

PHARMACY CHAIN



HEALTHY, FIT & STRONG

Stockholm, Frankfurt, London, Moscow, 5-12 July, 2004

STRATEGIC GOALS

A circular logo with a blue-to-green gradient border and the number '36.6' in the center.

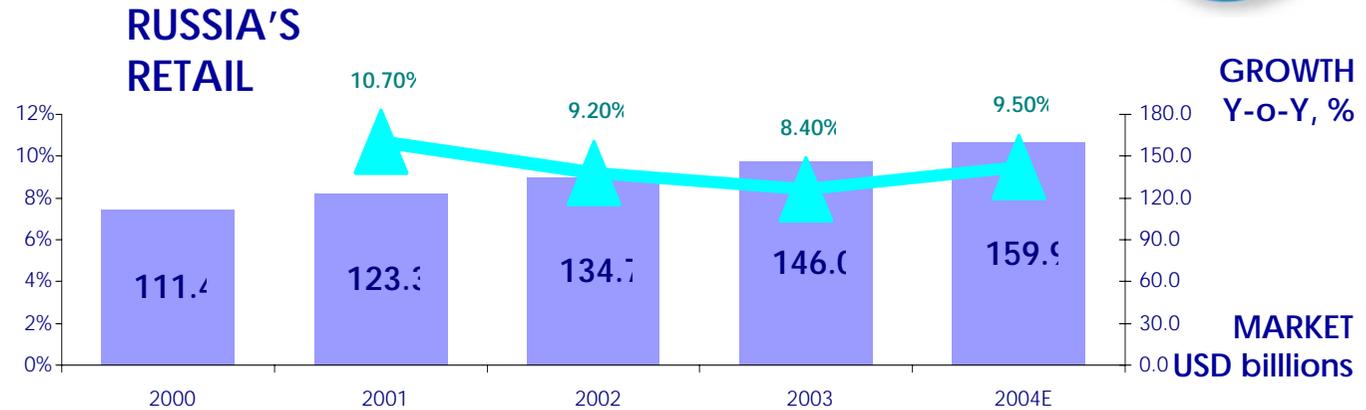
We strive to be Russia's leading health & beauty retailer and to become the preferred source of medicines and health & beauty products for Russian consumers.

- Pursuing industry and internal growth
- Creating a unique customer value proposition
- Expanding into rapidly growing regions
- Developing and sustaining a profitable business model
- Introducing best standards of corporate governance

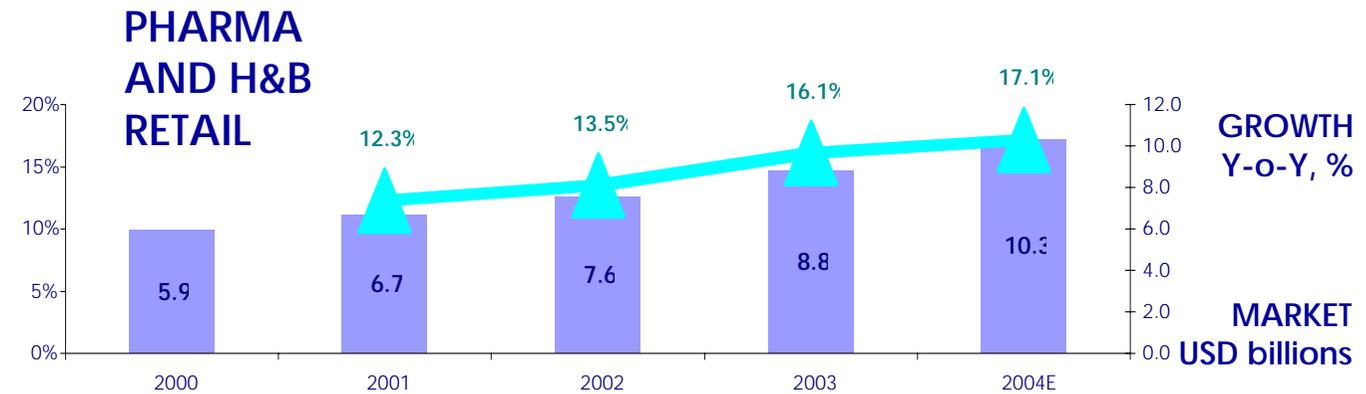
RUSSIA'S RETAIL MARKET IS BOOMING



Russia is the No. 1 destination for retail expansion (A.T.Kearney research)



Russia is among the top-10 world retail economies (UFG Research)



MAJOR ACHIEVEMENTS OF 2003



PHARMACY CHAIN 36.6

- Sales growth by 30% compared to 2002
- \$14 mln raised through IPO
- 17 pharmacies opened and 4 rebranded
- Cost of debt financing decreased from 19% to 14%
- Direct purchases share increased from 19% to 36%
- Reached out to the regions through acquisition of LEKO pharmacy chain, Bashkiria

VEROPHARM

- Sales growth by 20% compared to 2002
- 33 new products introduced into the portfolio

