

# Richter Group

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H1 2015



**Interim Report, H1 2015**  
**30 July 2015**



# Summary – H1 2015

H1 2015

- **Consolidated sales: +5.3% (EUR), +5.3% (HUF)**
  - + sales growth in Russia
  - + good growth in the USA, in China, in Poland and in EU15 countries
  - significant sales decline in Ukraine
  
- **Profit for the period\*: +62.1% (EUR), +62.0% (HUF)**
  - + favourable exchange rate movements
  - + decreasing operating expenses
  - + net financial gain

*\*Net income attributable to owners of the parent*



# Consolidated financial highlights

H1 2015

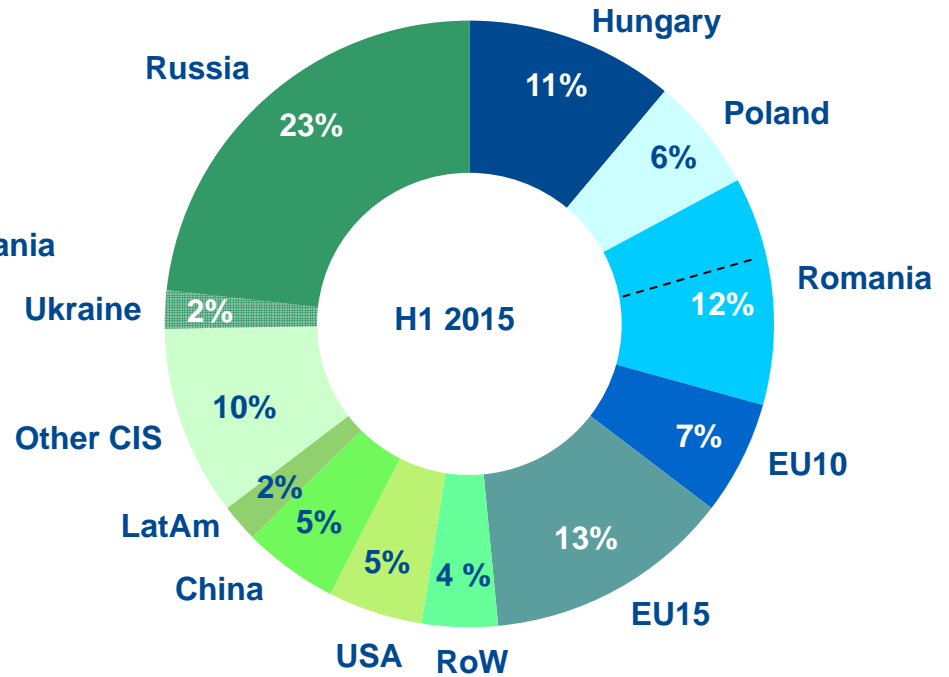
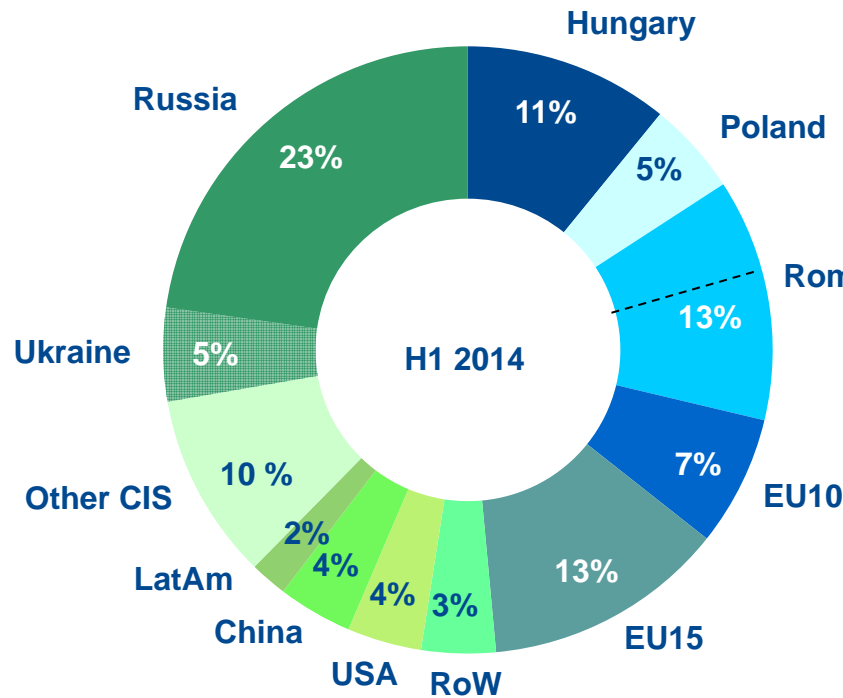
	HUF	Change%	EUR	Change%
<b>Total revenues</b>	184.0 bn	5.3	599.1 m	5.3
<b>Profit from operations</b>	31.6 bn	65.3	103.1 m	65.5
<b>Profit for the period*</b>	37.5 bn	62.0	122.2 m	62.1
<b>EPS (diluted)</b>	203	63.7	0.66	65.0

*\*Net income attributable to owners of the parent*



# Geographical composition of Group sales

H1 2015



Total:  
HUF 174.8 bn  
EUR 568.9 m

+ 5.3% (HUF)  
+ 5.3% (EUR)

Total:  
HUF 184.0 bn  
EUR 599.1 m



# P&L

H1 2015

	HUFm H1 2015	Change %	EURm H1 2015	Change %	as % of total revenues
Total revenues	183,953	5.3	599.1	5.3	
<b>Gross profit</b>	<b>116,861</b>	<b>9.5</b>	<b>380.6</b>	<b>9.6</b>	<b>63.5</b>
S&M expenses	(50,987)	(3.3)	(166.0)	(3.3)	27.7
A&G expenses	(9,818)	3.5	(32.0)	3.6	5.3
R&D expenses	(20,991)	(5.8)	(68.4)	(5.7)	11.4
Other income and other expenses	(3,416)	12.3	(11.1)	12.1	1.9
<b>Profit from operations</b>	<b>31,649</b>	<b>65.3</b>	<b>103.1</b>	<b>65.5</b>	<b>17.2</b>
Net financial income	7,920	104.5	25.8	104.8	4.3
<b>Profit for the period*</b>	<b>37,508</b>	<b>62.0</b>	<b>122.2</b>	<b>62.1</b>	<b>20.4</b>

