



PRESS-RELEASE

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**FEBRUARY 08, 2007**

## **VEROPHARM ANNOUNCES PRELIMINARY 2006 RESULTS**

FEBRUARY 08, 2007, MOSCOW – OAO VEROPHARM [RTS:VRPH, MICEX:VFRM] announces preliminary data on its 2006 sales and operational performance indicators based on its management reports.

### **Sales**

- In 2006 Veropharm net sales amounted to 101 million according to management estimates\*.
- In 2006 Veropharm sales of finished goods were up by 27% in comparison with 2005, to USD 99 million\*\*. Sales of finished goods in 4Q06 rose by 28% y-o-y, to USD 31 million.
- Rx drugs sales amounted to 53 million in 2006, 46% increase in comparison with 2005. The Rx drugs sales accounted for 54% in total sales.
- Adhesive bandages sales came to USD 21 million in 2006, 8% growth in comparison with 2005, and accounted for 21% in total sales.
- In 2006 traditional drug sales stood at USD 17 million, having grown by 9% in comparison with 2005, and made up 17% of total sales.
- OTC sales amounted to USD 9 million in 2006, 17% increase in comparison with 2005, their share in total sales being equal to 9%.
- Veropharm sales as part of the governmental reimbursement program (DLO) came to USD 6.3 million in 2006, accounting for 6% of the Company's sales, whereas in 2005 sales through the DLO program amounted to USD 9.4 million, or 12% of the Company's sales.
- The Russian Federation is a core market, where the Company sells 95% of its products. In 2006, exports accounted for 5% of the Company's sales, including 4% to the CIS countries.

### **Rx drugs segment**

- Sophisticated oncological drugs launched in production during 2002-2006, such as Paclitaxel-LENS, Tautax and Vero-Fludarabine, are the main sales drivers.
- The aggregate sales for the five top-selling Rx drugs came to USD 22 million in 2006, or 42% of Rx drug sales and 22% of the Company's total sales.

The TOP-five sold Rx drugs include:

- Paclitaxel-LENS (Paclitaxel); 136% annual sales growth
- Tautax (Docetaxel); 130% annual sales growth
- Irunine (Itraconazole); 45% annual sales growth
- Doxorubicin-LENS (Doxorubicin); sales dropped by 12% due to its replacement with more advanced therapies, such as Paclitaxel-LENS
- Vero-Fludarabine (Fludarabine); the drug was launched in production in 2006.



### **Traditional drugs segment**

- Sales increase is seen in the traditional drugs segment, which is triggered by the reduction in output of these products by other pharmaceutical factories in the country and stable demand for these drugs on the part of the hospital segment of the pharmaceutical market.

- The aggregate sales of five best sold traditional drugs came to USD 9 million in 2006, or 51% of sales in the traditional drug segment and 9% of the Company's total sales.

The TOP-five sold traditional drugs include:

- Pyridoxine hydrochloride (Pyridoxine); 92% annual sales increase
- Nicotinic acid; 340% annual sales increase
- Novocain (Procaine); the 2006 sales for the drug are similar to the 2005 results
- Thiamine chloride (Thiamine); 8% annual sales increase
- Sodium chloride (Sodium chloride); 216% annual sales increase.

### **Adhesive bandages segment**

- Adhesive bandages are a stable product segment that shows two opposite trends: on the one hand, sales in traditional adhesive bandages that account for approximately 50% in sales in that segment are dropping insignificantly; on the other hand, sales in branded adhesive bandages and medical bandages increase.

In 2006, the sales structure for adhesive patches looked as follows:

- Conventional reel and anti-bacterial bandages; 3% annual sales decrease
- Therapeutic patches (capsicum plasters and corn plasters); 17% annual sales growth
- Uniplast branded individual use patched; 43% annual sales increase.

### **OTC drugs**

The OTC drug segment is strongly consolidated in the Company: the five best-selling drugs account for 99% of sales.

- Slabilen (Sodium picosulfate); 104% annual sales increase
- Xylen (Xylometazoline); sales dropped by 21% due to severe competition in the anti-cold drug segment in case of pharmacy sales
- Motilak (Domperidone); 37% annual sales increase
- Vitasharm (Polyvitamins); 12% annual sales increase
- Vitatress (Polyvitamins); 31% annual sales growth.

### **New drug production and Sales**

In 2006, Veropharm launched production and sales of the following new drugs:

- Vero-Fludarabine (Fludarabine); the 2006 sales amounted to USD 3.4 million (production started in January 2006)
- Cerepro (Choline alfoscerate); the 2006 sales amounted to USD 1.0 million (production started in March 2006). The drug is manufactured in two dosage options



- Factive (Gemifloxacin mesylate); the 2006 sales amounted at USD 0.2 million (production started in February 2006). The drug is manufactured under the LG Life Sciences license in two dosage options
- Ginos (Ginkgo Biloba); the 2006 sales were amounted to USD 0.2 million (production started in January 2006)
- In July/September 2006, five new hemostatic bandages were also launched in production under the Uniplast brand; the 2006 sales amounted to USD 70,000.

### **New drug registration**

In 2H06, new drugs to be launched by Veropharm in 2007 were registered (by pharmacotherapeutic groups), as follows:

- Antibiotic drugs: 2 products
- Anti-cancer drugs and immune stimulators: 3 products
- Bone and muscular drugs: 1 product
- Central nervous system: 1 product
- Digestive tract: 1 product
- Urology and sexual hormones: 2 products.

Additionally, 26 more drugs and another 5 adhesive bandages are currently at different stages of the registration process.

### **Debt**

- In 2006 Veropharm's debt was up by 33%, to USD 18.6 million.

*\* here and hereinafter financial indicators may significantly differ from the consolidated data of audited financial statements.*

*\*\* % - as percentage of sales of finished goods.*

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Notes to the Editor:

*VEROPHARM is one of the largest Russian pharmaceutical producers.  
Shares of the Company are listed on RTS (ticker: VRPH) and are also traded at MICEX (ticker: VFRM). Market capitalization as of February, 01, 2007 totaled \$370 million (according to RTS).  
The charter capital of the Company totals 10 million ordinary shares.  
VEROPHARM is the market leader in Russia for production of plasters and oncological medicines.  
The Company's production facilities comprise 3 pharmaceutical plants in Belgorod, Voronezh and Pokrov.  
The Company's product portfolio includes more than 300 items.  
VEROPHARM employs over 3000 people.*

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