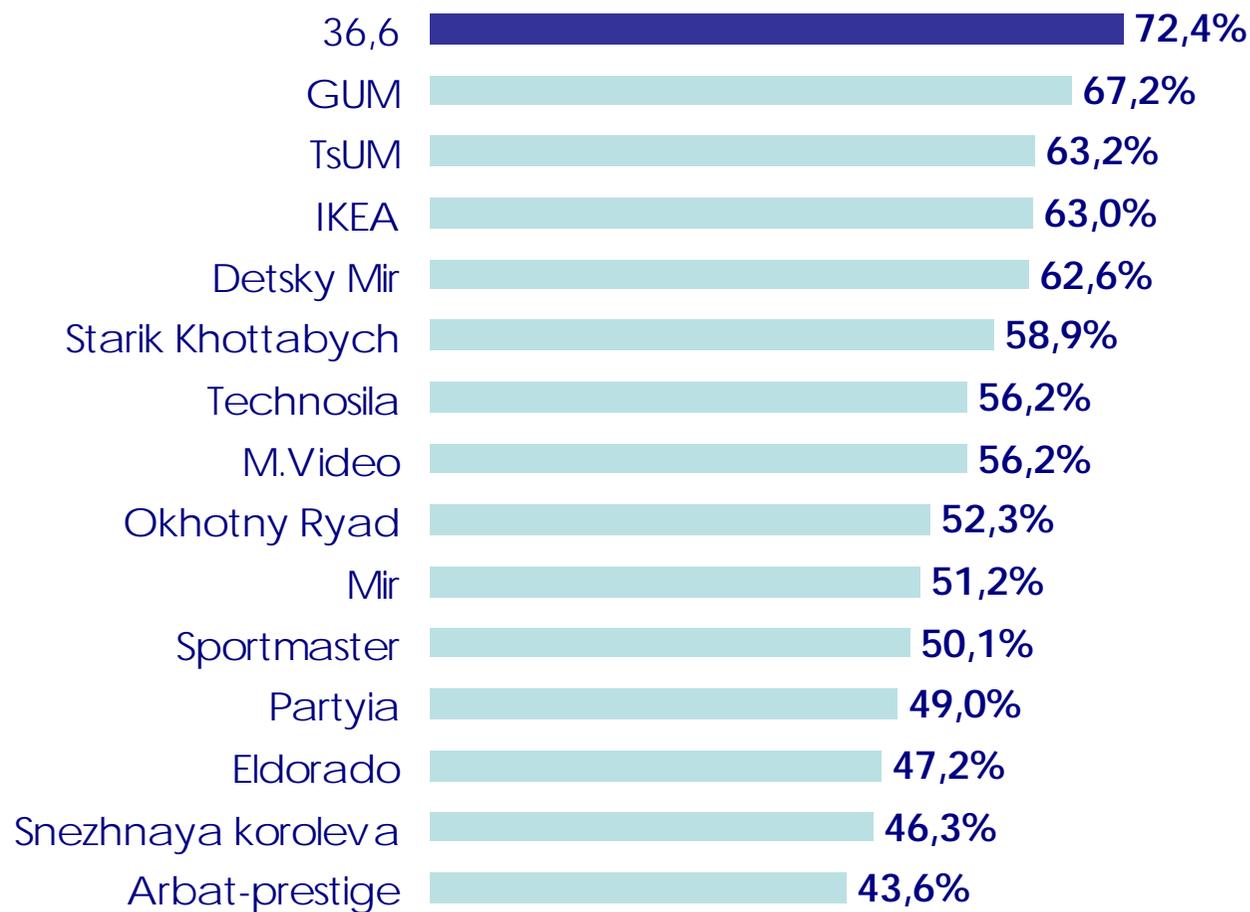
CUSTOMER VALUE PROPOSITION



We strive to increase the value of the company by providing our customers with a reason to come back.

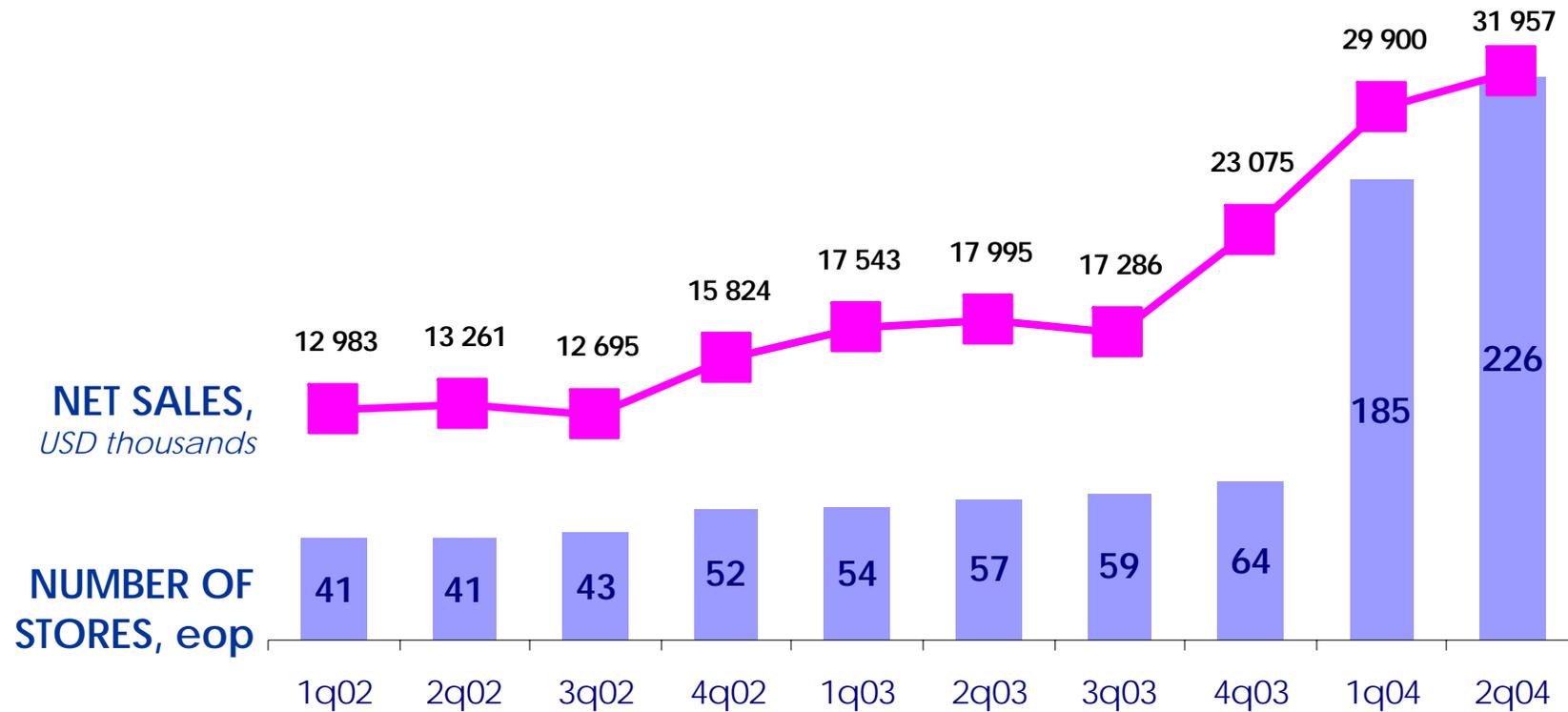
- Competitive prices
- Convenient locations
- Excellent shopping experience
- Reliable quality products
- Wide assortment

