

**PHARMACY CHAIN**

**36·6**



**HEALTHY, FIT & STRONG**

**3d quarter 2004**

# STRATEGIC GOALS

36·6

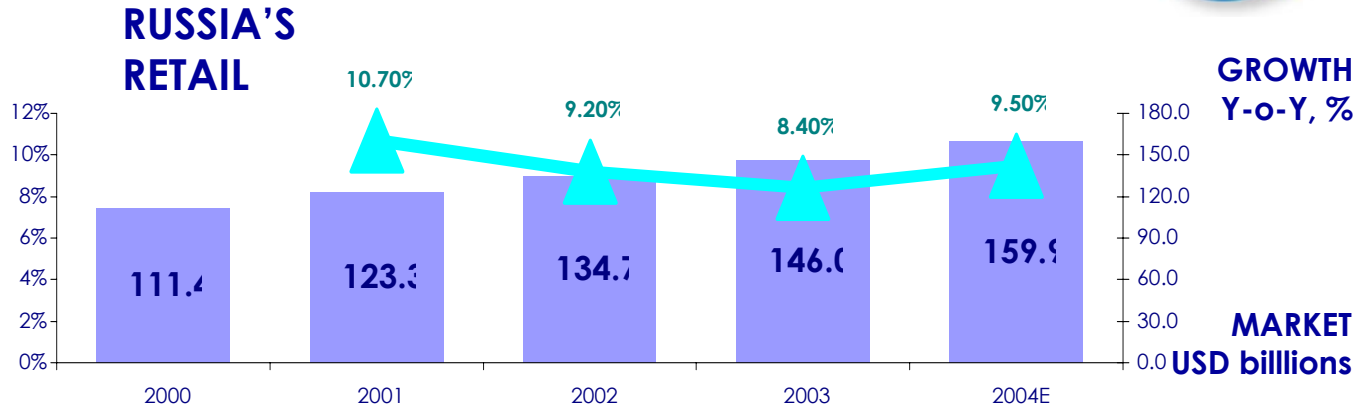
*We strive to be Russia's leading health & beauty retailer and to become the preferred source of medicines and health & beauty products for Russian consumers.*