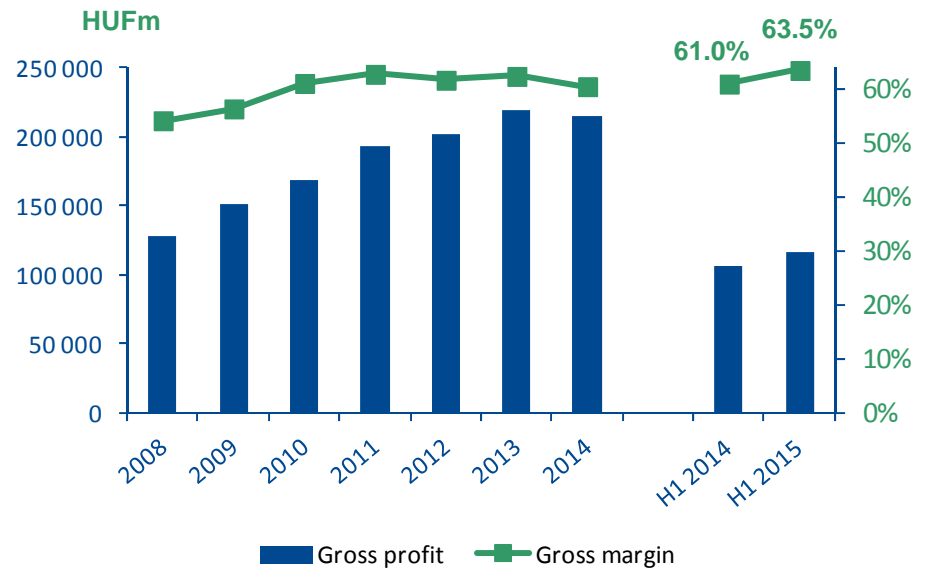
*\*Profit attributable to owners of the parent*



# Increasing gross profit, gross margin

H1 2015

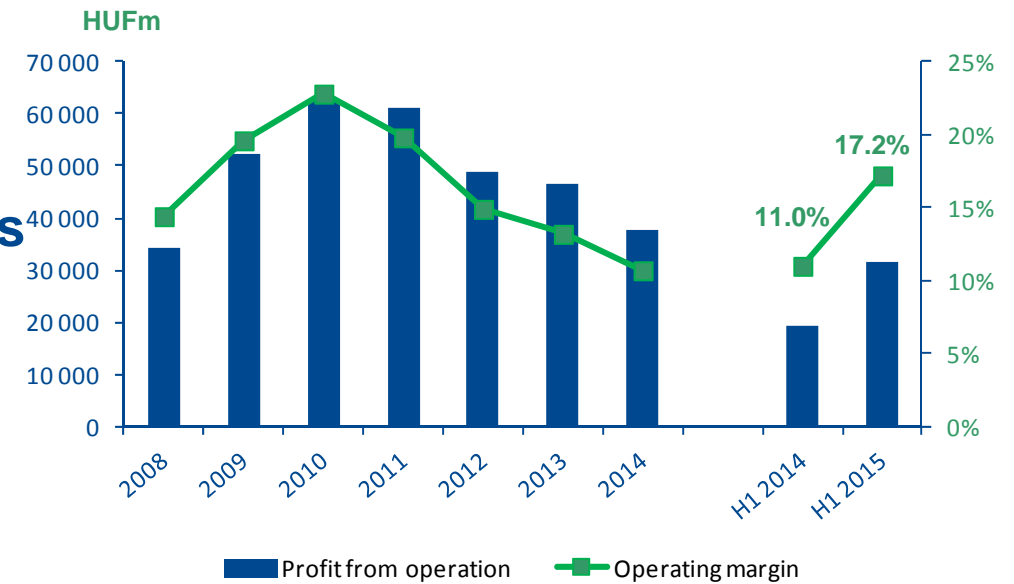
- + Increase of turnover in Russia, in EU15 countries, in the USA and in China
- + Improvement of the product mix
- + Appreciation of USD against HUF and EUR
- Significant sales decline in Ukraine
- Weakening EURRUB exchange rate (YoY)



# Increasing operating margin

H1 2015

- Increasing gross margin
- Decreasing S&M costs
- Decreasing R&D expenditures



# Pharmaceutical sales\*

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H1 2015

## Key drivers of growth:

- **Russia, USA, China, Poland and EU15 countries**
- **Female healthcare**
- **Successful product launches**

*\*88% of turnover originates from outside of Hungary*

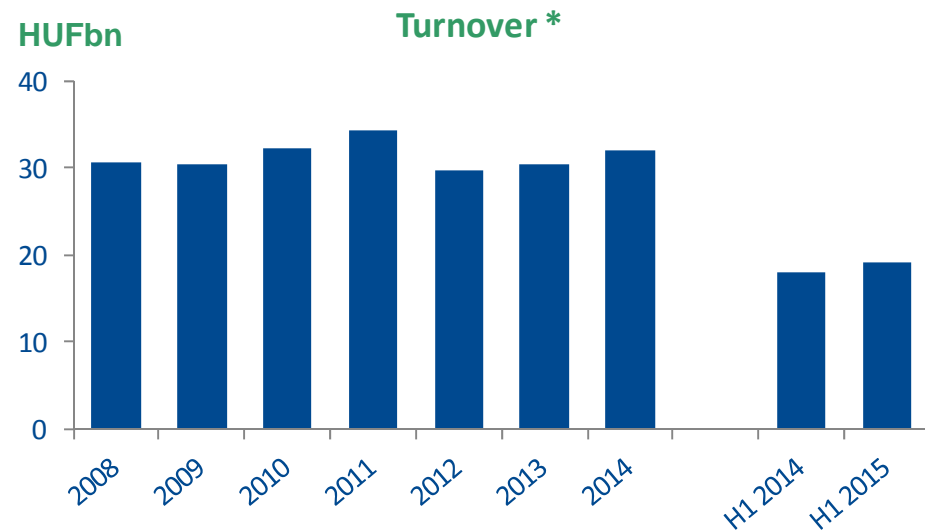




# Hungary

H1 2015

- **Stable pharmaceutical market**
- **Sales increase: 5.6% in HUF**
- **Success of products launched in recent years**