36.6 IS THE MOST RECOGNIZABLE BRAND



Source: Gallup Media Survey, 2003

STORES GROWTH

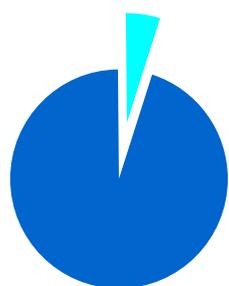


Starting from 2004 the Company will include pharmacies in its core business, which used to be accounted for as auxiliary segment

THE RETAIL MARKETPLACE IS STILL FRAGMENTED

36.6

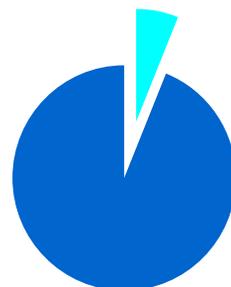
TOP-5 PLAYERS MARKET SHARE



5%
FOOD



36%
ELECTRONICS



6%
PHARMACEUTICALS



9%
H&B



9%
DIY

 Top-5 players



Source: UFG Research

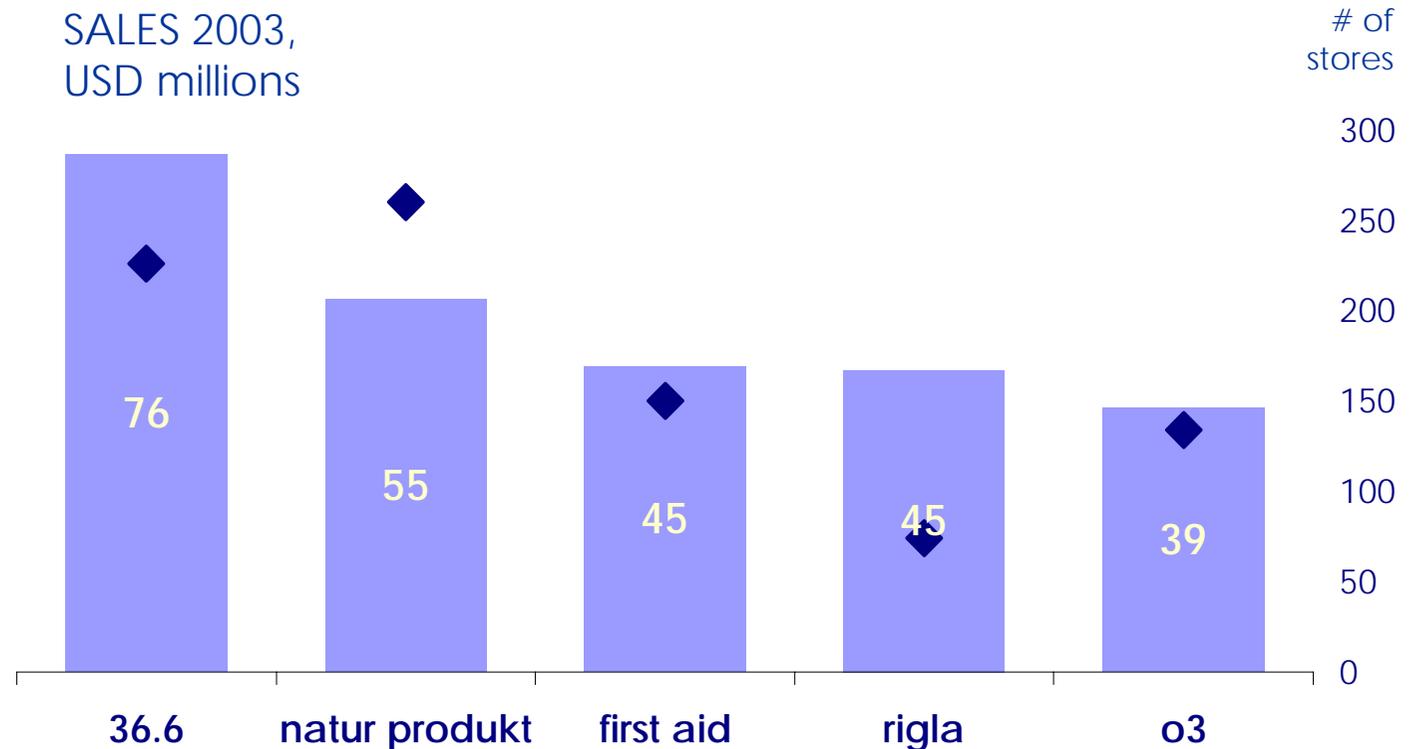
36.6 IS THE CONSOLIDATOR OF CHOICE IN PHARMACY RETAIL



We strive:

To reach sales over \$800 million by 2008

To enjoy 10% of the Russian pharmacy retail market



with **226**
pharmacies in

6 regions
the Company
reaches out to

30 million
consumers,
and will strive to
deliver its value
proposition

to **60** million
consumers
by 2008

REGIONAL EXPANSION

36.6

MURMANSK

30

MOSCOW

77

NIZHNY
NOVGOROD

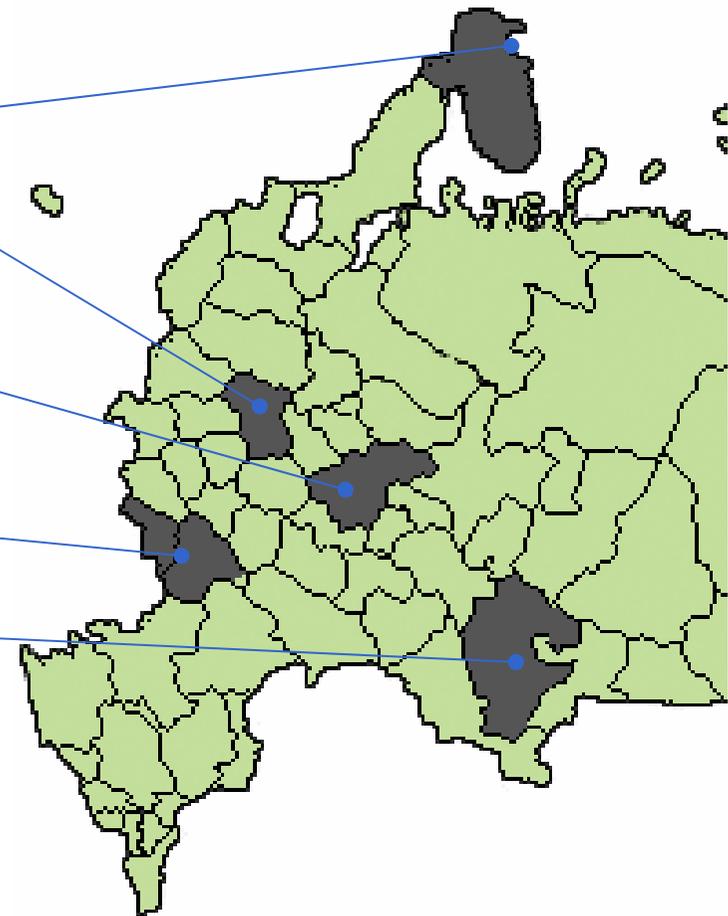
41

BELGOROD &
VORONEZH

4

BASHKIRIA

74



REGIONAL ACQUISITIONS



	pharmacies (own)	sales'03 USD millions	mrkt. share	sales'04E USD millions
LEKO, Bashkortostan	74 (34)	13,5	25%	17,0
NAD, Nizhny Novgorod	41 (31)	7,3	19%	12,0

2004 OBJECTIVES



- ❑ More than 50 pharmacies to be opened in Moscow and other regions
- ❑ Efficient integration of newly acquired pharmacies
- ❑ 50% growth in pharmacy sales through new openings and acquisitions
- ❑ More dynamic growth in sales by old stores (more than 9-months old)
- ❑ Control of costs and expenses

CONSOLIDATED INCOME STATEMENT



	1Q04*	2003	2002	03/02,%
NET SALES	46,4	147,8	118,7	24,5%
GROSS PROFIT	17,8	59,8	46,0	30%
EBITDA	4,0	13,8	15,1	-8,6%
	8,8%	9,3%	12,7%	
OPERATING INCOME	2,6	8,4	10,4	-19,2%
NET INCOME	0,7	1,0	3,3	-69,7%
	1,5%	0,7%	2,8%	

PHARMACIES 36.6: INCOME STATEMENT

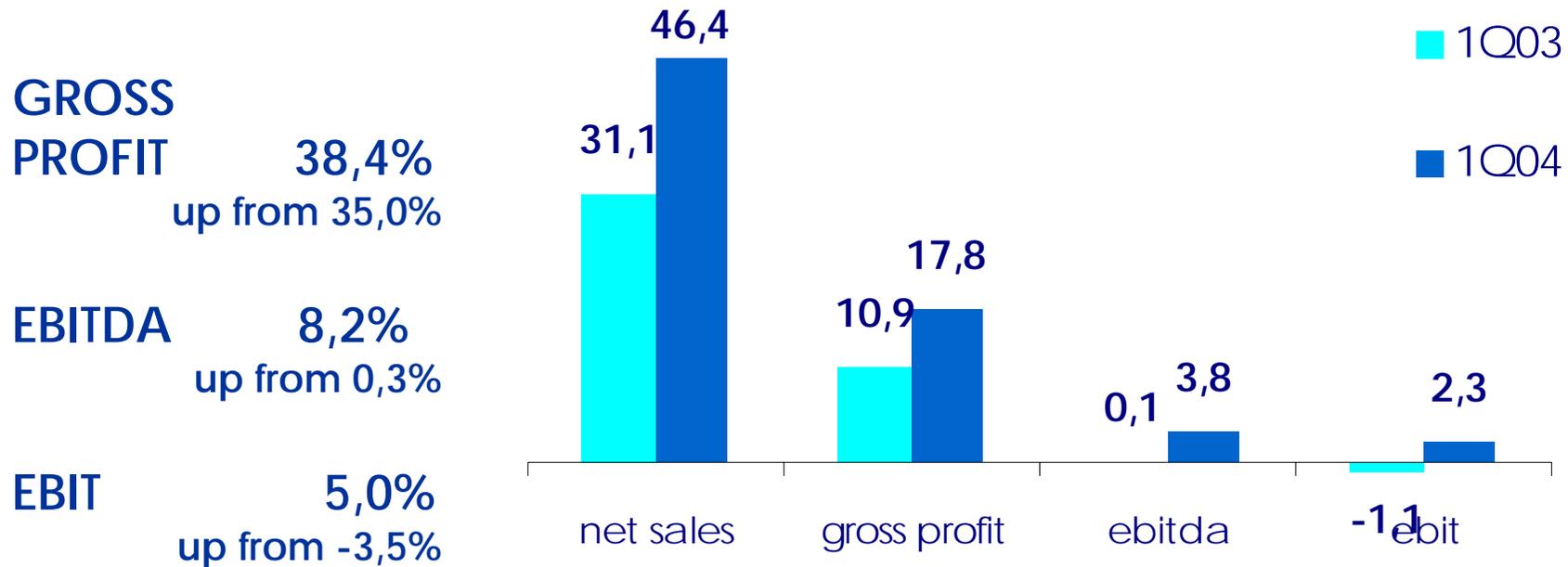


	1Q04	2003	2002	03/02,%
NET SALES	30,2	76,3	58,8	29,8%
GROSS PROFIT	10,5	24,4	19,2	27,1%
GROSS MARGIN	35%	32%	33%	
EBITDA	2,9	1,2	2,6	-53,8%
	9,7%	1,5%	4,4%	
D&A	0,8	2,0	1,7	n/a
OPERATING INCOME	2,2	-0,9	0,9	n/a