- 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

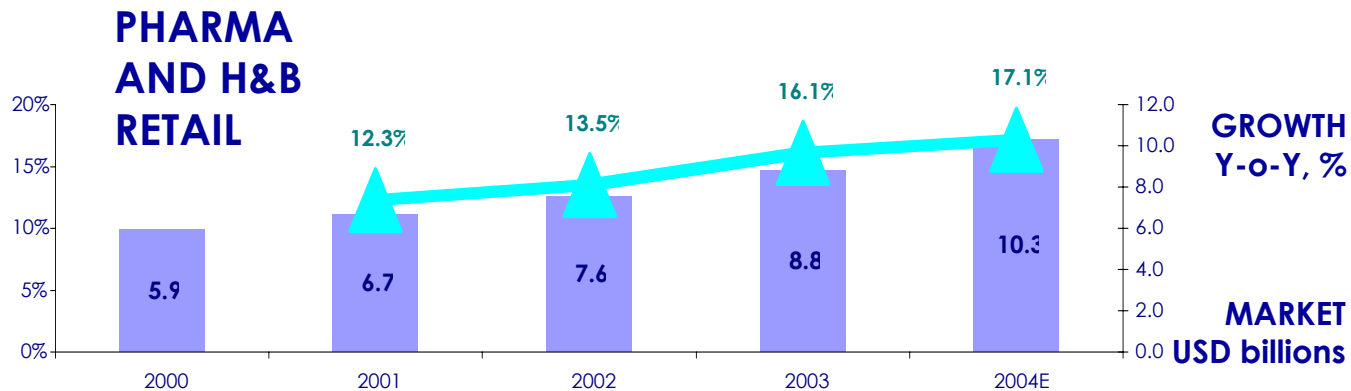
# RUSSIA'S RETAIL MARKET IS BOOMING



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



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



# 36,6 AT A GLANCE



**147,8**  
million sales in 2003. EBITDA was 9,3% in 2003.

**145**  
million current market capitalization. 20% of shares were placed through IPO in 2003 at 9\$ per share

**25%** top-line annual growth: 30% in retail, 20% - in manufacturing

**more than 230**  
pharmacies under management in 7 Russian regions

**6,2**  
million purchases in 3d quarter 2004

**290**  
products in the modern and well-managed generic portfolio of Veropharm

**6000**  
employees of highly advanced personnel and experienced management team

# CUSTOMER VALUE PROPOSITION



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

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

# 36.6 IS THE MOST RECOGNIZABLE BRAND



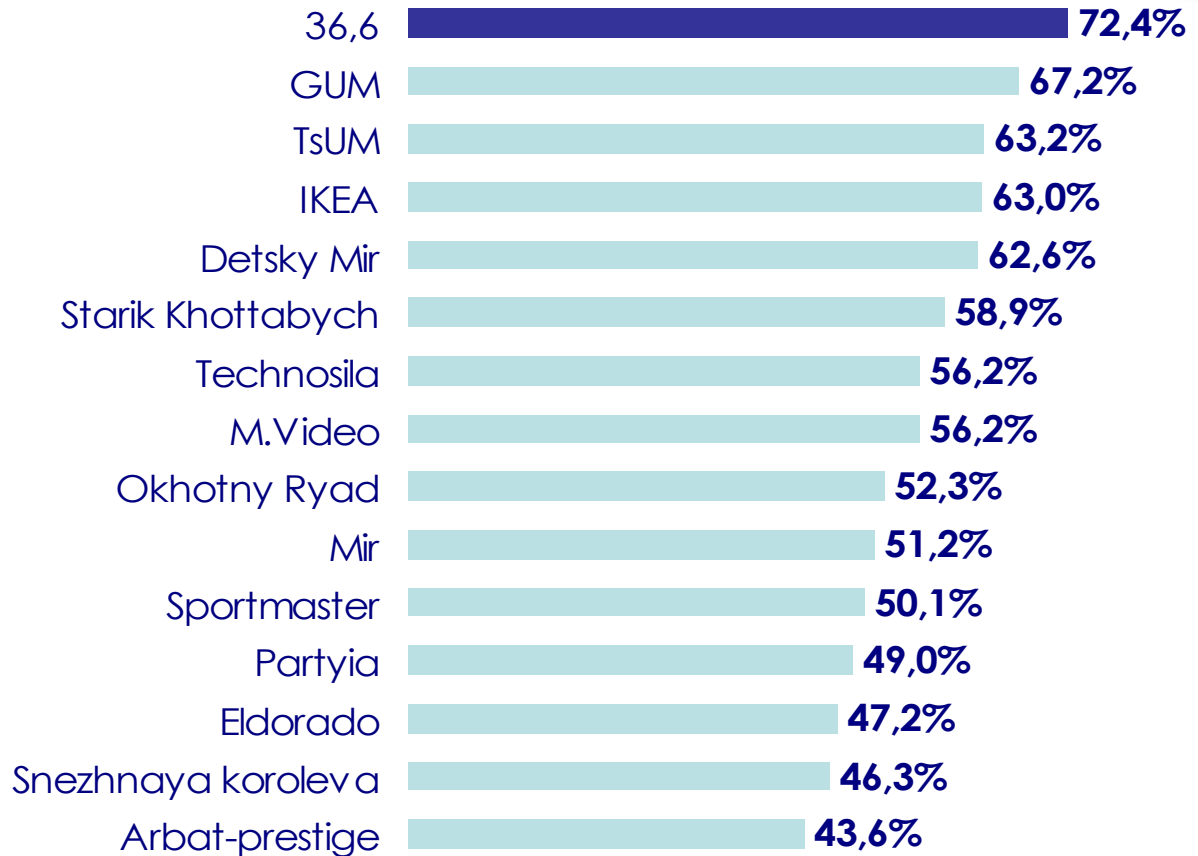
also leading by:

**attendance 49%**

next ranked  
Ramstore 39,6%

**making purchases 40%**

next ranked  
Ramstore 30,3%

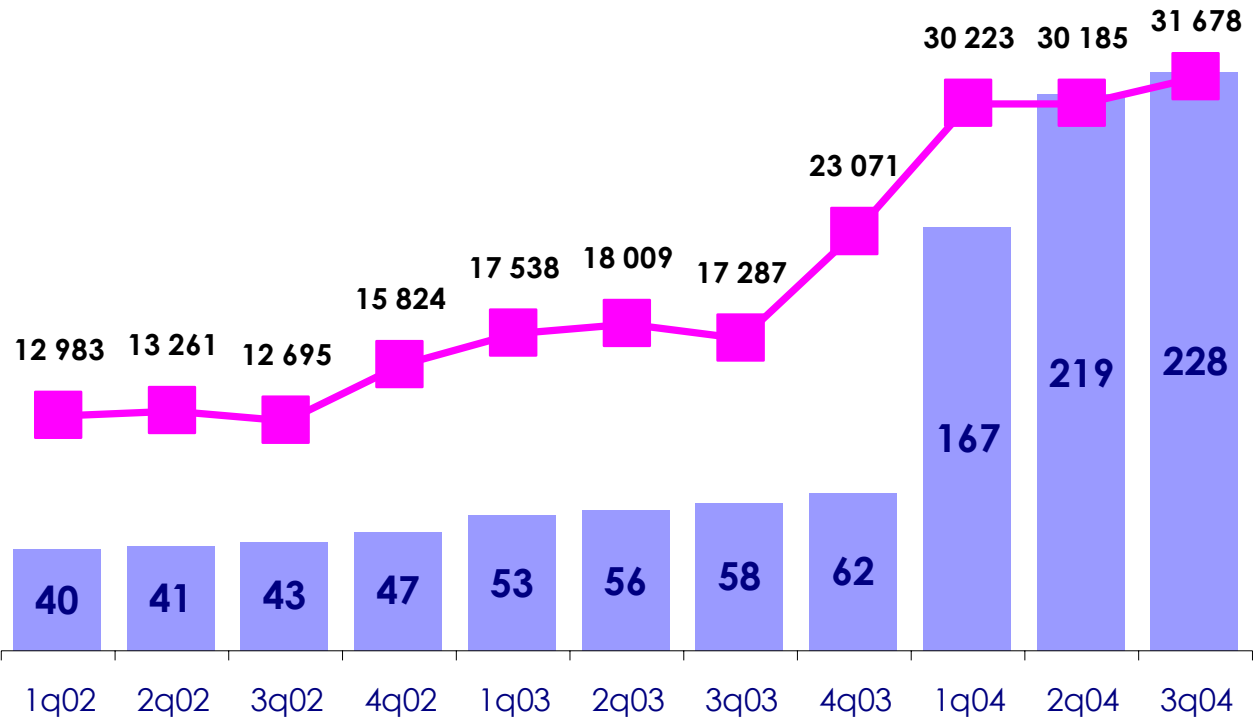


Source: Gallup Media Survey, 2003

# STORES GROWTH



**NET SALES,**  
*USD thousands*



**NUMBER OF  
STORES, eop**

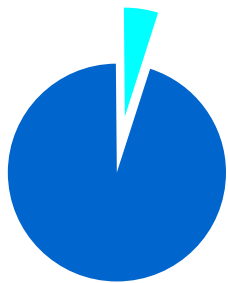


Starting from 2004 the Company includes pharmacies in its core business, which used to be accounted for as auxiliary segment