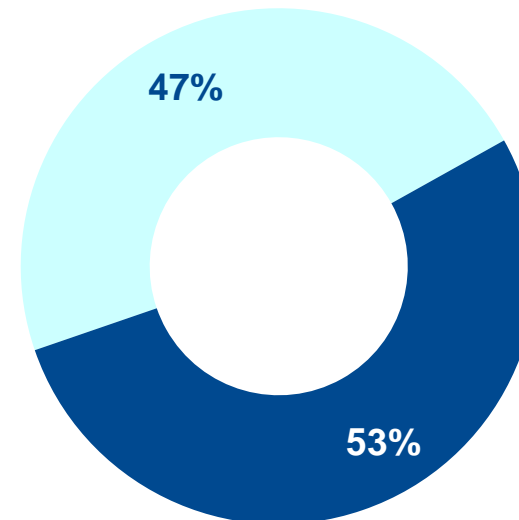
\*Turnover of the pharmaceutical segment



# EU – composition of sales\*

H1 2015

- **Traditional EU member states**
  - strengthening our position in key Western-European markets
  - own gynaecological sales and marketing network



- **Poland, Romania, EU10**
  - well established in the region for decades
  - own specialized sales network

*\*Turnover of the pharmaceutical segment*

# EU15

H1 2015

- 6.7% sales increase in EUR
- Recently established S&M network
- Female healthcare products: Esmya<sup>®</sup>, Richter OC portfolio, acquired OCs



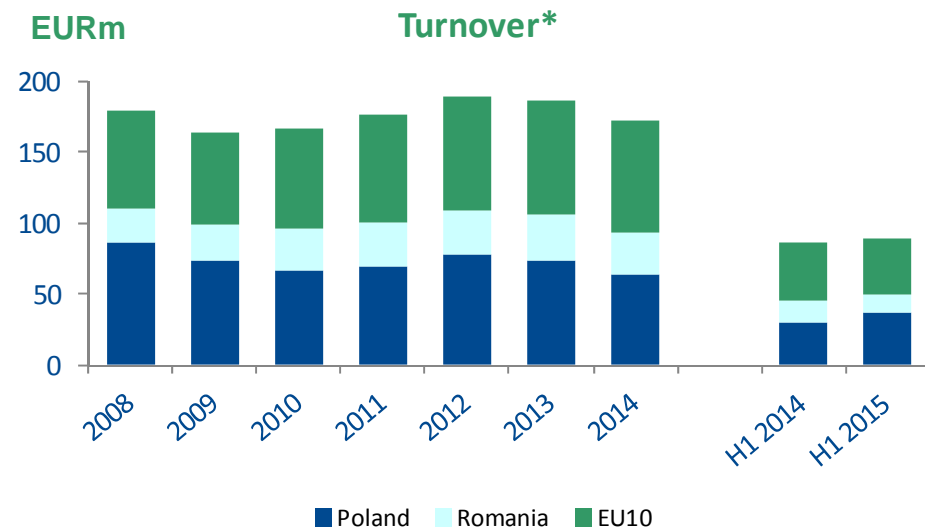
\*Turnover of the pharmaceutical segment



# Poland, Romania, EU10

H1 2015

- Increasing generic competition
- Price erosion
- Poland:
  - 22.3% increase in PLN
  - low sales levels in the base period
  - strong flu epidemic – Groprinosin sales increase
- Romania:
  - decreasing sales levels (11.9% in RON)



\*Turnover of the pharmaceutical segment

# CIS

H1 2015

- Sales decline (2.3% in EUR)
- Russia
  - RUB devaluation (YoY)
  - slowdown of Russian economy
- Ukraine
  - political uncertainty
  - UAH devaluation
  - strongly decreasing purchasing power



\*Turnover of the pharmaceutical segment

# Russia

H1 2015

- Sales increase  
(38.5% in RUB; 6.4% in EUR)
- Volume increase – stock effect
- Price increase: 1 January 2015
- Significant weakening of EURRUB exchange rate in H1 2015: 30.3% (YoY)
- Decreasing purchasing power
- Increase of manufacturing and warehousing capacities



\*Turnover of the pharmaceutical segment



# Ukraine, Other republics

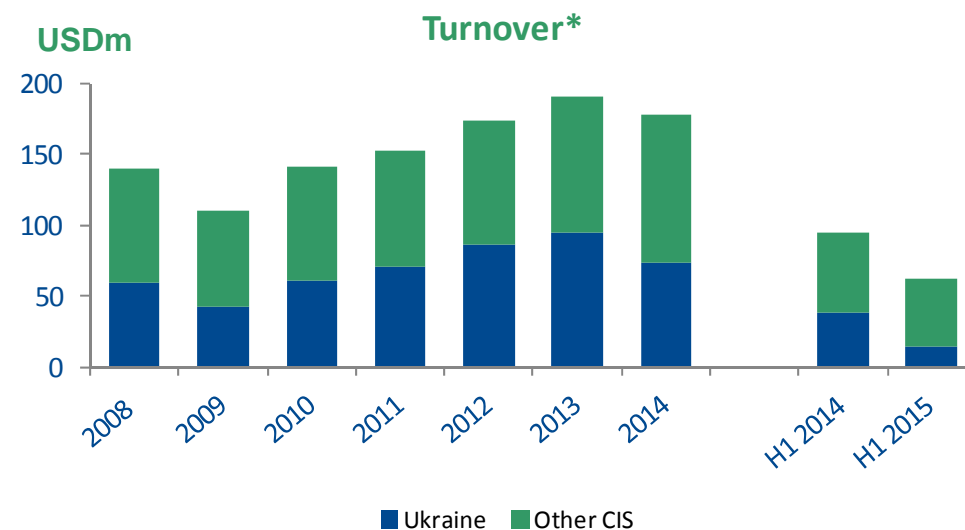
H1 2015

- **Ukraine**

- **63.1% decline (USD)**
- **political and economic turmoil**
- **UAH devaluation**
- **significantly decreasing purchasing power**

