

Zentiva – your partner for 3rd millenium

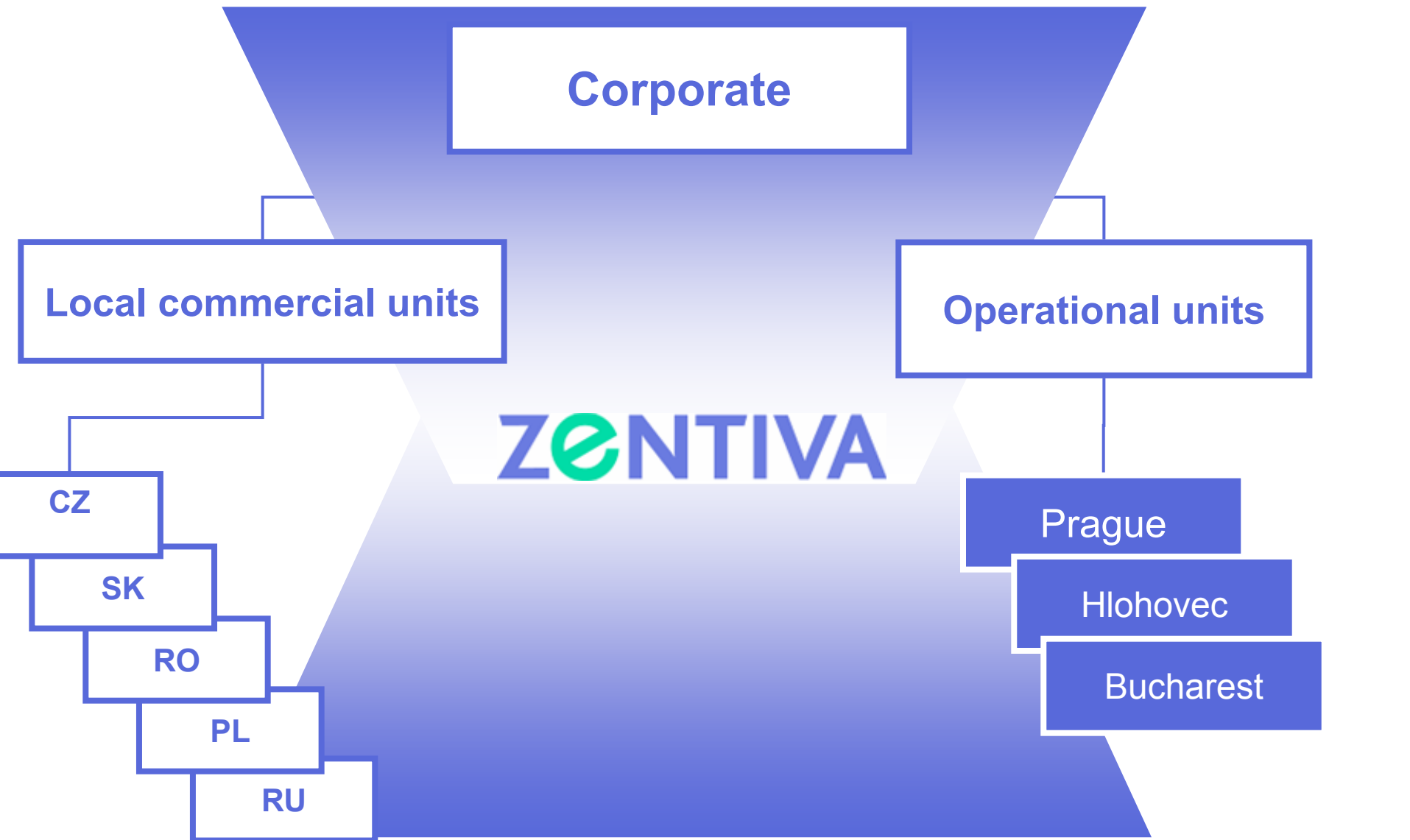
- **Introduction**
- **Sicomed & Zentiva**
- **The role of national player in healthcare system**
- **Drugs categorization and reimbursement**
- **Conclusion**

