

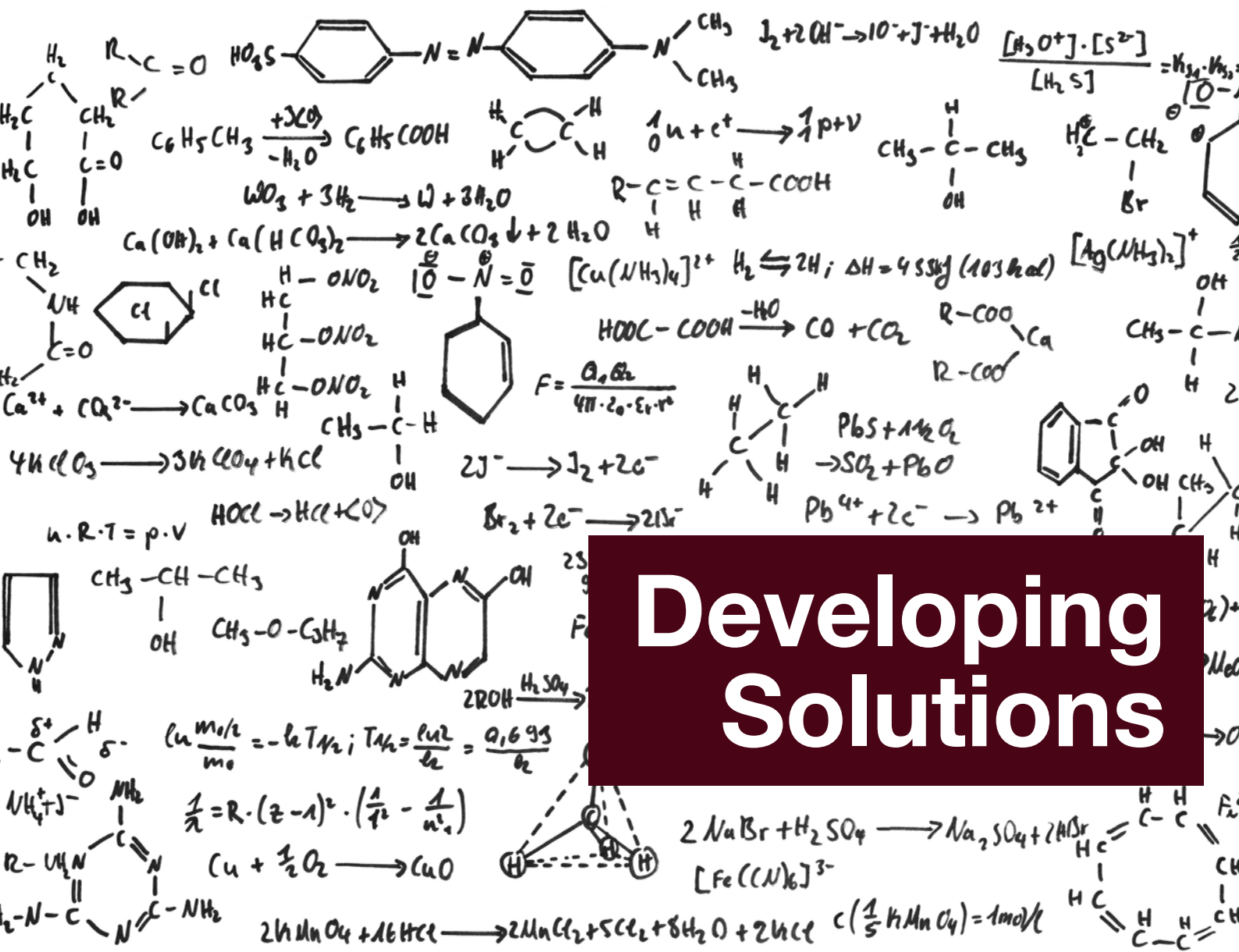
15th November 2010

LHV bank

Institutional Equities

Company Report

Pharmsynthez



Developing Solutions

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Company Commissioned Report

JSC Pharmsynthez (“Pharmsynthez”) is a bio-pharmaceutical company incorporated in Russia that has mandated AS LHV Pank (LHV) to undertake research into itself and its operating industry with the aim of producing an independently written report suitable for institutional and professional investors. The report contains a fair valuation range derived independently by LHV, using a combination of intrinsic and comparative valuation methodologies.