- **Other republics**

- **5.6% decrease (EUR)**  
**(-14.3% in USD)**

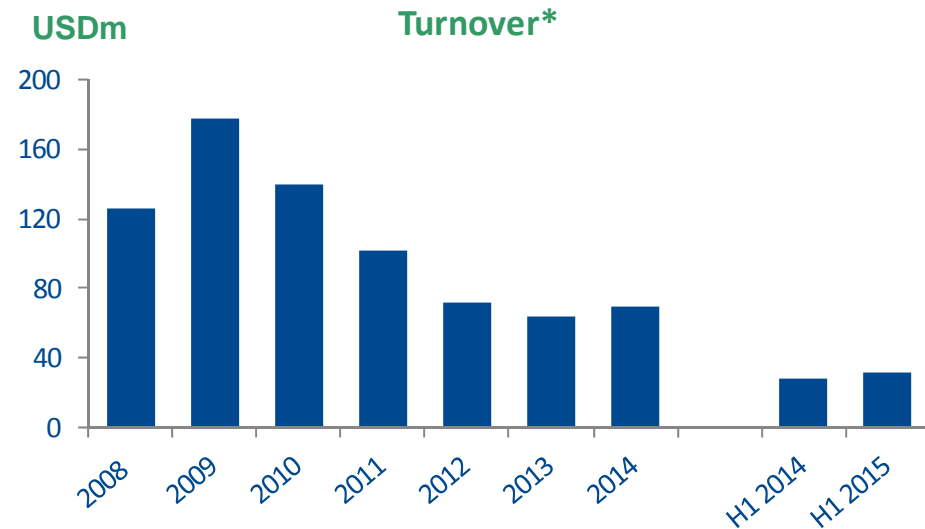


\*Turnover of the pharmaceutical segment

# USA

H1 2015

- Sales increase (12.9% in USD)
- Significant proportion of gynaecology – 79%
- Sales increase – emergency contraceptives



\*Turnover of the pharmaceutical segment



# China

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H1 2015

- **Dynamically expanding pharmaceutical market**
- **From 2013 JV operates with Richter majority stake**
- **Sales network: 223 medical representatives**
- **Sales in H1 2015: EUR 29.5m**

# Latin America

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H1 2015

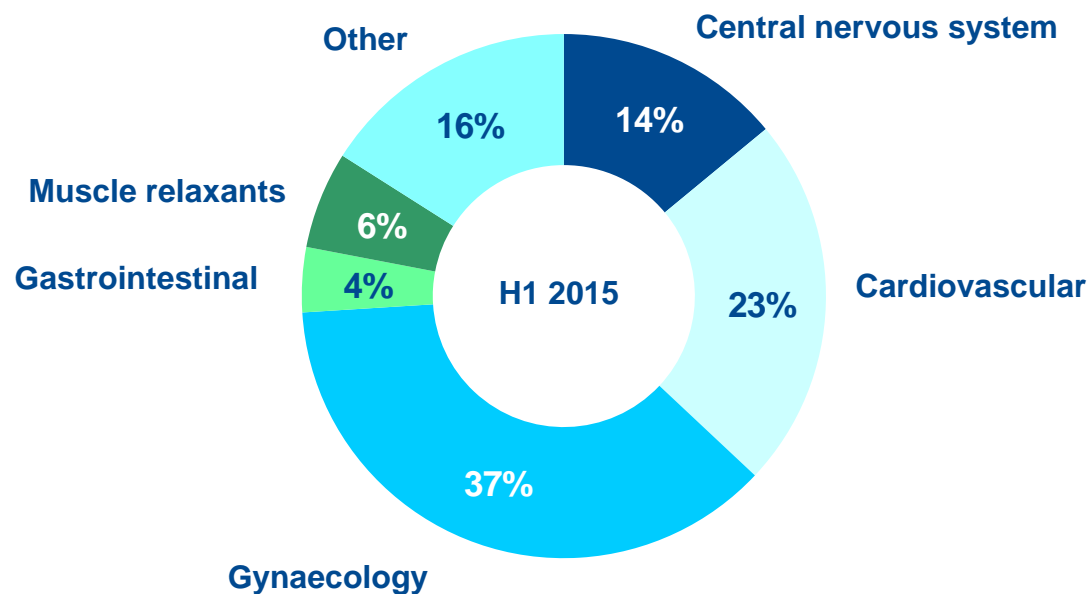
- **Regional presence:**
  - Brazil
  - Mexico
  - Colombia
  - Ecuador
  - Bolivia
  - Peru
  - Chile
  