To develop, produce and sell pharmaceutical products to improve quality of human life

**We extend and make accessible the high quality
and modern treatment**

**To be and be perceived as the leading
pharmaceutical provider in the Central and
Eastern Europe**

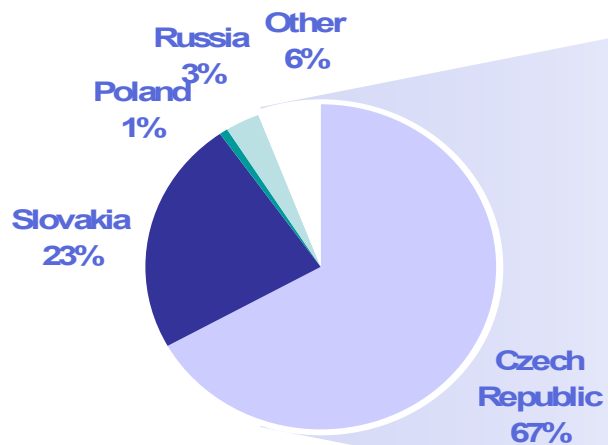
Zentiva managerial structure



Zentiva regions

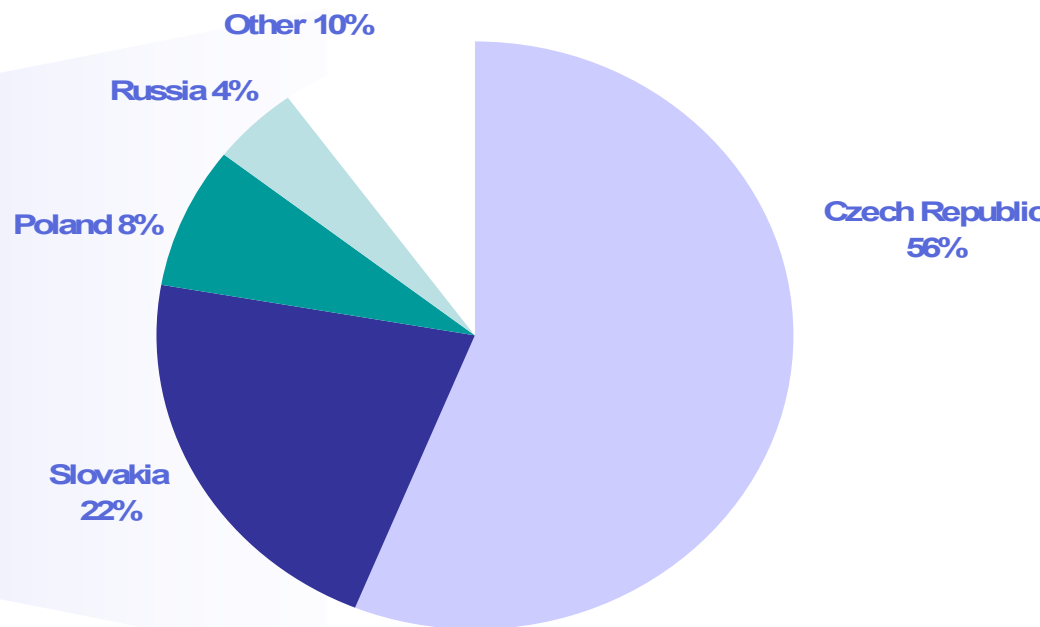
1999

5 bn CZK



2004

>10 bn CZK



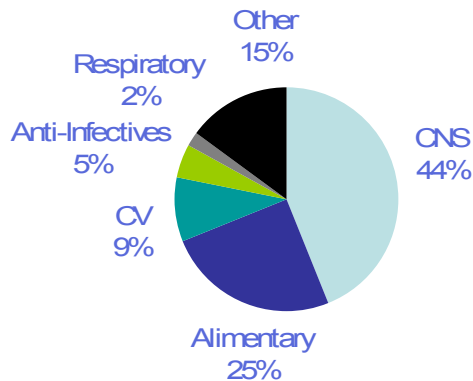
- **A Leading pharmaceutical company in the region of Central and Eastern Europe**
- **Market leader in Czech and Slovak Republic**
- **The fastest growing company in Poland and Estonia**
- **Significant sales growth in Russia and Lithuania**