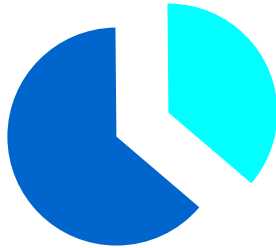
# THE RETAIL MARKETPLACE IS STILL FRAGMENTED

36.6

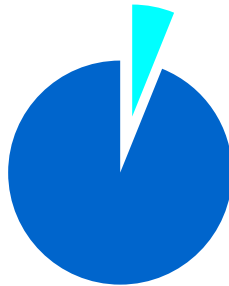
## TOP-5 PLAYERS MARKET SHARE



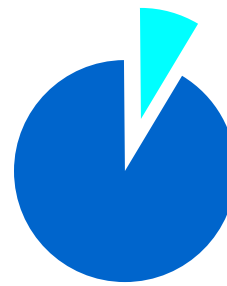
5%  
FOOD



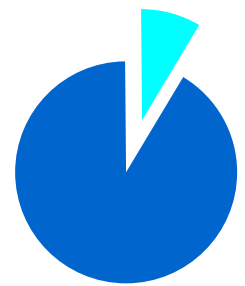
36%  
ELECTRONICS



6%  
PHARMACEUTICALS



9%  
H&B



9%  
DIY

 Top-5 players



Source: UFG Research



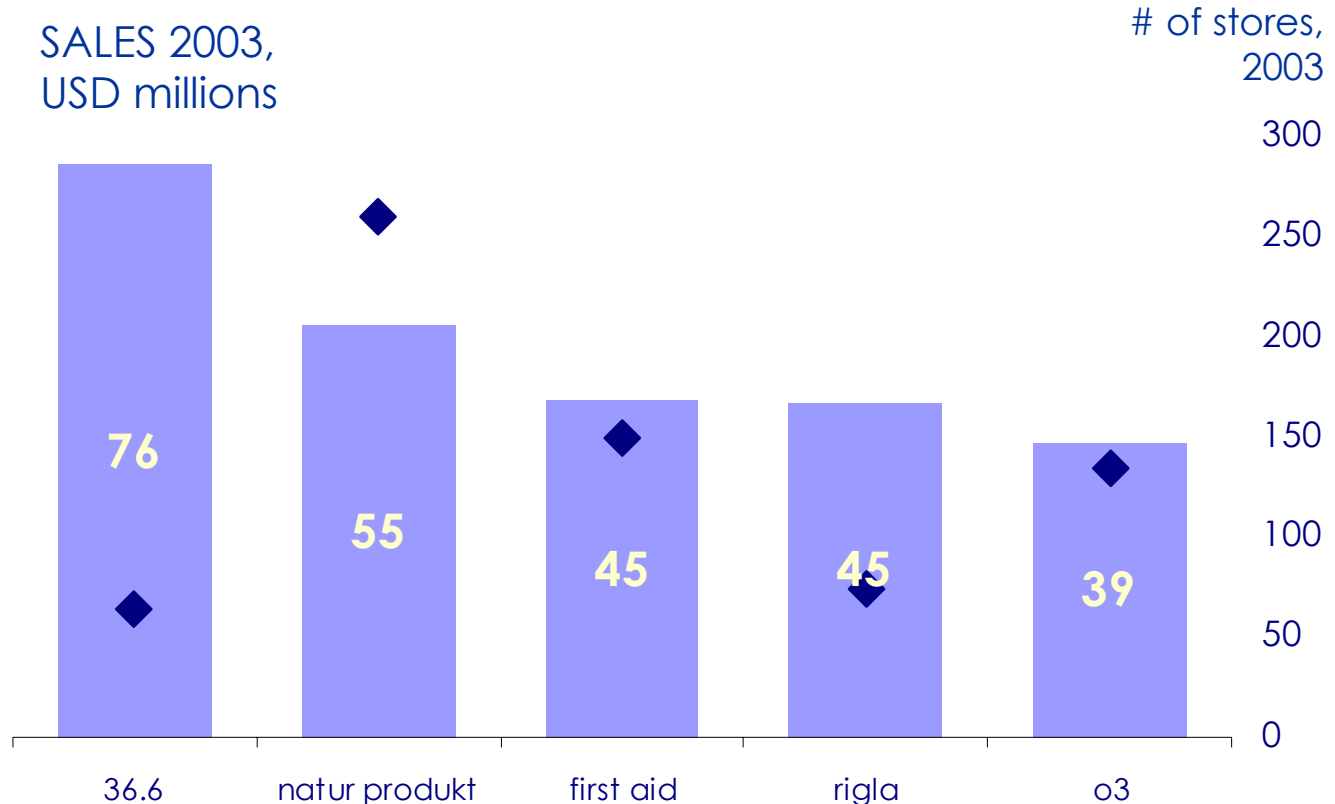