- **Female healthcare products in focus**
  
- **Sales\* in H1 2015: USD 11.0m**

*\*Turnover of the pharmaceutical segment*



# Pharmaceutical sales by therapeutic areas

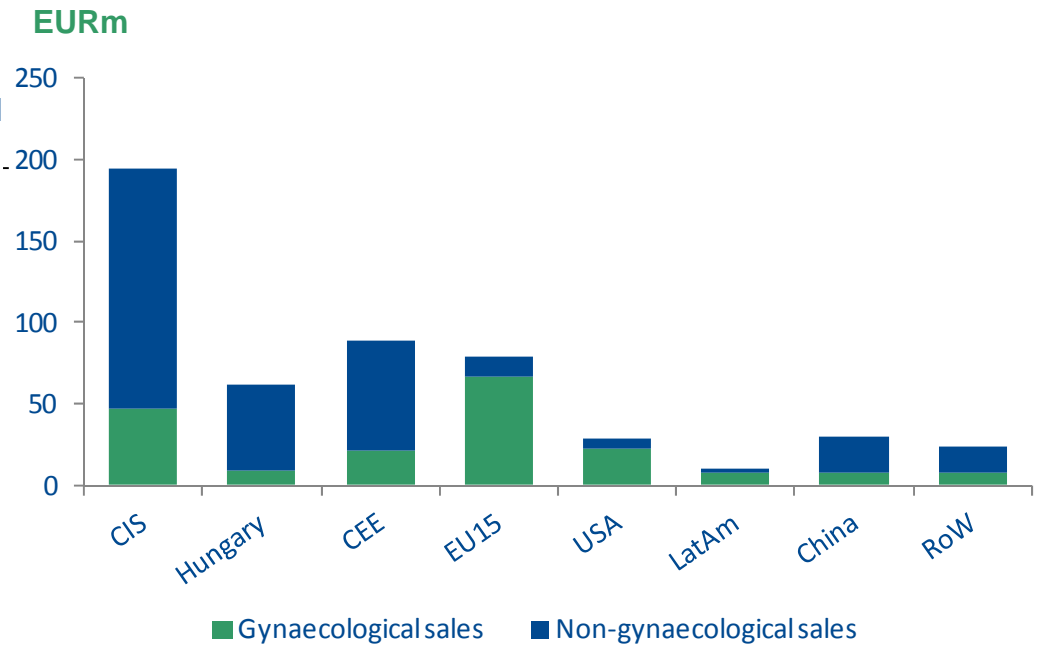
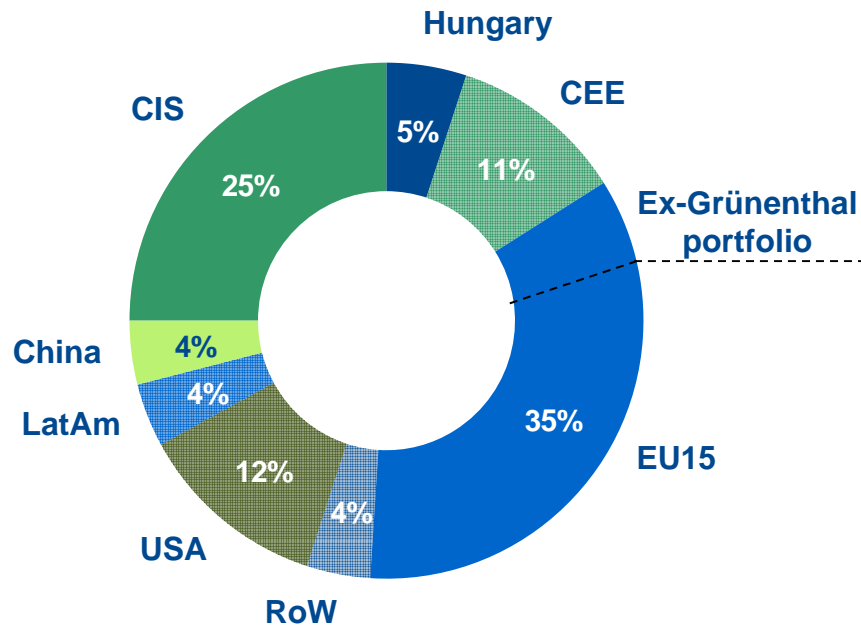
H1 2015



Total: EUR 516.8m

# Female healthcare sales by region

H1 2015



**Total:**  
**HUF 58.5bn**  
**EUR 190.5m**



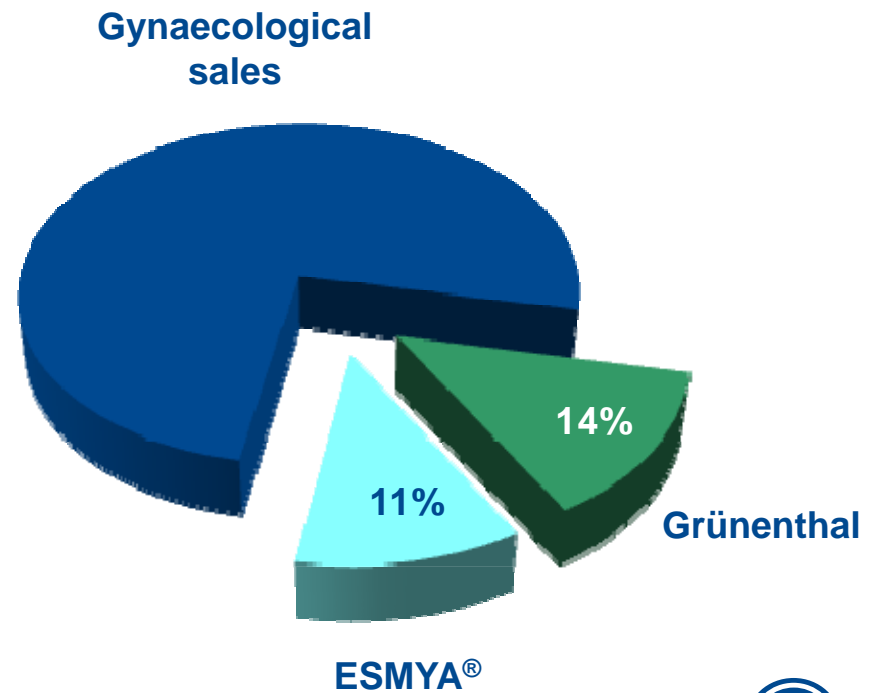
# Sales of Grünenthal portfolio and ESMYA®

