors in the brain cells
- Reactivates receptor sensitivity to GABA-mediator (an inhibitor of extra-excitement) and thus provides the anti-anxiety effect
- Has a combined anxiolytic and slight activating effect
- Diminishes and/or blocks up a feeling of panic and being “edgy”, apprehensive expectation, fear, uneasiness, difficulties sleeping, restlessness, muscle tension, fatigue
- Alleviates various anxiety symptoms such as palpitations, sweating, hot flushes, chills, cold or sweaty hands, dizziness, dry mouth, lump in a throat, nausea, diarrhea or constipation

Afobazol: Outstanding Features and Advantages

- Excellent safety characteristics:
 - Does not cause drug dependency/ rebound effect
 - Does not cause sedation, myorelaxation
 - Does not cause memory or attention concentration falls (no need to avoid driving while medication is taken)
- Over-the-counter medication
- Anxiolytic effect launches on the 5th-7th day of treatment, maximum effect is achieved in 2-4 weeks of treatment
- Especially helpful for individuals with accentuated emotional instability, excessive and persistent sense of apprehension, uneasiness, difficulties stress coping and adaptation

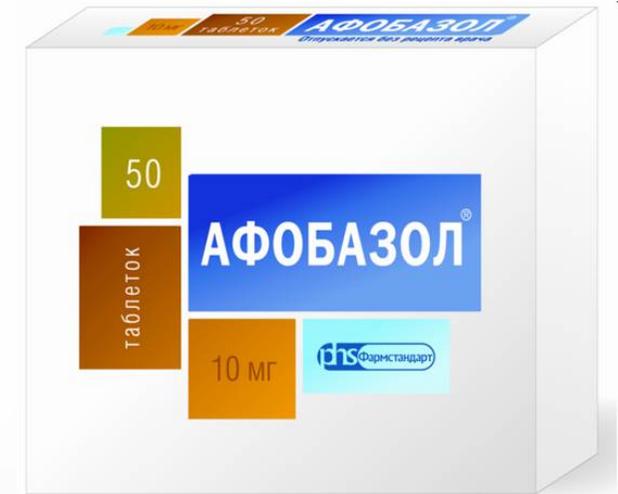
Afobazol: Indications

- Anxiety disorders: generalized anxiety disorder, adaptation disorder, neurasthenia, anxiety as a comorbidity of somatic diseases (asthma, irritable bowel syndrome, lupus, coronary artery disease, hypertension, atrial fibrillation, oncology and dermatology conditions)
- Sleep disturbances associated with anxiety
- Neurocirculatory asthenia
- Premenstrual syndrome
- Alcohol withdrawal syndrome
- Tobacco withdrawal syndrome



Afobazol: Clinical Applications

- Neurology
- Psychiatry
- Cardiology
- Gastroenterology
- Pulmonology
- Dermatology
- Gynecology
- Oncology





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