# 36.6 IS THE CONSOLIDATOR OF CHOICE IN PHARMACY RETAIL



**We strive:**

**to reach sales over \$800 million by 2008**

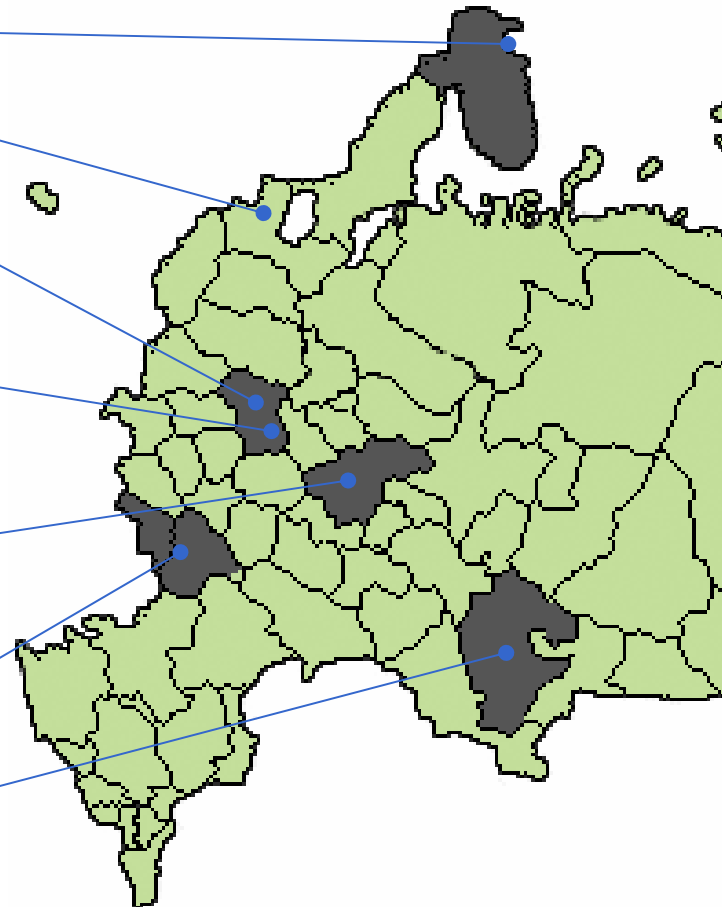
**to enjoy 10% of the Russian pharmacy retail market**



## REGIONAL EXPANSION

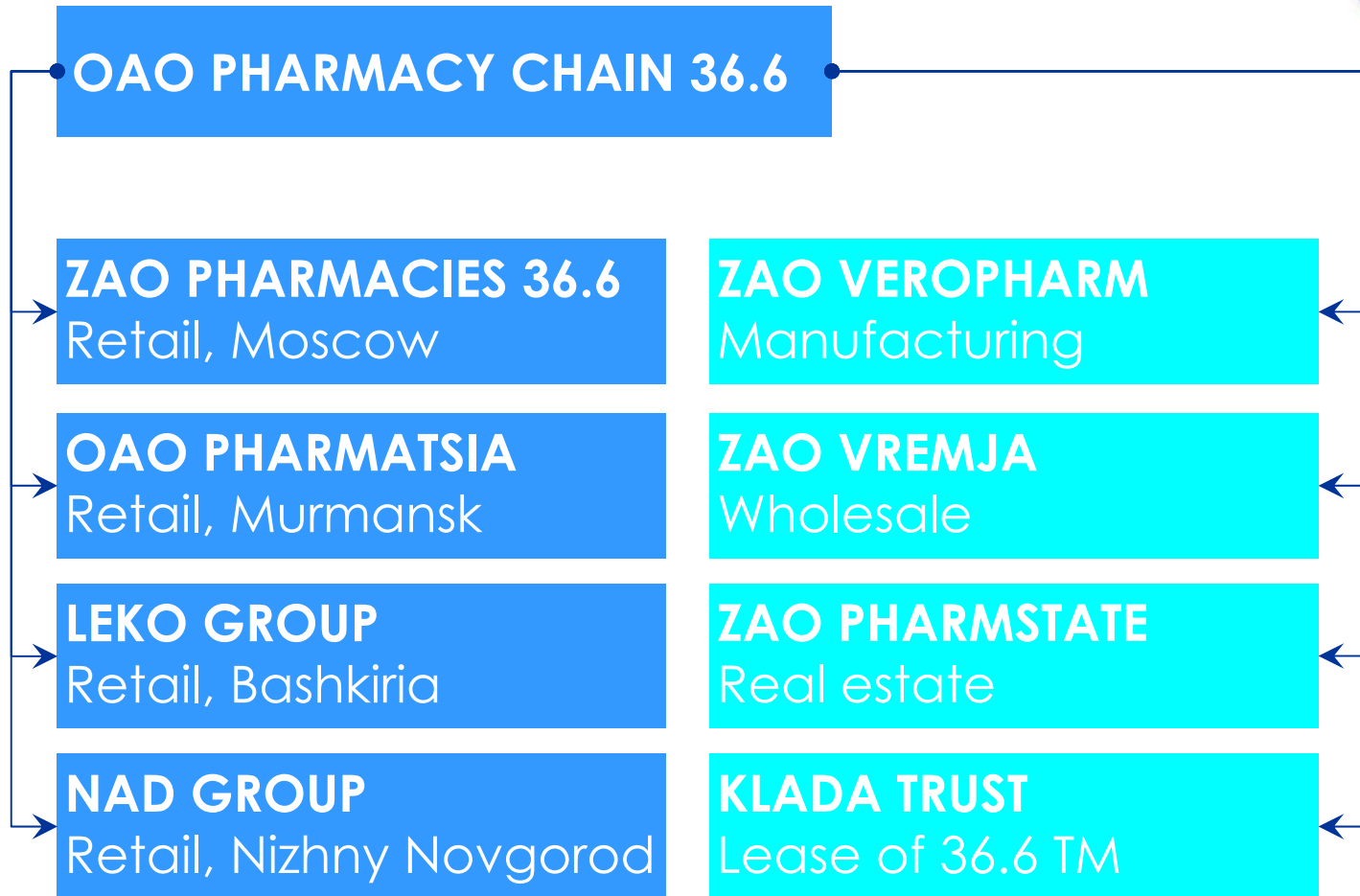
More than **230** pharmacies in **7** regions the Company reaches out to **30** million consumers, and will strive to deliver its value proposition to **60** million consumers by 2008