Sicomed: A Quality Asset with Strong Top Line Growth

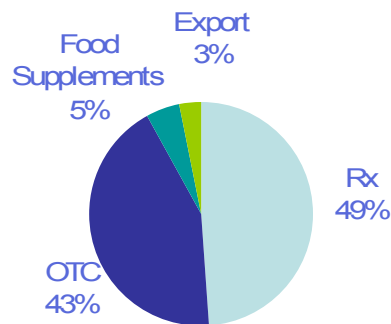
Over the past five years, Sicomed has:

- Rationalised product portfolio from c.240 to c.130 products
- Modernised the portfolio, primarily through in-licensing
- Built strong OTC portfolio
- Decreased hospital sales from c.50% to c.15% of total sales
- Increased efficiency levels – reduced head count from c.2,400 to c.950
- Divested non-core businesses
- Gained GMP manufacturing status

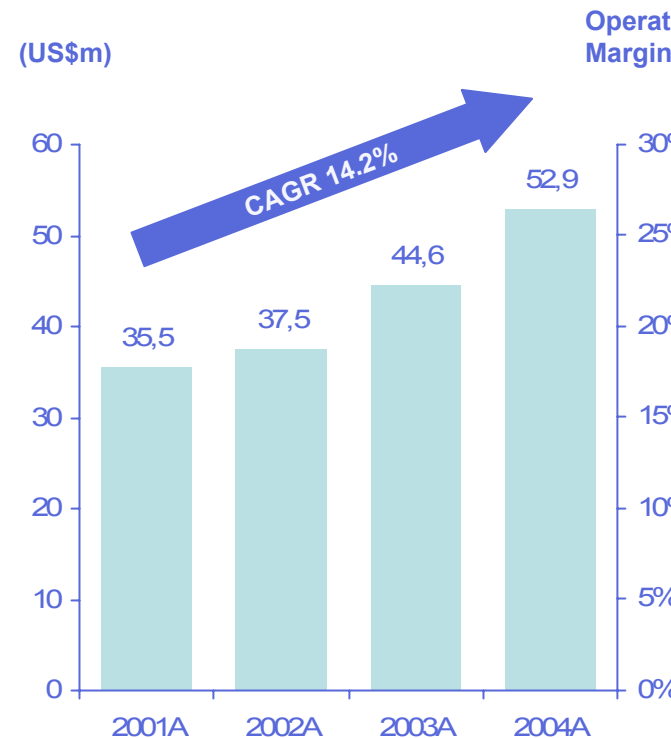