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► Pharmsynthez: Developing Solutions

- Pharmsynthez is a St Petersburg based pharmaceutical manufacturing and distribution company, which focuses primarily on selling original drugs in the Russian market. The company holds a portfolio of four proprietary drugs that have established a solid and growing market position in Russia since 2002. It has a further seven original drugs under development, with an expected launch date in 2012-2013.
- The manufacture and distribution of original products account for a dominant part of the revenue, however, in 2009 Pharmsynthez generated 31% of its total income from providing R&D services under a government contract.
- The company currently has facilities to produce active pharmaceutical ingredients with final dosage production outsourced to other manufacturers. Pharmsynthez plans to develop the capacity to do this in-house using the proceeds from the IPO fundraising, which would greatly improve the operating profitability over the medium-term.
- Pharmsynthez has aggressive plans to expand its current original drug portfolio and establish foreign sales channels that would involve, inter alia, acquisitions of other European pharmaceutical companies.
- The estimated post-money fair value range is RUR 1,535-1,700m, which has been established through a combination of fundamental and relative valuation techniques. However, as we see that the company is still going through an aggressive growth phase until 2012-13, we have placed more emphasis on the fundamental valuation than the 2012E peer implied valuation.
- The future success of the company is largely dependent on meeting its revenue forecasts and on increasing profitability. Therefore, it is critical to evaluate the sales prospects of the R&D drugs and the ability to decrease costs through the in-house manufacture of final dosage products.



Key Numbers	2008	2009	2010E	2011E	2012E	2013E
Sales, RURm	180	228	297	329	350	405
Gross Profit, RURm	80	74	96	112	178	240
EBIT, RURm	7	9	32	-61	-3	138
Net Income to Shareholders, RURm	2	14	28	-38	3	111
P/E, x*	762.5	115.3	58.4	n.m.	562.2	14.5
EV/EBITDA, x*	62.9	58.0	21.9	-34.5	49.2	7.8
EV/EBIT, x*	226.4	174.8	36.5	-22.6	-466.0	10.9
P/B, x*	6.1	6.0	2.2	2.3	2.3	2.0

* - based on post-money base case DCF equity value

► Pharmaceutical Sector

Global Pharmaceutical Market

The global pharmaceutical market was not significantly affected by the adverse economic conditions of the last few years, displaying an average growth rate of 7.4% from 2002-2009. It is believed that similar growth can be expected in the future, with IMS Health forecasting an annual increase in the pharmaceutical market of between 5-8% for 2009-2014. If such figures are attained, total market volume would reach USD 1,069 -1,230bn by the year 2014. Based on PWC estimates, the global pharmaceutical market would be worth some USD 1,300bn by 2020.

The growth rate in emerging markets has been even higher, with average increases in excess of 15% per year. Furthermore, drug consumption per capita is significantly lower than in developed economies and greater convergence towards the levels seen in western markets is expected. As the pharmaceutical sector in emerging countries rapidly gains size, it is attracting increasing interest from the leading multinational pharmaceutical companies, potentially setting it up as the primary arena for competition in the coming decade.