<b>MURMANSK</b>	<b>31</b>
<b>ST.PETERSBURG</b>	<b>4</b>
<b>MOSCOW</b>	<b>76</b>
<b>MOSCOW LOGISTIC REGION</b>	<b>11</b>
<b>NIZHNY NOVGOROD</b>	<b>41</b>
<b>VORONEZH</b>	<b>3</b>
<b>BASHKIRIA</b>	<b>68</b>



# ORGANIZATION CHART

36.6



\* Everywhere ownership is 100% except for OAO Pharmatsia (95%)

# BOARD OF DIRECTORS



**Sergey KRIVOSHEEV**  
*Chairman*

**Artem BEKTEMIROV**

**Michael OBERMAYER**

**Vasily RUDOMINO**

**Andrey AZAROV**

# MANAGEMENT STRUCTURE

36·6

**Artem BEKTEMIROV**  
CEO

**Dmitry  
GODUNOV**  
Development  
& Regions

**Julia  
REZVINA**  
Operations

**Victor  
VASILIEV**  
General Counsel  
& Corporate Secretary

**Svein Aage  
OLSEN**  
Finance

**Oleg  
ANIKIN**  
Strategy &  
Marketing

**Andrei  
SLIVCHENKO**  
Corporate  
finance & IR

**Dmitry  
KOZOREZOV**  
Commerce

**Boris  
RYABOV**  
Business &  
Technology

## VEROPHARM

**Herman  
INOZEMTSEV**  
Marketing

**Anton  
PARKANSKY**  
Managing Director  
VEROPHARM

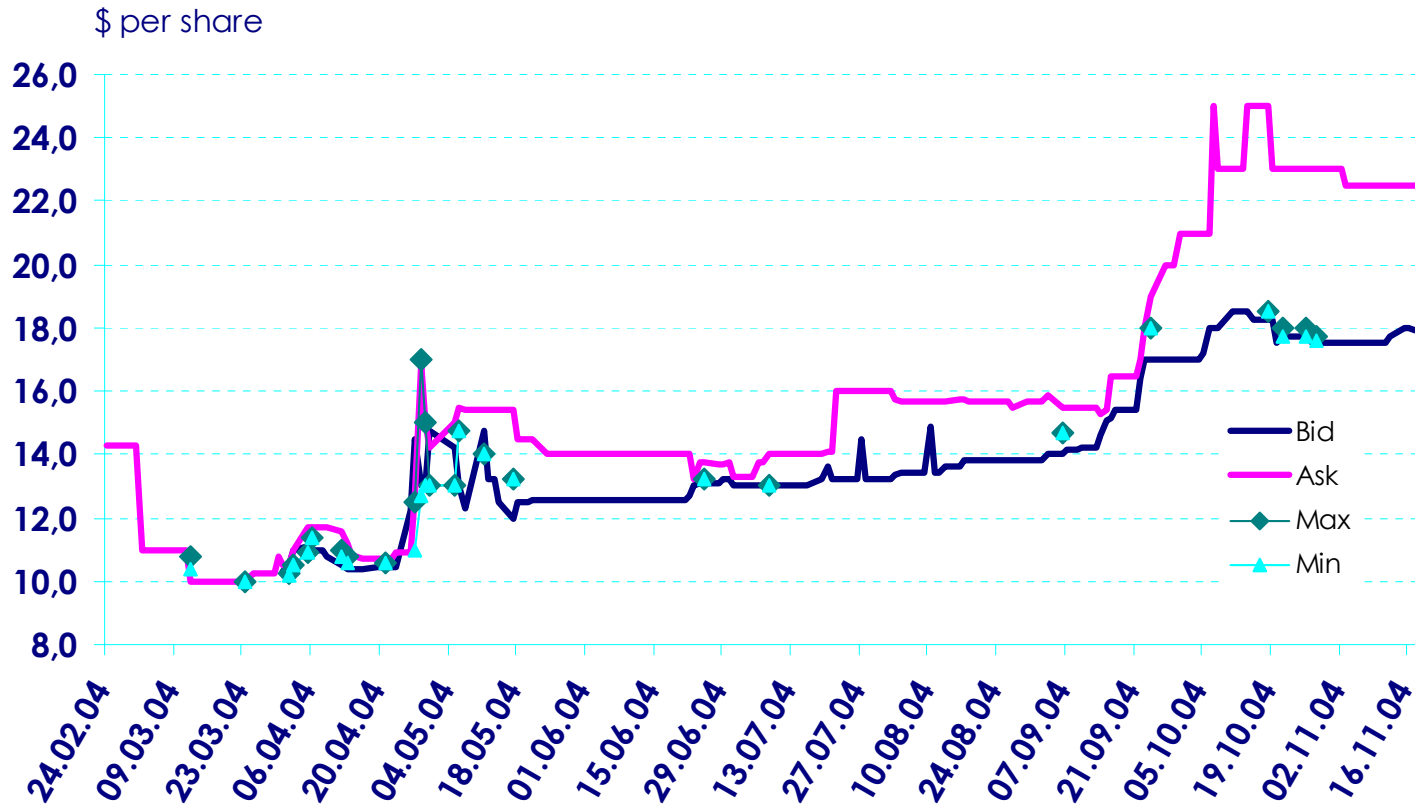
**Marina  
PEN'KOVA**  
Finance

**36.6 STOCK**



MARKET CAP:	<b>US\$ 145* MILLION</b>
NUMBER OF SHARES:	<b>8 MILLION</b>
FREE FLOAT	<b>20%</b>
IAS REPORTING	<b>since 2002</b>
AUDITOR	<b>DELOITTE</b>
TRADING	<b>MICEX since JAN'03 (RU14APTK1007)</b> <b>RTS since FEB'04 (aptk)</b>