2004 Sales by Therapeutic Area⁽¹⁾



2004 Sales by Type⁽²⁾

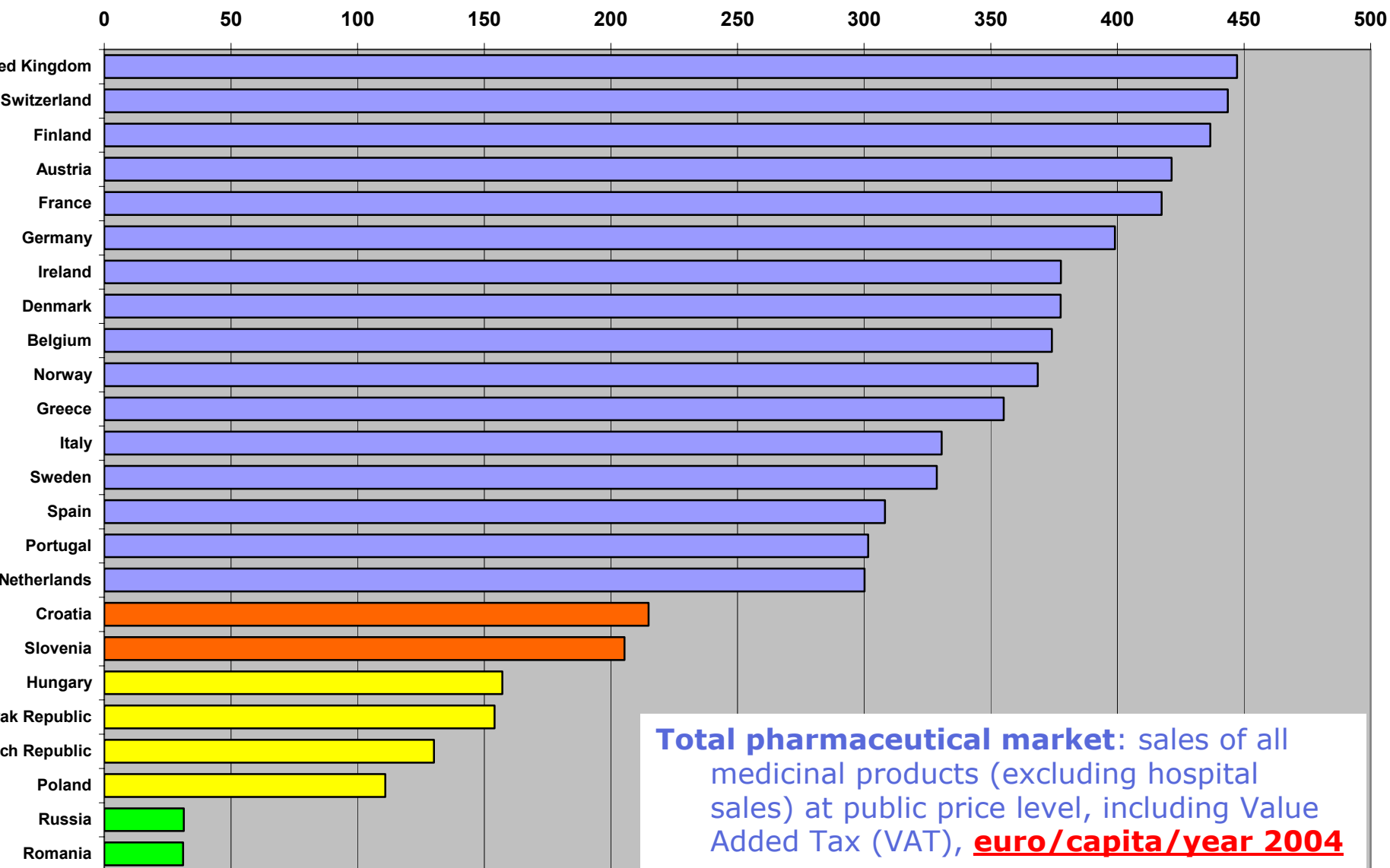


Sales Evolution⁽¹⁾

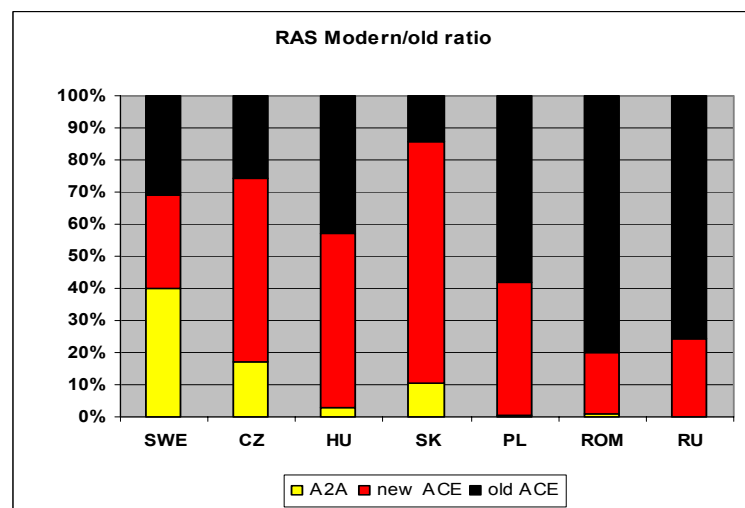
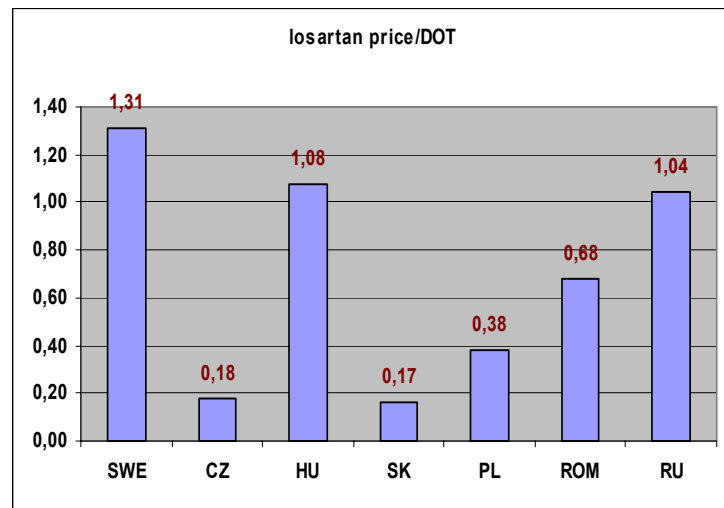
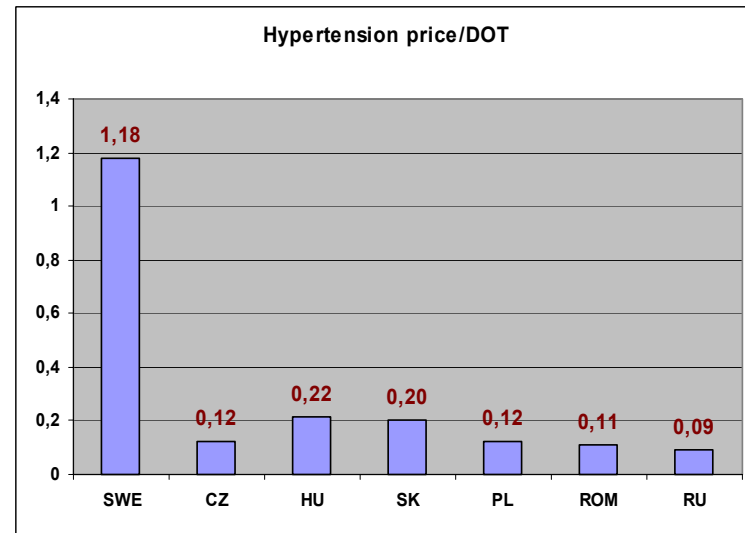
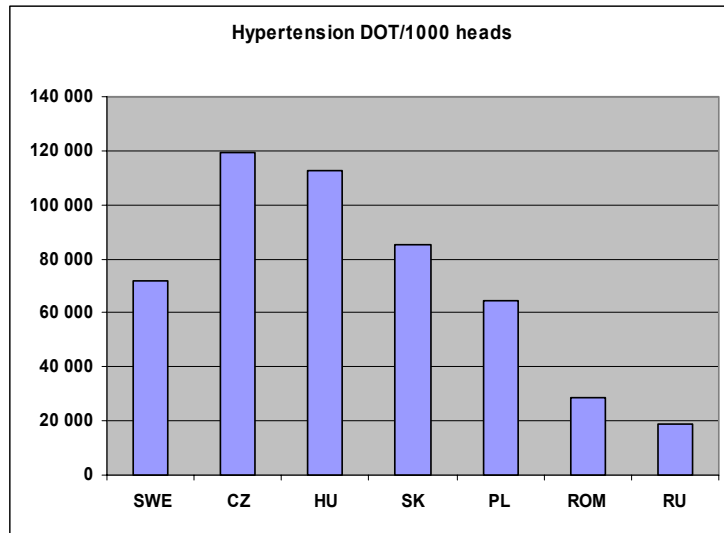