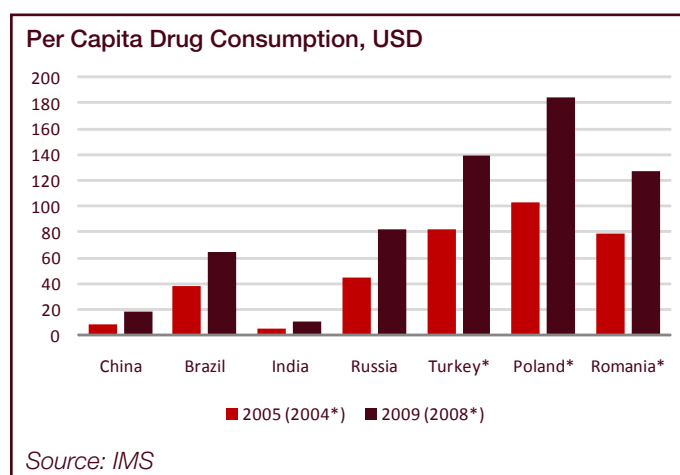
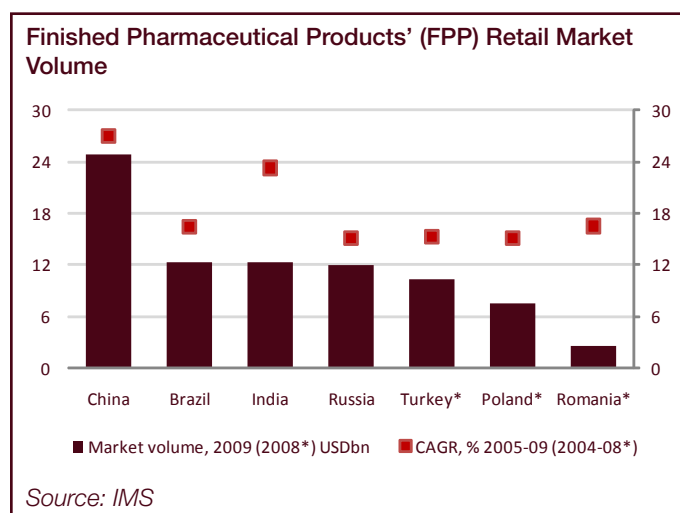
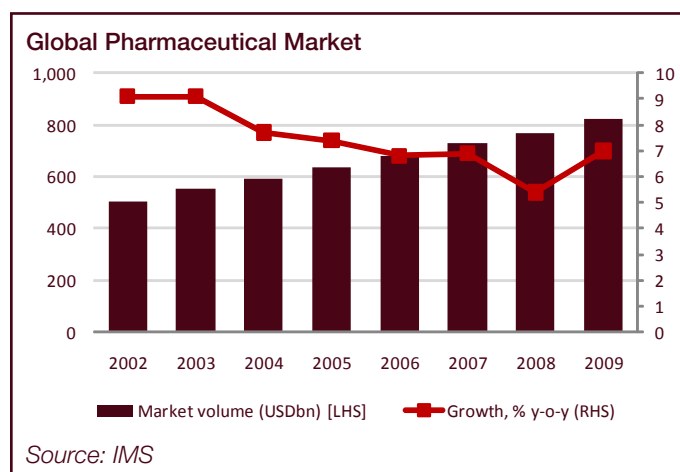
Naturally, companies with a strong position in the emerging economies will be able to greatly benefit from the rapid growth of these markets.

Russian Pharmaceutical Market

Considering that Russia is, by a long stretch, Pharm-synthes's leading market, we have focused specifically on the developments and underlying forces in that country's pharmaceutical sector. In its outlook for the global pharmaceutical sector, PWC sees Russia as one of the markets that will experience dramatic growth in the consumption of medicines – by 2020, estimates suggest that Brazil, China, India, Indonesia, Mexico, Russia and Turkey could account for 20% of global pharmaceutical sales. This would make it an attractive sector, especially for companies that are willing to transform (especially through R&D) and capitalise on the opportunities that exist.

Russia's pharmaceutical market has displayed significant annual growth since 2003, averaging 23% over the period. It also demonstrated a strong resilience in a contracting economic environment by growing 22% in 2009. That year, Russia's total market volume reached RUR 550bn and average annual drug consumption per capita was USD 82, significantly below that in the USA (USD 704) and Western Europe (USD 343). The highest growth rates have been reported for drugs in respiratory and anti-tumour and immunomodulators.

Since 2005, local government has become a significant contributor to market growth after launching a prefer-



Pharmaceutical Sector

ential drug provision programme. Under this scheme a number of drugs are selected for state procurement and are provided at subsidised rates to selected groups of the population (mostly retirees). According to various industry estimates, the growth of the procurement scheme has underpinned the sector's growth in Russia over the last four years. Over 90 companies (also foreign) are entitled to dispense medicine under the programme and such status is highly desirable for manufacturers, as studies show that the average price of drugs purchased via the scheme is several times higher than when sold through retail chains. Contracts under the programme also ensure a stable sales channel.