H1 2015

- Grünenthal sales: EUR 25.7m
- ESMYA® sales: EUR 21.2m

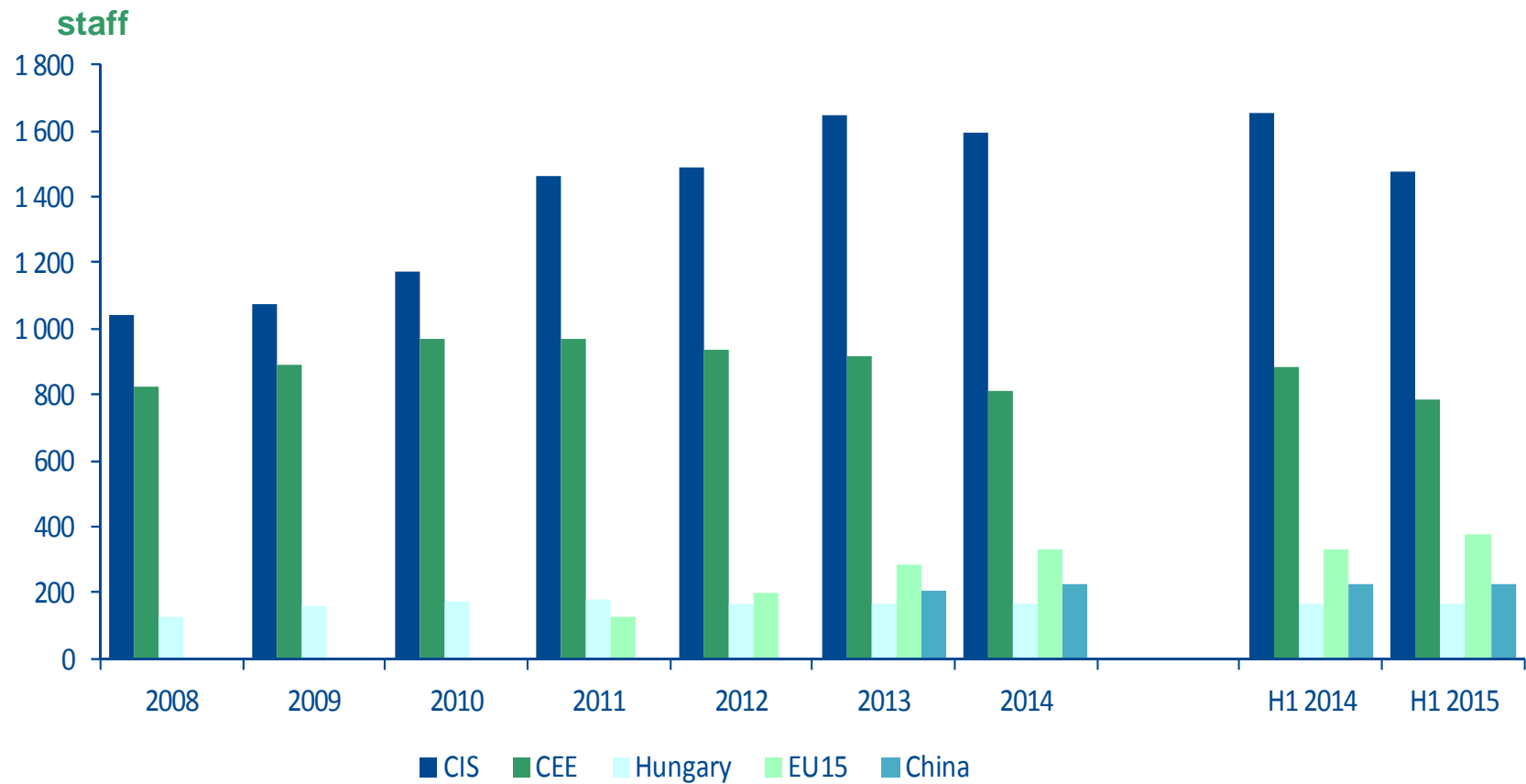


**Total: EUR 46.9m**



# Sales network

H1 2015



# Wholesale and retail

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H1 2015

- **W&R sales contribution is 16% of total sales**
- **70% of the W&R turnover originates in Romania**

# Key events – Cariprazine

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H1 2015

- **6 January 2015 – FDA acknowledged receipt of cariprazine NDA resubmission**
  - Prescription Drug User Fee Act (PDUFA) date: expected in Q2 2015
- **20 January 2015 – Relapsed prevention Phase III clinical trial**
  - schizophrenia indication – positive top-line result
  - Actavis-Richter joint trial
- **22 January 2015 – Negative symptoms Phase IIIb trial**
  - schizophrenia indication – positive top-line result
  - trial conducted by Richter
- **16 June 2015 – three-month extension of review period supporting the resubmission of the NDA for cariprazine**
  - end of Agency’s reviewal of application: expected in September 2015