CONSOLIDATED INCOME STATEMENT, 1Q04



NET SALES up 49%



note: y-o-y basis

PHARMACIES 36.6: INCOME STATEMENT 1Q04

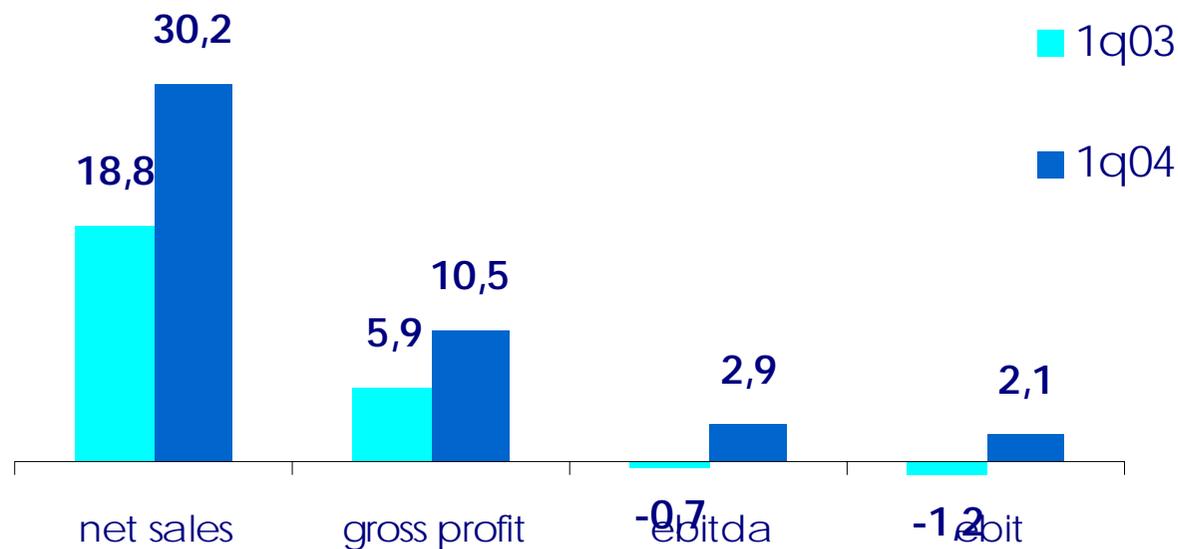


NET SALES up 61%

GROSS PROFIT 34,6%
up from 31,4%

EBITDA 9,7%
up from 3,7%

EBIT 7,1%
up from -6,4%



note: y-o-y basis

16

PHARMACIES 36.6: OLD VS ALL STORES, 1Q04



Same store sales
were up **10%** yoy
in the 1st quarter
2004

ALL PHARMACIES

MLR only

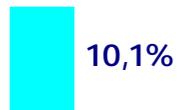
OLD PHARMACIES

32 pharmacies at least 9
months old as of 01jan03

GROSS MARGIN



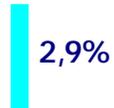
EBITDA MARGIN



EBIT MARGIN



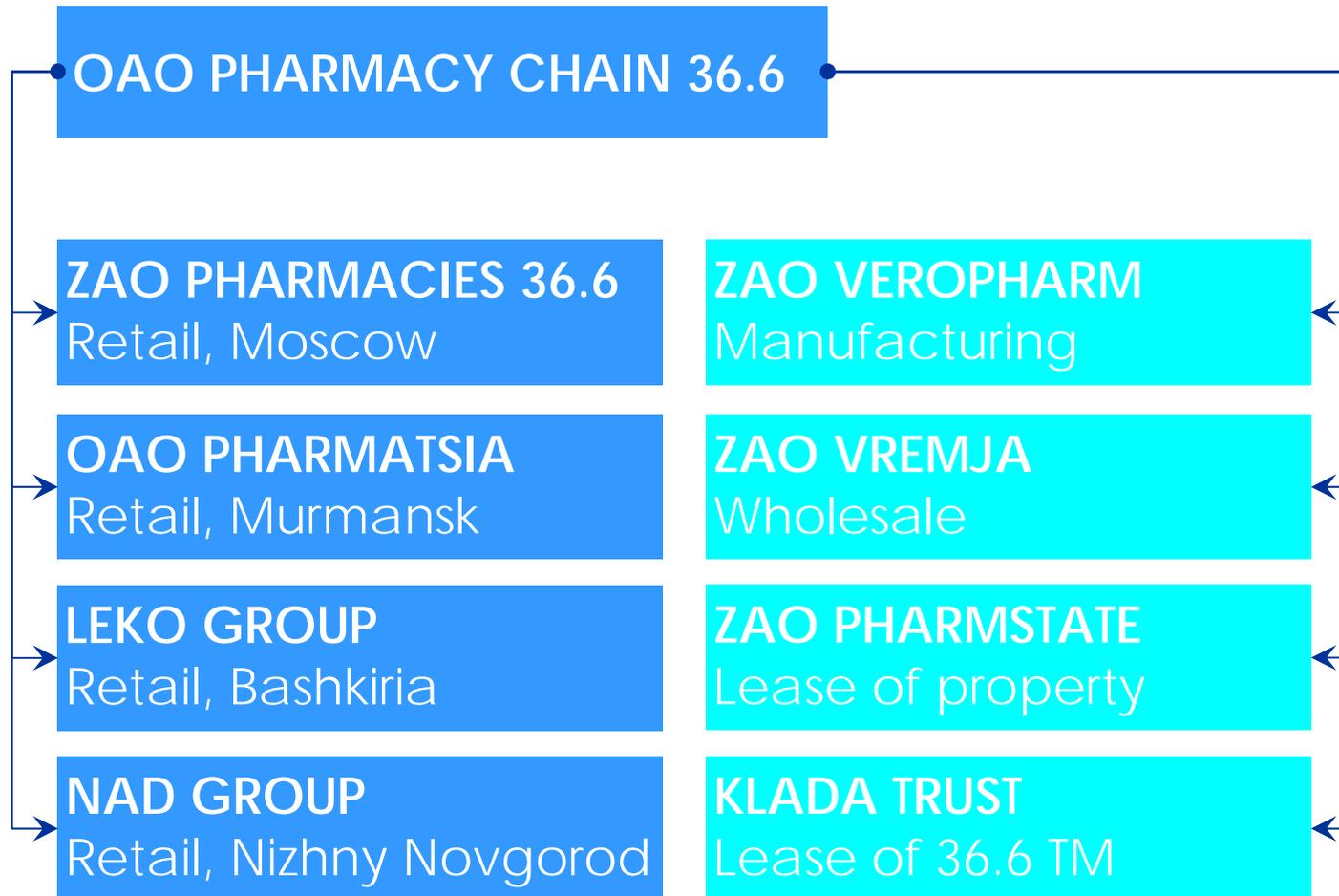
NET INCOME* MARGIN





APPENDIX

ORGANIZATION CHART



CONSOLIDATED INCOME STATEMENT