Source: Sicomed. Values and margins based on US\$ figures
Based on RON figures. Pro forma for disposal of BVP

European retail spending per capita year 2004



Consumption of DOT per capita (example:hypertension)



Selected dg comparison (32% of CZ retail market in value)

disease (treatment group)	CZ	RO	ratio RO/CZ	% mod CZ	% mod RO	diff	ref DOT \$ price CZ	ref DOT \$ price RO	ratio RO/CZ	reference molecule	cost mn\$ for eq RO price	cost mn\$ for eq CZ price
hypertension (RAS)	119 077	18 662	16%	17%	1%	16%	0,18	0,68	378%	losartan	1 502	39
hypertension (CCB)				41%	9%	32%	0,16	0,45	281%	amlodipin		
gastro reflux	8 870	4 284	48%	54%	36%	18%	0,29	0,26	90%	omeprazol	26	
depression	7 210	829	11%	72%	41%	31%	0,64	1,49	233%	mirtazapin	209	
prostatic benign	2 426	406	17%	100%	100%	0%	0,57	1,16	204%	finasteride	52	
osteoarthritis	25 669	16 266	63%	9%	2%	7%	0,22	0,46	209%	nimesulide	95	
schizophrenia	2 038	449	22%	50%	48%	2%	1,72	3,60	209%	risperidone	126	
hyperlipidaemia	20 950	2 140	10%	63%	55%	8%	0,33	0,43	130%	simvastatin	178	1
TOTAL	67 163	24 374	36%	406%	292%	114%	4,11	8,53	208%		2 188	7

Conclusion CZ/RO:

Treatment of the population: 1/3
 Penetration of modern molecules: 1/2
 DOT price of modern molecules: 2

Price to get at CZ treatment level

- 2,2 bn\$ at RO price
- 0,8 bn\$ at CZ price

Class effect: the cornerstone of successful healthcare system

- **The provider of healthcare sets reimbursement at desired level defined on treatment/diagnosis/ATC3 (e.g. hypertension, depression), usually prioritizing the more effective/less side effect modern treatment**
- **The competition between the producers creates enormous pressure on price/co-payment to go down without any need of further interception**

Example of the „generic“ mechanism

Outcome of generics coming into CZ market	sales 1997 (mio CZK)	sales MAT/8/2005 (mio CZK)	DOT 1997 (mio)	DOT MAT/8/2005 (mio)	ratio sales	ratio DOTs	price of DOT 1997 (CZK)	price of DOT MAT/8/2005 (CZK)
gastro reflux disease	208	531	35	98	255%	278%		
modern (PPI)	97	419	3	59	433%	2253%	37	7
other	112	112	33	39	101%	120%	3	3
depression	223	860	19	82	385%	437%		
modern (3+4 generation)	142	738	6	68	521%	1067%	22	11
other	81	122	12	14	149%	112%	7	9

- Modern drugs (including originals) average DOT price lower

Gastro Depression

5x 2x

- DOT consumption increased

3x 4x

- Ratio of modern/old shifted from
to

7%

34%

60%

84%

- Costs increased by

2,5x

4x

The role of national player

Sets the quality standard

quality

Guarantees availability for the healthcare

availability

Sets the prices on a affordable level

**value for
money**

Conclusion

- **Zentiva is a leading company in the CE Europe**
- **Romania becomes its key market after partnering Sicomed**
- **Primary care is the key factor to make modern treatment available on majority of patients on a cost-efficient basis**
- **A reimbursement system should allow inventions to be developed and at the same time drive modern treatment to majority of patients at an affordable cost (class effect, categorization committee)**
- **Romania has a strong reliable partner in Zentiva for building its modern and affordable healthcare system**