According to Pharmexpert, during H2 2009, the leading local drug suppliers for state purchases were Stolichnye Apteki State Unitary Enterprise (21.4%) and Pharmimex ZAO (16.3%). These were the only two companies to hold more than 10% of the market, in terms of value. This was followed by R-Pharm ZOA, Rosta ZOA, Protek CV ZOA and Pharmstandard OAO, each of which held a market share in excess of 5%. Although Pharmsynthez is not in the top-ten, in terms of market share of value sales, its Neovir and Sehydriin are both included in this state procurement programme.

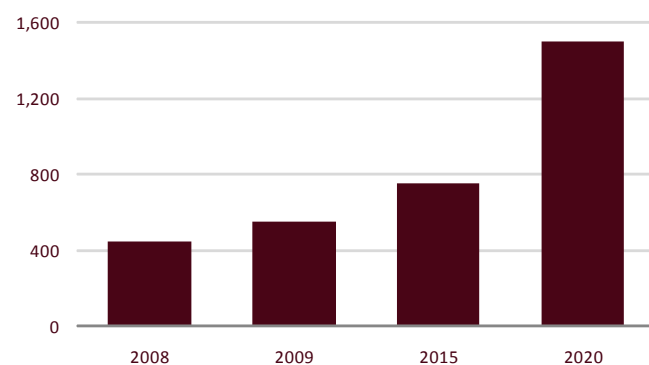
It is expected that, in the medium-term, the current system will be replaced with compulsory health insurance under the government's Health-2020 policy. Health-2020 is designed to increase life expectancy and provide medical insurance to the entire Russian population. This should ultimately result in improved levels of access to and quality of medical services, positively refocusing the healthcare system and changing the role of private medical services and insurance companies.

Another important driver of the Russian pharmaceutical market has been the rapid expansion of pharmacy chains, increasing the availability of drugs to the population. The leading retail chains have pursued rapid regional expansion, while the competition has intensified in the two key markets of Moscow and St Petersburg.

The sector's rapid growth has also been boosted by a general shift in preference away from cheaper generic drugs to more expensive, branded products. Such a shift is helped by the increasing wealth of households, as well as a prevailing preference for self-medication. However, considering that Pharmsynthez's products are all prescription based, it would not gain from such a shift in consumer patterns.

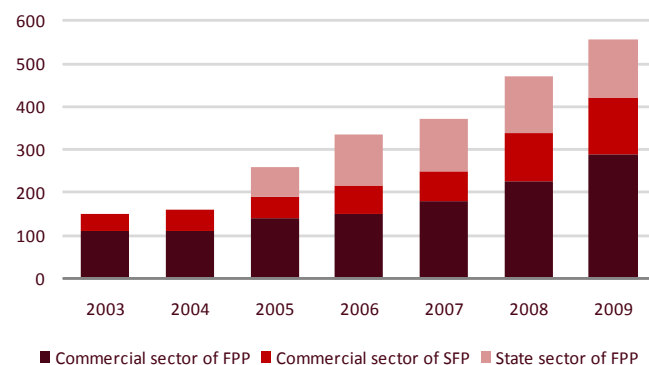
Russia is dependent on foreign manufacturers of drugs. Based on Pharmexpert estimates, nearly 75% of the wholesale price of drugs could be attributed to imports. In a bid to increase the domestic market's share, Russia launched its Pharma-2020 program, which aims to diversify its local economy. The state has committed to invest