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	8,8%	9,3%	12,7%	
OPERATING INCOME	2,6	8,4	10,4	-19,2%
NET INCOME	0,7	1,0	3,3	-69,7%
	1,5%	0,7%	2,8%	

CONSOLIDATED BALANCE SHEET

(major items)



	1Q04	2003	2002	03/02
N-CURRENT ASSETS	70,0	60,1	45,9	14,2
CURRENT ASSETS	59,3	54,7	38,8	15,9
TOTAL ASSETS	129,3	114,8	84,7	30,1
EQUITY	42,2	40,2	24,4	15,8
TOTAL DEBT	56,4	43,1	36,3	6,8
CURRENT LIABILITIES*	22,9	24,0	17,7	6,3

PHARMACIES 36,6: INCOME STATEMENT



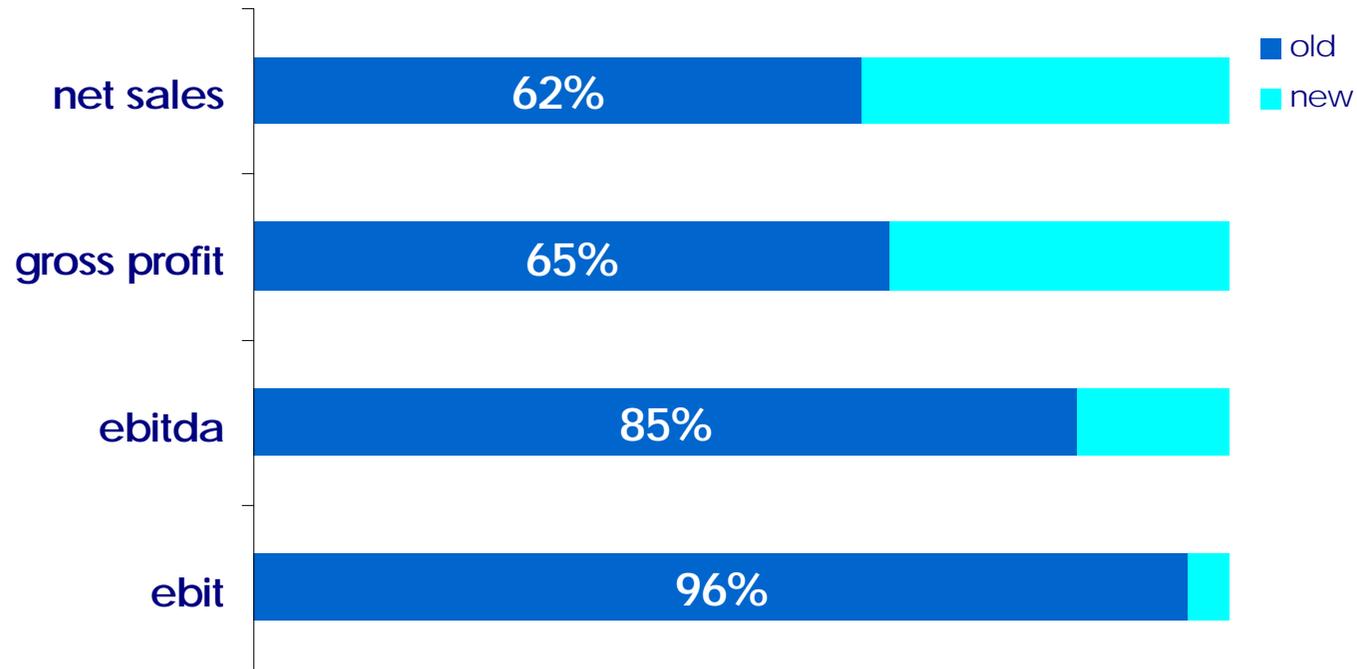
	1Q04	2003	2002	03/02,%
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GROSS PROFIT	10,5	24,4	19,2	27,1%
GROSS MARGIN	35%	32%	33%	
EBITDA	2,9	1,2	2,6	-53,8%
	9,7%	1,5%	4,4%	
D&A	0,8	2,0	1,7	n/a
OPERATING INCOME	2,2	-0,9	0,9	n/a

PHARMACIES 36.6
BALANCE SHEET
 (major items)