# 36.6 SHARE PRICE



# APPENDIX

## (FINANCIALS & ANALYSIS)

NB!

\* *financials for the latest period are IAS unaudited*

\*\* *data by segments are before adjustments*



# CONSOLIDATED INCOME STATEMENT



	9M04	2003	2002	03/02,%
NET SALES	145,0	147,8	118,7	24,5%
GROSS PROFIT	55,5	59,8	46,0	30%
EBITDA	12,3	13,8	15,1	-8,6%
	8,5%	9,3%	12,7%	
OPERATING INCOME	7,4	8,4	10,4	-19,2%
NET INCOME	0,4	1,0	3,3	-69,7%
	0,3%	0,7%	2,8%	

# CONSOLIDATED INCOME STATEMENT, 9M04

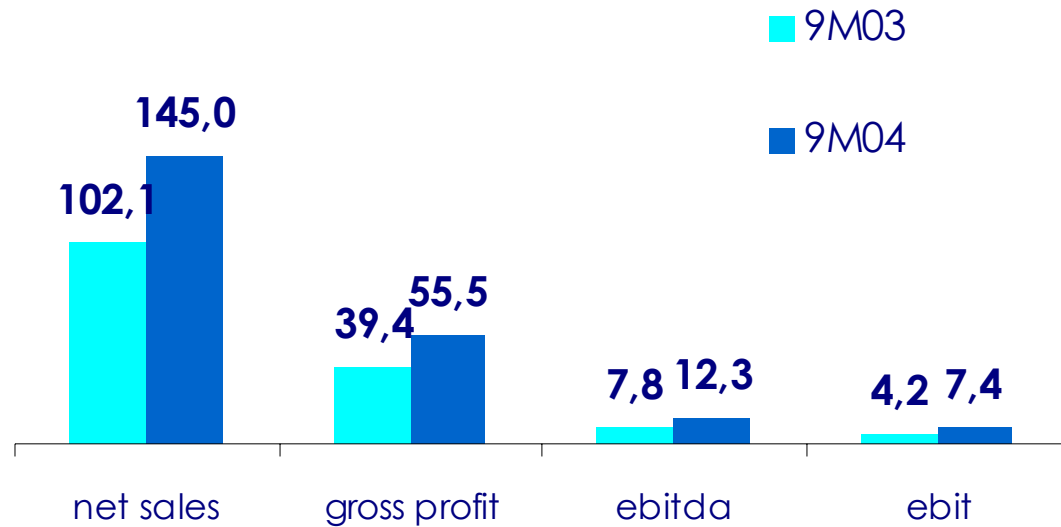


**NET SALES** up 42%

**GROSS  
PROFIT** 38,3%  
vs 38,6%

**EBITDA** 8,5%  
up from 7,7%

**EBIT** 5,1%  
up from 4,2%



# CONSOLIDATED BALANCE SHEET

(major items)



	9M04	2003	2002	03/02
NON-CURRENT ASSETS	83,2	60,1	45,9	14,2
CURRENT ASSETS	66,4	54,7	38,8	15,9
<b>TOTAL ASSETS</b>	<b>149,6</b>	<b>114,8</b>	<b>84,7</b>	<b>30,1</b>
EQUITY	41,0	40,2	24,4	15,8
TOTAL DEBT	69,3	43,1	36,3	6,8
CURRENT LIABILITIES*	30,3	24,0	17,7	6,3

# PHARMACIES 36,6: INCOME STATEMENT



	9M04	2003	2002	03/02,%
NET SALES	92,1	76,3	58,8	29,8%
GROSS PROFIT	31,9	24,4	19,2	27,1%
GROSS MARGIN	35%	32%	33%	
EBITDA	5,5	1,2	2,6	-53,8%
	6,0%	1,5%	4,4%	
D&A	2,8	2,0	1,7	17,6
OPERATING INCOME	2,8	-0,9	0,9	n/a

# PHARMACIES 36.6

## BALANCE SHEET

(major items)



	9M04	2003	2002	03/02
<b>N-CURRENT ASSETS</b>	<b>44,8</b>	<b>21,9</b>	<b>15,7</b>	<b>6,2</b>
<b>CURRENT ASSETS</b>	<b>22,0</b>	<b>15,6</b>	<b>13,1</b>	<b>2,5</b>
<b>TOTAL ASSETS</b>	<b>66,8</b>	<b>37,5</b>	<b>28,8</b>	<b>8,7</b>
<b>CURRENT LIABILITIES</b>	<b>20,9</b>	<b>17,7</b>	<b>10,9</b>	<b>6,8</b>