# Key events – ESMYA<sup>®</sup>

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H1 2015

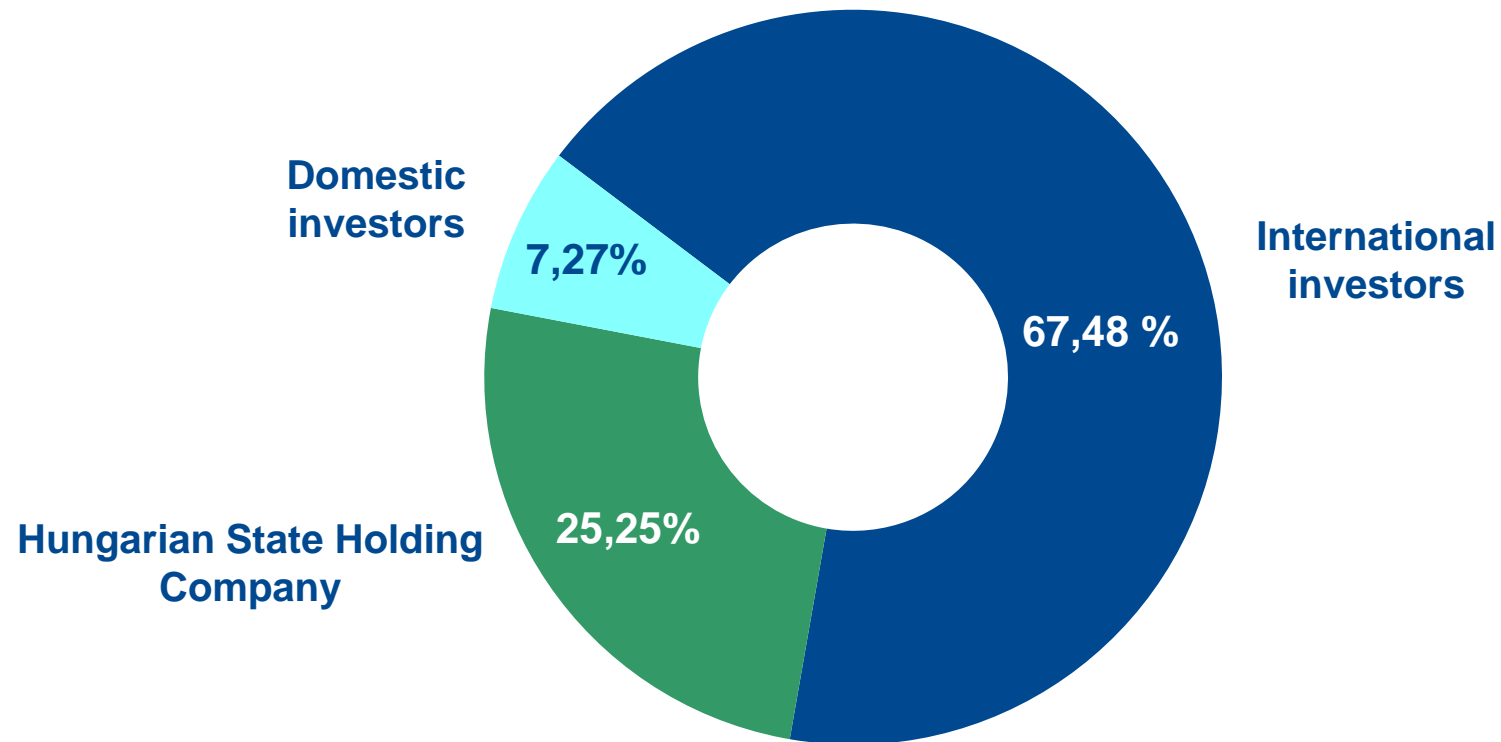
- **Esmya<sup>®</sup> 5 mg long term on-off use:**
  - Phase III clinical trials completed in Q2 2014
  - application to EMA
    - application: Q3 2014
    - EMA - CHMP → positive opinion: 23 April 2015
    - EMA approval: 28 May 2015



# Ownership structure

H1 2015

30 June 2015



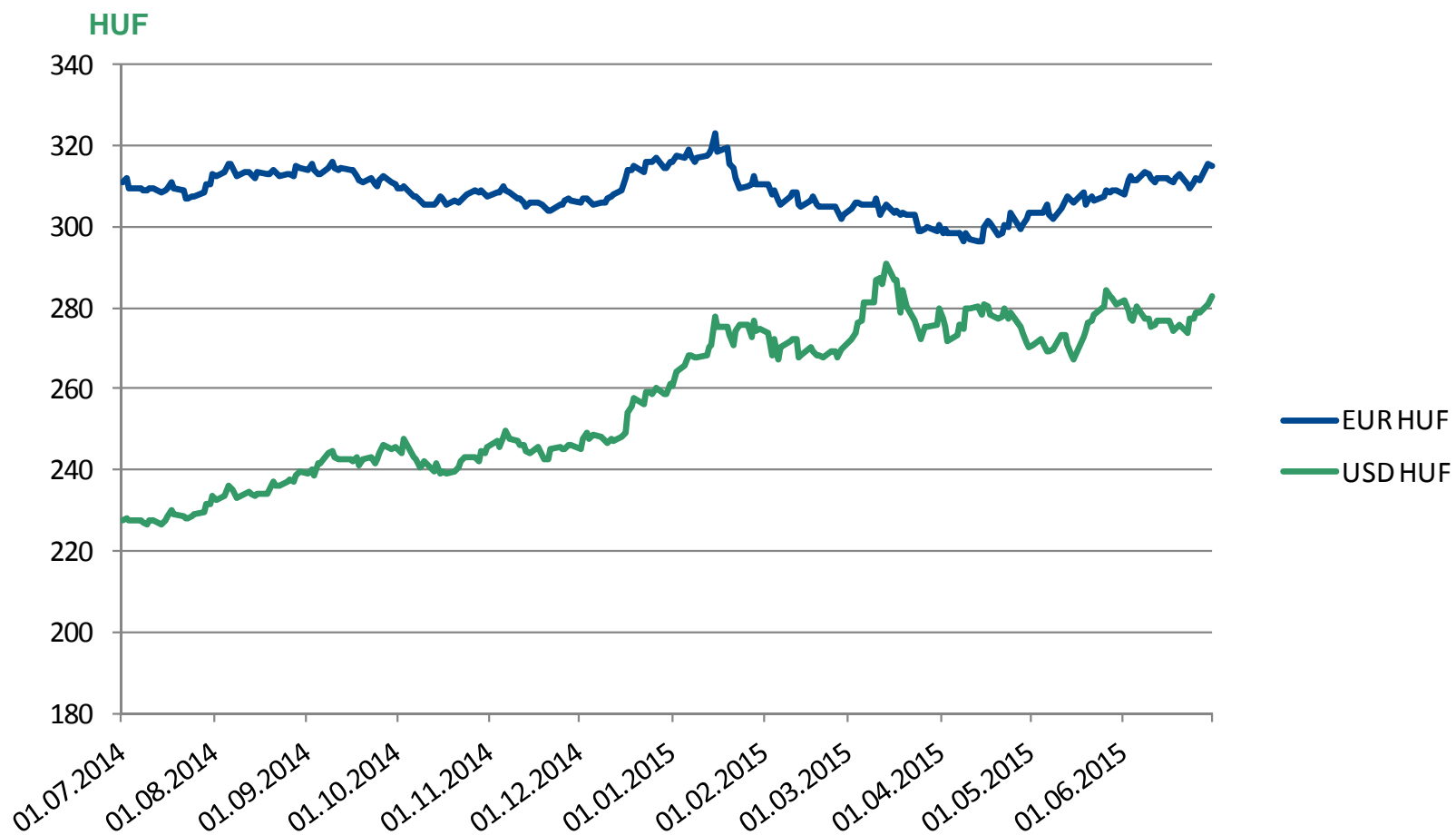
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## Exchange rates