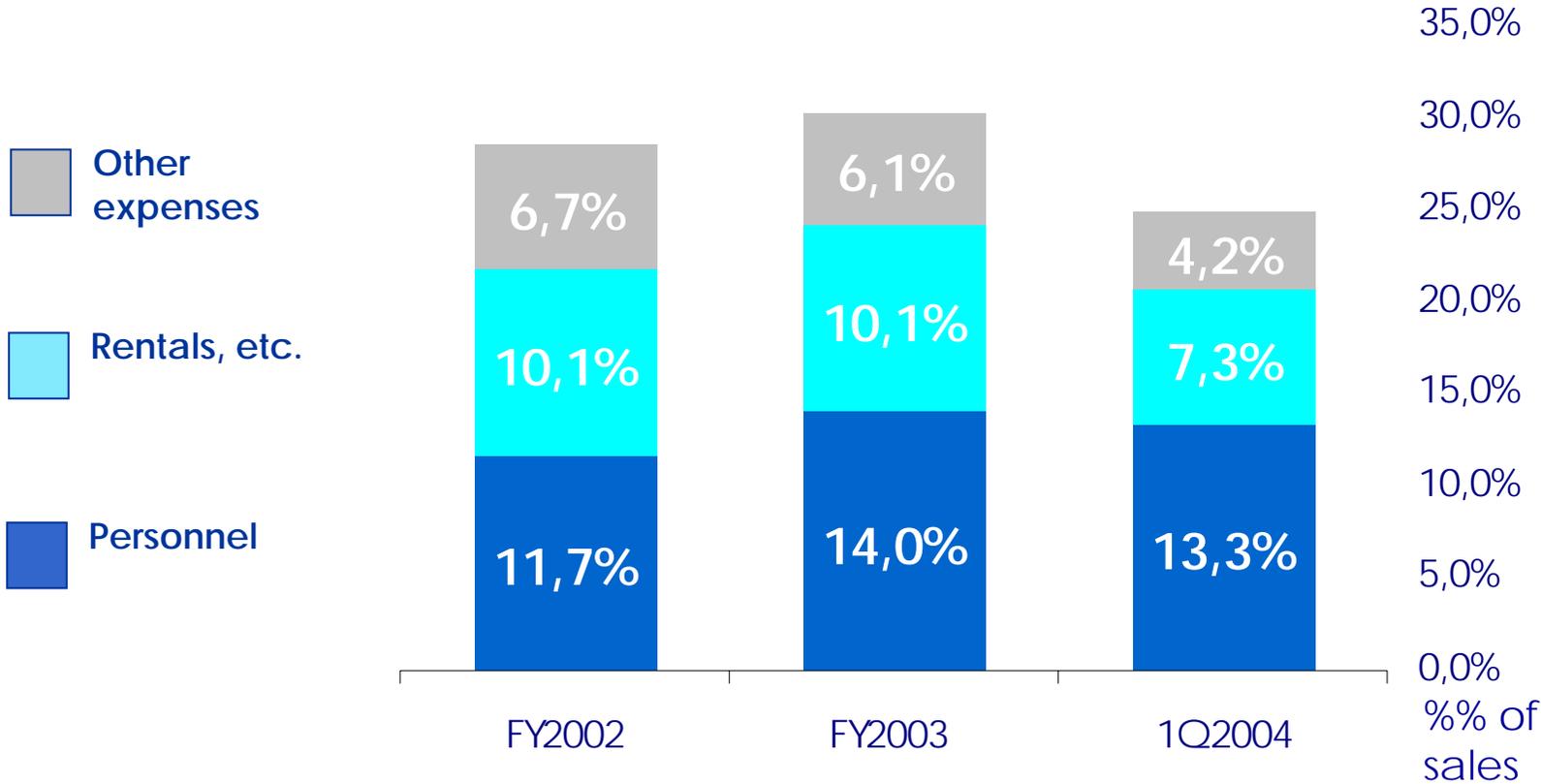


	1Q04*	2003*	2002	03/02
N-CURRENT ASSETS	30,9	21,3	15,7	5,6
CURRENT ASSETS	17,6	13,8	13,1	0,7
TOTAL ASSETS	48,5	35,2	28,8	6,4
CURRENT LIABILITIES	16,4	17,2	10,9	6,3

PHARMACIES 36.6: OLD VS NEW STORES, 1Q04



PHARMACIES 36.6: SG&A BREAKDOWN, 1Q04



PHARMACIES PORTFOLIO

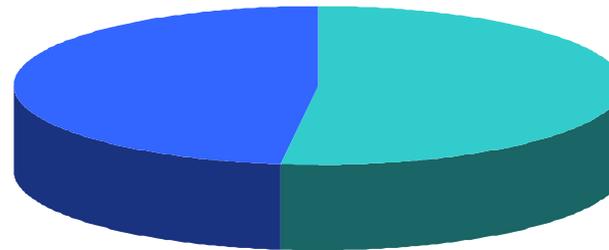


sales
\$76,3
million

36.6 pharmacies pioneered the open-plan format and were the first pharmacies to sell H&B products

pharmaceuticals

48%



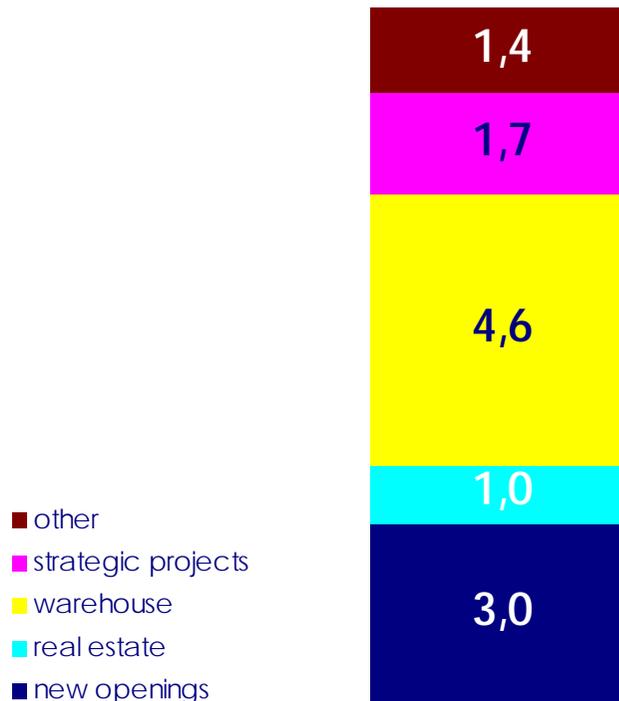
52%

health & beauty

PHARMACIES 36.6: INVESTMENTS 2003



\$11,7
million



- ❑ pharmacy opening cost down to \$180,000 on average
- ❑ semi-automatic assembly line at the warehouse introduced to significantly increase productivity and extend the logistics capacity
- ❑ strategic projects including category management, new loyalty program, etc., to show first results in 2004
- ❑ other project are aimed at operational improvements in the pharmacies