Russian Pharmaceutical Market, RURbn



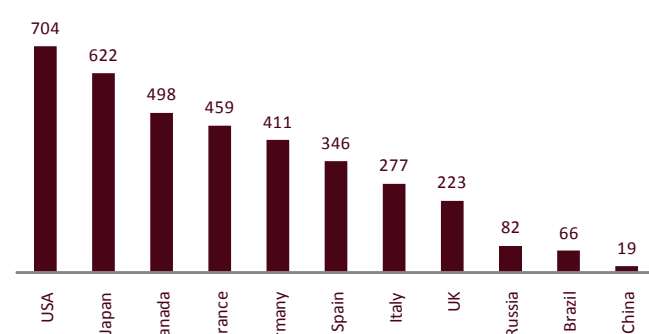
Source: Pharmsynthez

Volume of the Russian Pharmaceutical Market by Segment, RURm



Source: Pharmsynthez

Per Capita Consumption of Drugs, USD/year



Source: Pharmsynthez

Pharmaceutical Sector

RUR 120bn in the pharmaceutical sector over the coming decade. The broad aim of this investment is to double the share of local producers' sales in the local drug market and is generally geared towards supporting the R&D activities of Russia's manufacturers. It is expected that both local and international companies will be able to benefit from such initiatives which will be implemented through federal government programmes. Such a stream of money to the pharmaceutical sector should be very beneficial for the local companies in the sector. However, it could also lead to increased competition for resources and product market share, including from multinational companies that would be incentivised to set up manufacturing and R&D arms in Russia.

Russian Pharma Supply Characteristics, 2009	January	April	July	October	Total
Pharma market supply, wholesale prices, USDm	2,350	2,930	2,630	4,020	11,930
Imports, wholesale prices, USDm	1,840	2,260	1,890	2,880	8,870
Local manufacture without exports, wholesale prices, USDm	510	670	740	1,140	3,060
Market sector characteristics (without auctions)					
Drug sales (without auctions), consumer prices, USDm	3,760	3,530	3,860	4,550	15,700
Imported drug sales (without auctions), consumer prices, USDm	2,990	2,740	3,100	3,370	12,200
Local drug sales (without auctions), consumer prices, USDm	780	770	770	1,180	3,500
Average price per pack, wholesale prices, USD (incl. DLO/Seven Diseases)	2.79	2.75	3.17	2.95	2.92
Average price per pack, retail prices, USD (incl. DLO/Seven Diseases)	3.34	3.36	3.78	3.61	3.52

Source: Pharmexpert, Rostat

Increasing Need for Medication

Pharmsynthez's leading products are anti-virals (for treating STIs [sexually transmitted infections]), gynaecological treatments and oncology treatments, while its pipeline products mainly treat multiple sclerosis. Underlying all this is a growing need in Russia for medicines treating cancer, multiple sclerosis, HIV and (although official statistics suggest otherwise) other STIs, which are becoming more prevalent. Focusing on diseases considered a priority in Russia could also increase the potential of receiving state funding via programmes such as Pharma-2020.

It is widely thought that there was a significant increase in the number of STIs in eastern Europe, especially in Estonia, Russia and Belarus, in the late 1990s. While, officially, the prevalence of STIs has more than halved between 2000 - 2008, from 120.9 people in every 100,000, to 56.4, there has been an exponential boom in the number of registered HIV patients. Naturally, HIV is listed as a socially significant disease and a future product focus for Pharmsynthez (with the development of HIVirin).

HIV/AIDS Statistics in Russia	2001	2004	2005	2006	2007
People living with HIV	390,000	n.a.	n.a.	n.a.	940,000
- low estimate	260,000	n.a.	n.a.	n.a.	630,000
- high estimate	860,000	n.a.	n.a.	n.a.	1,300,000
Deaths due to AIDS	1,900	n.a.	n.a.	n.a.	40,000
- low estimate	1,100	n.a.	n.a.	n.a.	23,000
- high estimate	6,400	n.a.	n.a.	n.a.	71,000
People receiving antiretroviral therapy	n.a.	3,000	5,000	15,000	31,000
- low estimate	n.a.	3,000	4,500	14,000	30,000
- high estimate	n.a.	3,500	5,500	15,000	33,000
Estimated number of people needing antiretroviral therapy	n.a.	71,000	110,000	150,000	190,000
- low estimate	n.a.	44,000	67,000	95,000	120,000
- high estimate	n.a.	170,000	220,000	260,000	300,000
Estimated antiretroviral therapy coverage, %	n.a.	4	5	10	16
- low estimate	n.a.	2	2	6	10
- high estimate	n.a.	7	7	15	25

Source: UNAIDS/WHO

Pharmaceutical Sector

Socially Significant Diseases, per 100,000 People	2000	2005	2006	2007	2008
Active TB	89.8	84.0	82.6	83.3	85.1
Syphilis	164.5	69.0	62.7	63.1	59.9
Gonorrhoea	120.9	71.7	62.2	60.8	56.4
Trichomoniasis	318.1	215.5	199.9	186.3	167.4
Malignancies	293.7	312.0	314.6	320.5	322.7
Acute viral hepatitis B	42.6	8.7	7.1	5.3	4.0
Acute viral hepatitis C	21.2	4.5	4.1	3.6	2.8
Patients registered with HIV	54.0	165.4	166.5	188.2	212.2

Source: Russian Federal State Statistics Service

The growing prevalence of cancer is a particular concern to Russia, which recently raised the disease to epidemic status. The country's health system is widely considered ill-equipped to deal with its existing caseload. Of the approximately 2.5m people suffering from cancer in Russia, 300,000 die every year, and more than 450,000 new cases are recorded annually.