# PHARMACIES 36.6: INCOME STATEMENT 9M04

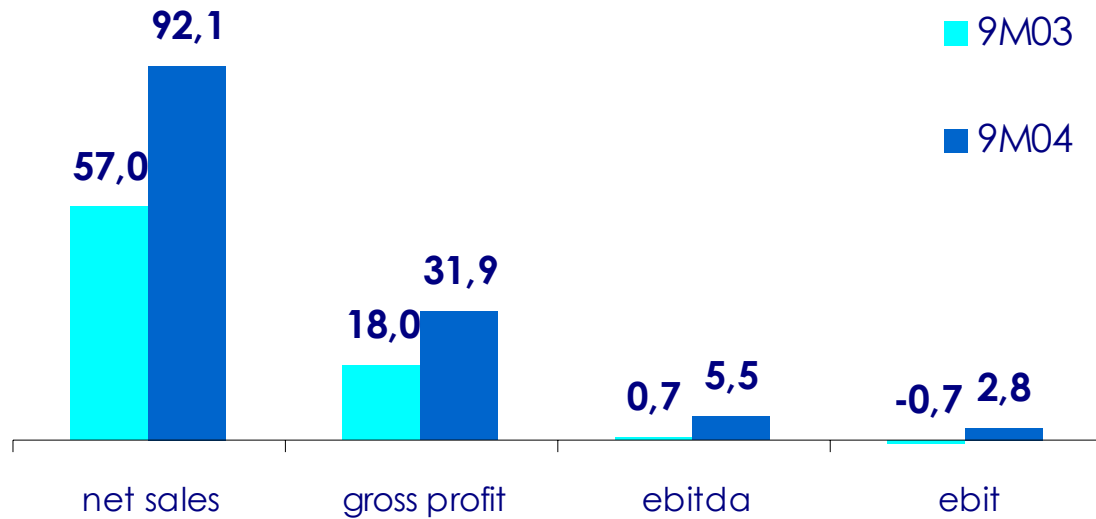


NET SALES up 62%

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

EBITDA 6,0%  
up from 1,2%

EBIT 3,0%  
up from -1,2%



# PHARMACIES 36.6: OLD VS ALL STORES, 1H04



Same store sales  
were up **12%** yoy  
in the 1<sup>st</sup> half of  
2004

## GROSS MARGIN

### ALL PHARMACIES

MLR only

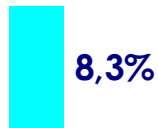


### OLD PHARMACIES

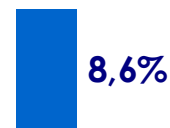
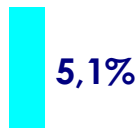
28 MLR pharmacies at least  
9 months old as of 01jan03



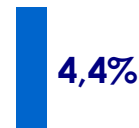
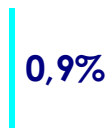
## EBITDA MARGIN