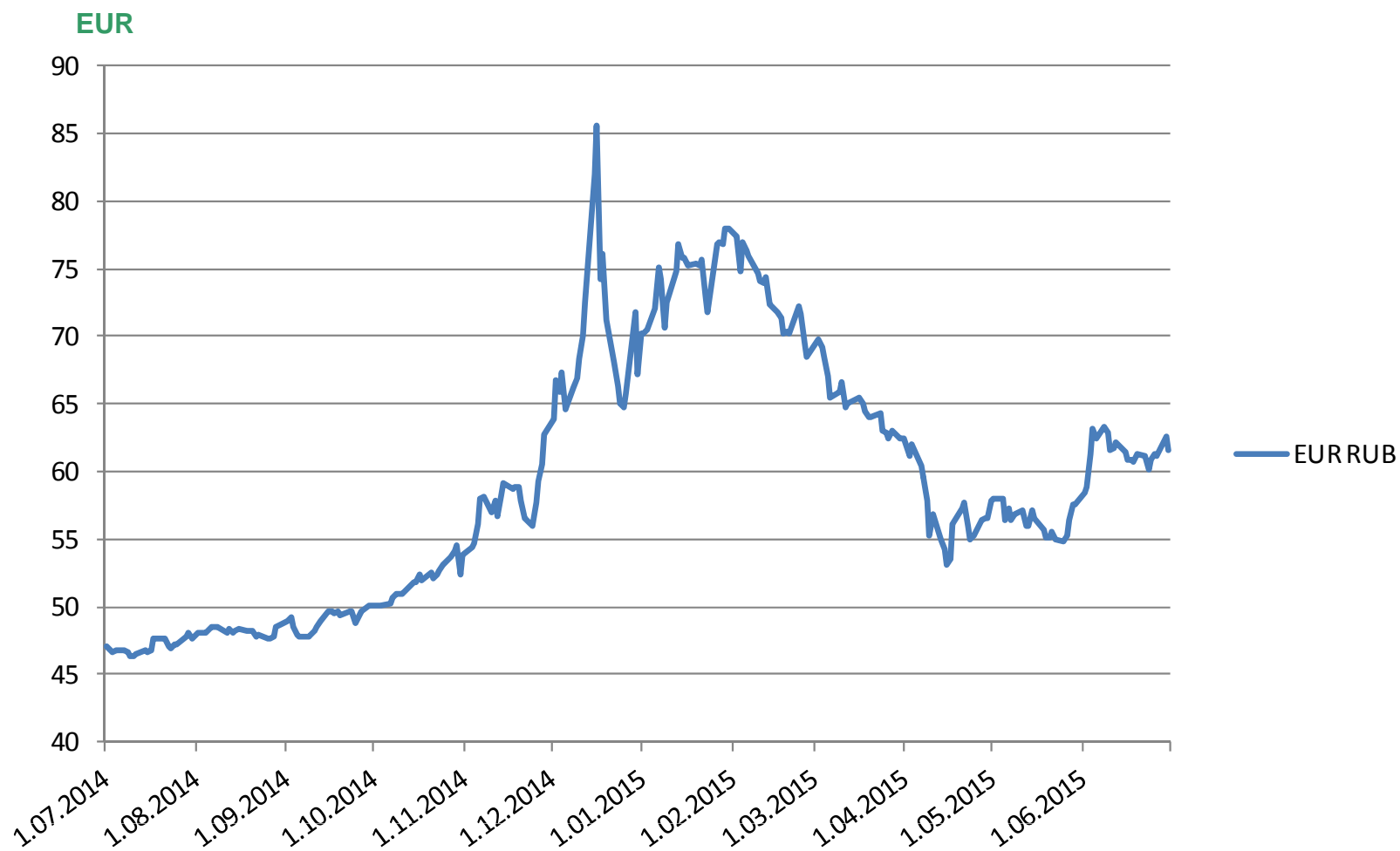
# Evolution of currency exchange rates

H1 2015



# Evolution of currency exchange rates

H1 2015



# Exchange rates

## At period end

H1 2015

	30.06.2015	31.03.2015	31.12.2014	30.09.2014	30.06.2014
EURHUF	315.04	299.14	314.89	310.36	310.19
USDHUF	282.75	278.94	259.13	245.13	227.13
RUBHUF	5.07	4.83	4.45	6.23	6.69
EURRUB	62.14	61.93	70.76	49.82	46.37
EURUSD	1.11	1.07	1.22	1.27	1.37

## Average

	H1 2015	Q1 2015	M12 2014	M9 2014	H1 2014
EURHUF	307.0	308.6	308.7	308.9	307.2
USDHUF	275.7	274.4	232.0	227.8	224.1
RUBHUF	4.9	4.4	6.2	6.4	6.4
EURRUB	62.7	70.1	49.8	48.3	48.0
EURUSD	1.1	1.1	1.3	1.4	1.4