Changing demographics largely explain this new concern: between 2001 and 2009, the share of the population under 20 has fallen from 26.2% to 21.4%, and the proportion of those over 50 has risen from 28.3% to 32.2%. As the population ages, so cancer is likely to account for a larger percentage of all illnesses, consuming a greater share of the health budget. There is also a markedly higher incidence of cancer relative to other emerging countries.

Crude Rate of Cancer in Men, per 100,000 Population	Brazil	China	India	Indonesia	Mexico	Russia	Turkey
Oesophagus	6.4	26.2	5.5	0.4	1.4	8.4	1.7
Stomach	15.5	39.9	4.2	2.5	9.0	44.4	9.6
Colon and rectum	11.0	13.3	3.6	8.9	5.6	32.7	7.4
Liver	2.6	37.9	1.7	8.4	3.3	5.6	2.1
Pancreas	3.1	3.8	1.1	1.4	3.1	9.5	2.0
Larynx	6.5	1.5	4.5	1.5	3.6	9.8	6.4
Lung	15.8	40.7	6.6	14.2	11.2	80.4	37.3
Skin melanoma	2.1	0.2	0.3	0.3	1.0	3.0	0.8
Prostate	37.1	1.5	3.1	4.7	19.2	15.6	6.1
Testis	1.5	0.5	0.6	0.9	3.3	2.2	1.4
Kidney, etc.	2.6	2.0	0.9	1.4	3.7	12.6	1.7
Bladder	6.6	3.6	2.3	2.9	3.8	15.3	8.6
Leukaemia	5.2	5.7	2.8	3.8	5.6	8.6	5.1

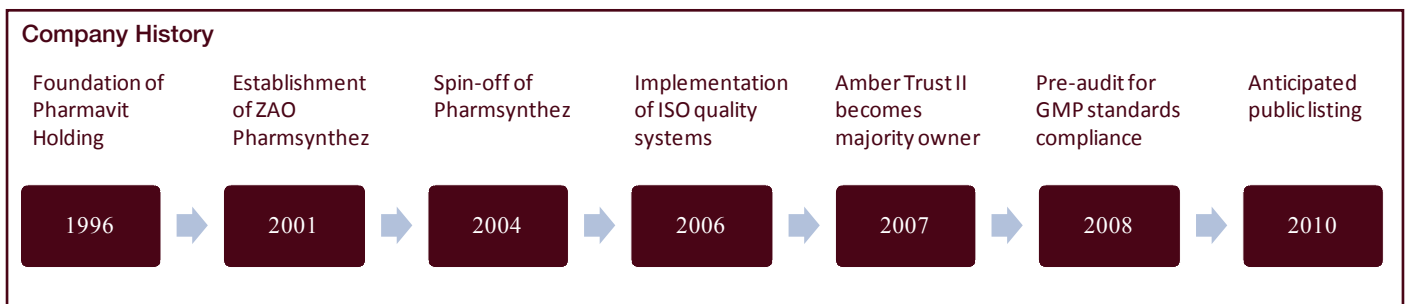
Source: International Agency for Research on Cancer, Globocan 2002 database

Despite a decline in the incidence of TB between 2000 and 2006, it seems that the illness has started to re-emerge. According to a 2009 WHO Russian TB study, there are some 110 new cases registered per 100,000 people every year, of which 16% are found in HIV-positive patients. A 2007-11 national strategic plan was put in place, with most of the funding supplied by the state. There are some strong targets in place for 2015: to reduce the prevalence of TB from 115 cases per 100,000 in 2007, to 34 per 100,000 (note: the WHO's statistics are lower than the official statistics), and concurrently reduce TB-related deaths from 18 per 100,000 to just 3.7 per 100,000.