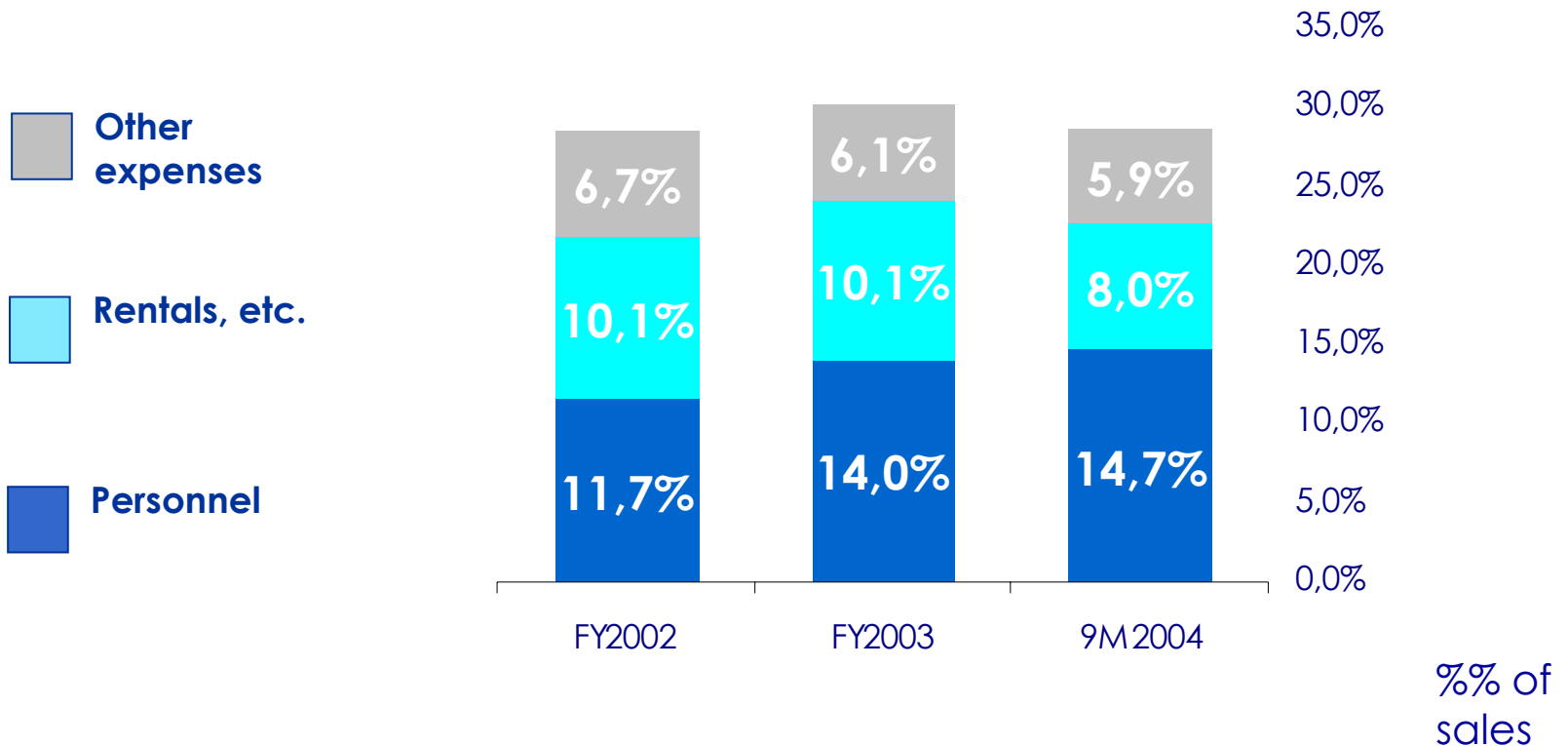
## EBIT MARGIN



## NET INCOME\* MARGIN



# PHARMACIES 36.6: SG&A BREAKDOWN, 9M04





# KEY PERFORMANCE INDICATORS



	4Q02	1Q03	2Q03	3Q03	4Q04	1Q04	2Q04	3Q04
<b>NUMBER OF PURCHASES</b> thousands	3 005	3 288	3 213	2 945	3 604	3 245	3 168	6 213
<b>AVERAGE PURCHASE</b> USD	5,27	5,33	5,60	5,87	6,40	7,25	7,40	5,87
<b>SALES PER M2</b> USD	2 197	2 237	2 214	2 063	2 594	2 503	2 293	17,000

# VEROPHARM: INCOME STATEMENT



	9M04	2003	2002	03/02,%
NET SALES	41,4	52,8	43,9	20,4%
GROSS PROFIT	21,7	31,3	23,4	33,6%
GROSS MARGIN	52,5%	59,2%	53,3%	
EBITDA	9,3	15,5	13,5	14,2%
	22,5%	29,3%	30,9%	
D&A	2,0	2,9	3,1	n/a
OPERATING INCOME	7,3	12,5	10,5	n/a

# VEROPHARM BALANCE SHEET

(major items)



	9M04	2003	2002	03/02
<b>N-CURRENT ASSETS</b>	<b>34,3</b>	<b>34,4</b>	<b>31,2</b>	<b>3,2</b>
<b>CURRENT ASSETS</b>	<b>38,8</b>	<b>34,2</b>	<b>23,4</b>	<b>10,8</b>
<b>TOTAL ASSETS</b>	<b>73,1</b>	<b>68,5</b>	<b>54,5</b>	<b>14,0</b>
<b>CURRENT LIABILITIES</b>	<b>10,5</b>	<b>7,1</b>	<b>6,5</b>	<b>0,6</b>

# VEROPHARM: INCOME STATEMENT, 9M04

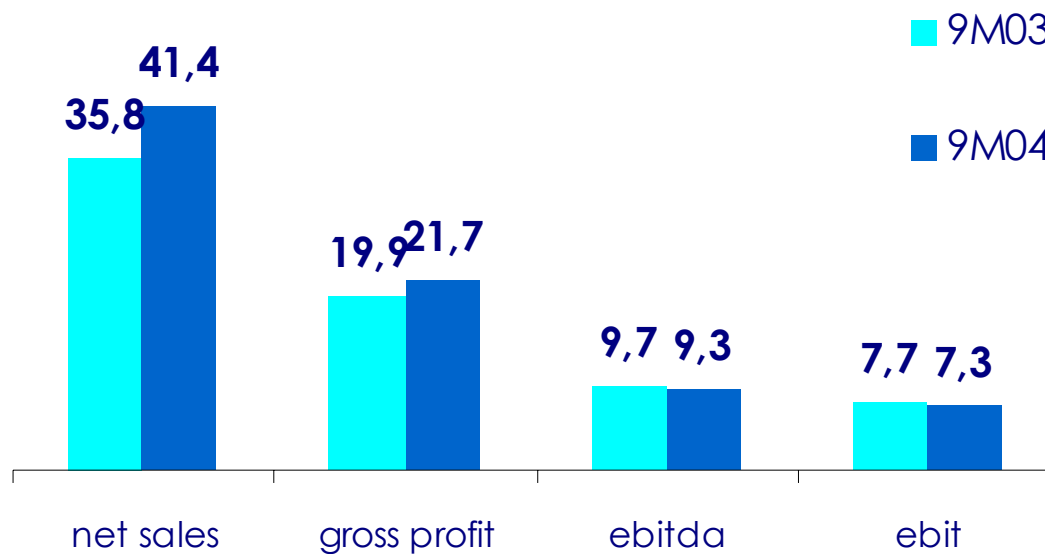


**NET SALES** up 15,7%

**GROSS PROFIT** 52,5%  
vs 55,5%

**EBITDA** 22,4%  
vs 27,3%

**EBIT** 17,7%  
vs 21,5%



# DISCLAIMER



Some of the information contained herein may contain projections or other forward-looking statements regarding future events or the future financial performance of OAO Pharmacy Chain 36.6, as defined in the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. We wish to caution you that these statements are only predictions and, those actual events or results may differ materially. We do not intend to update these statements to conform them to actual results. We refer you to the documents OAO Pharmacy Chain 36.6 files from time to time with the Russian Federal Securities Commission. These documents contain and identify important factors. These factors could cause the actual results to differ materially from those contained in our projections or forward-looking statements, including, among others, potential fluctuations in quarterly results, and risks associated with our competitive environment, acquisition strategy, ability to develop new products or maintain market share, brand and company image, operating in Russia, volatility of stock price, financial risk management, and future growth.

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