

PHARMACY CHAIN



Building relationships with banks

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36.6 Growth Strategy



#1 National Health and Beauty Retailer

2004

\$150 mln. sales

250 stores

Presence in 7 regions

2008

\$ 0,8 -1 bil.

1000 stores

National all-Russia chain



36,6 banking strategies



- Finance growth
- Efficient payments & services

- Core partners
- Specific service providers
- "Open-door" policy

Core relationships will prevail, and become more professional



Relationships

- Owner involvement
- Trusted relationships key in environments enabling unethical behaviour
- More rapid and flexible reaction to opportunities and threats

Professionalism

- Bank funding and transparency
- Longer term credit exposures
- Higher exposure to increasing number of companies
- Competence increase
- Competition

Relationships building blocks



- Multilevel relationships
 - from Shareholders to Finance executives
- Periodic update of business plans
- Transparency
- Frame agreement with general terms and overall limits
- Centralized group treasury – one point of interface
- Pay on time

More sophisticated banking needs



Financing growth

- Collateralized credits of various maturities
- Overdrafts
- Import financing
- Leasing
- Project/acquisition financing
- Sale and lease back of assets
- Syndicated loans
- Credit Linked Notes
- Bonds issue

Support services

- Cash collection from stores
- Processing of customer card payments
- Supplier payments (domestic, foreign)
- Rental of floor space for ATMs, Bank-kiosks
- Employee bank accounts and payment cards

"Typical" differences between Russian and Foreign banks

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Russian banks

- More focused on availability of collateral
- Company cash flow through bank
- More relationship based

Foreign banks

- More focused on "bankable" business plans
- More cautious with new clients

... but the differences are diminishing!

Banks' offerings differ



- Interest rates
- Loan currency
- Credit limits
- Maturities !
- Collateral
- Service range promoted
- Solution adaptation
- Processing procedure
- Geographic reach

Russian companies should be prepared to partner up with a broader range of banks



- Difference in offering
- Difference in terms
- Banking sector restructuring continues
- Volatile economy

Work with several banks

- Best offering
- Competitive terms
- Diversify risk

In summary

A circular logo with a blue and green gradient background. The number '36.6' is written in a bold, blue, sans-serif font in the center of the circle.

36.6

- Close relationships will continue to be very important - and more professional
- Relationships with a broader range of banking partners is required for fast growing Russian companies to cover their needs.
- Better long term credit solutions is key for banks to earn position as core relationship partner

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