KEY PERFORMANCE INDICATORS



	3Q02	4Q02	1Q03	2Q03	3Q03	4Q04	1Q04
NUMBER OF PURCHASES thousands	2 568	3 005	3 288	3 213	2 945	3 604	3 315
AVERAGE PURCHASE USD	4,94	5,27	5,33	5,60	5,87	6,40	7,09
SALES/M2, USD	1 943	2 197	2 237	2 214	2 063	2 594	2 501

VEROPHARM: INCOME STATEMENT



	1Q04*	2003*	2002	03/02,%
NET SALES	12,0	52,8	43,9	20,4%
GROSS PROFIT	6,7	31,3	23,4	33,6%
GROSS MARGIN	55,6%	59,2%	53,3%	
EBITDA	1,9	15,5	13,5	14,2%
	16,5%	29,3%	30,9%	
D&A	0,6	2,9	3,1	n/a
OPERATING INCOME	1,4	12,5	10,5	n/a

VEROPHARM
BALANCE SHEET
(major items)



	1Q04*	2003*	2002	03/02
N-CURRENT ASSETS	35,0	34,4	31,2	3,2
CURRENT ASSETS	36,7	34,2	23,4	10,8
TOTAL ASSETS	71,7	68,5	54,5	14,0
CURRENT LIABILITIES	7,4	7,1	6,5	0,6

VEROPHARM: INCOME STATEMENT, 1Q04

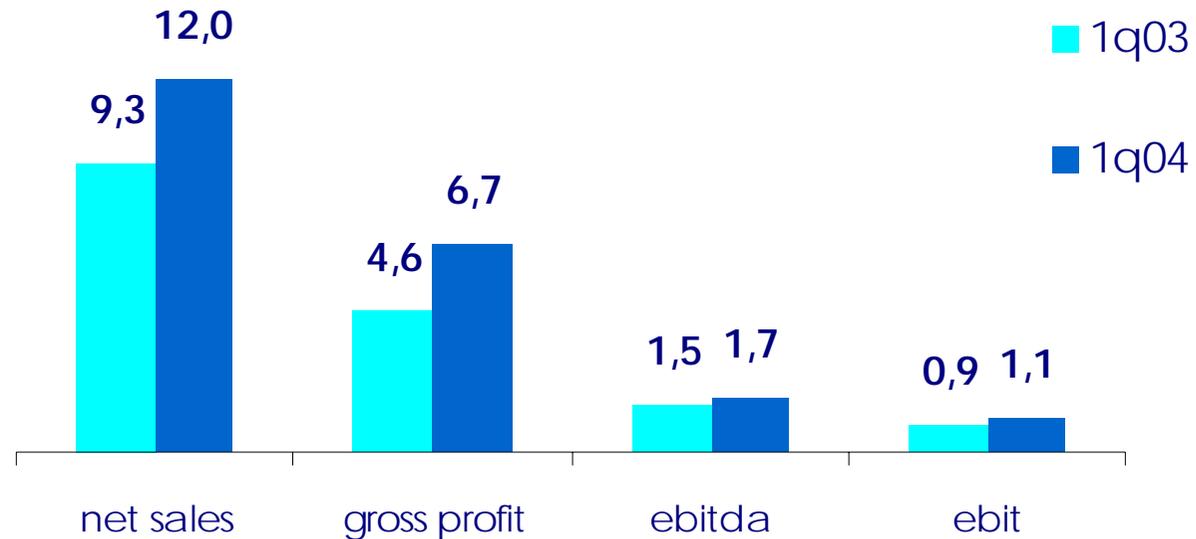


NET SALES up 27%

GROSS PROFIT 55,8%
up from 49,5%

EBITDA 14,3%
down from 16,1%

EBIT 9,1%
down from 9,7%



note: q-o-q basis

36.6 STOCK



MARKET CAP:	US\$ 104* MILLION
NUMBER OF SHARES:	8 MILLION
FREE FLOAT	20%
IAS REPORTING	since 2002
AUDITOR	DELOITTE
TRADING	MICEX since JAN'03 (RU14APTK1007) RTS since FEB'04 (aptk)

* AS PER RTS BOARD

BOARD OF DIRECTORS



The number of Board members was, at the recent AGM, brought into line with amendments to the Companies Law

Sergey KRIVOSHEEV
Chairman

Artem BEKTEMIROV

Vasily RUDOMINO

Michael OBERMAYER

Andrey AZAROV

MANAGEMENT STRUCTURE



Artem BEKTEMIROV
CEO

**Anastasia
VAVILOVA**
COO

**Svein Aage
OLSEN**
CFO

**Andrei
SLIVCHENKO**
Corporate
finance & IR

Oleg ANIKIN
Strategy &
Marketing

Boris RYABOV
Business &
Technology
Development

Julia REZVINA
Deputy COO

Victor VASILIEV
General Counsel
& Corporate Secretary

Dmitry GODUNOV
Deputy COO

Anton VOLYANSKY
Finance Director

Dmitry KOZOREZOV
Commercial Dir.

VEROPHARM

Herman INOZEMTSEV
Marketing

Anton PARKANSKY
Managing Director
VEROPHARM

Marina PENKOVA
Finance

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Artem BEKTEMIROV,
Chief Executive Officer

Svein Aage OLSEN,
Chief Financial Officer

Andrei SLIVCHENKO,
Director, Corporate Finance and IR

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HEALTHY, FIT & STRONG