► Pharmsynthez

The joint stock company, Pharmsynthez, is a pharmaceutical company based in St Petersburg, Russia. It is engaged in producing and distributing official and generic active pharmaceutical ingredients. Initially, the firm was established in 1996 as a structure within Pharmavit Holding, which united a number of pharmaceutical trade and production companies controlling a significant share of the Russian market. The company specialises in researching, developing and producing fine organic synthesis drugs.

In 2001 Pharmsynthez was registered as a separate entity and the current research and production complex was put into service with four fully equipped production lines. In 2007, the Amber Trust II investment fund took a controlling stake in the company and Pharmsynthez continued to focus on developing its proprietary drug portfolio as well as gaining exclusive distribution rights to introduce four new drugs to the Russian markets. The company has implemented quality management systems to meet the necessary local and international best-practice procedures, including EU GMP and ISO 9001:2001 standards compliance.

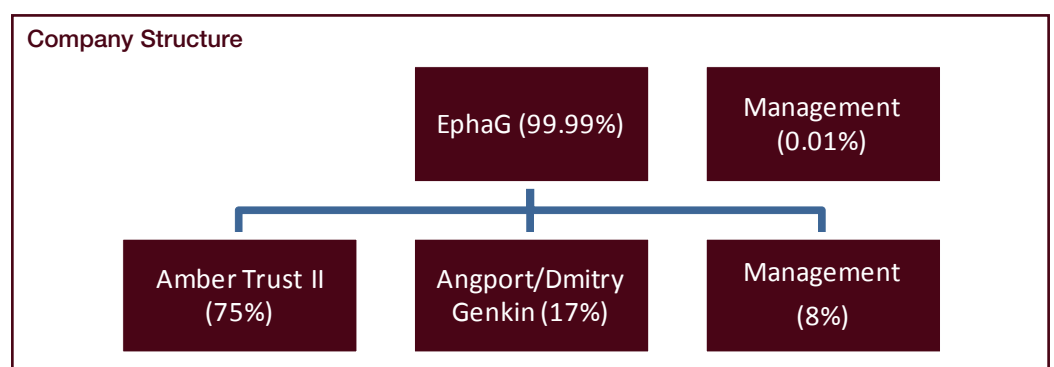


Current Ownership and Corporate Governance

The company is majority owned (75%) by the buyout and private equity investment fund, Amber Trust II, which is managed by Firebird Management and Danske Capital. Amber Trust II specialises in equity investments in the Baltic states and Russia, managing EUR 150m of capital. It is registered in Luxemburg and is regulated by that country's Financial Sector Surveillance Commission. With a general holding period of 5-8 years, the fund can be expected to exit from the investment in 2014-2016. This is currently planned via a later listing on the NASDAQ stock exchange. Both Danske Capital (Denmark) and Firebird Management (USA) are specialist asset managers with a significant track record in emerging and eastern European markets.

The remainder of the shares in Pharmsynthez are owned by the Chairman of the Board, Dmitry Genkin (17%), who has previously headed a number of large pharmaceutical companies in Russia and Great Britain (including Pharmavit), as well as other senior management (8%). The company seeks to float 30% of its shares (new issue) through the stock market.

The corporate governance structure of the company consists of seven members of the board of directors, including two independent members and a general director. In 2010, the company brought in a new CFO whose primary task is to oversee corporate governance, change the company's reporting standard to IFRS and prepare for the subsequent NASDAQ listing.



Products and Revenues

In 2009, the company reported a turnover of RUR 228.4m, achieving an average revenue growth of 15.7% per annum over the previous four years. However, the recorded growth rate is below the average for the Russian pharmaceutical market since 2003, which was 23% (CAGR).

The revenues of Pharmsynthez are generated primarily from sales in Russia (98.7%), with some coming from other CIS markets (Azerbaijan, Ukraine, Belorussia and Kazakhstan). Following the IPO, the company wishes to enter the European and US markets with its existing portfolio and the original drugs it is currently developing. Such an entry could be assisted by planned acquisitions of selected small-and-medium sized European pharmaceutical companies.

The company's current revenue structure can be divided into three segments:

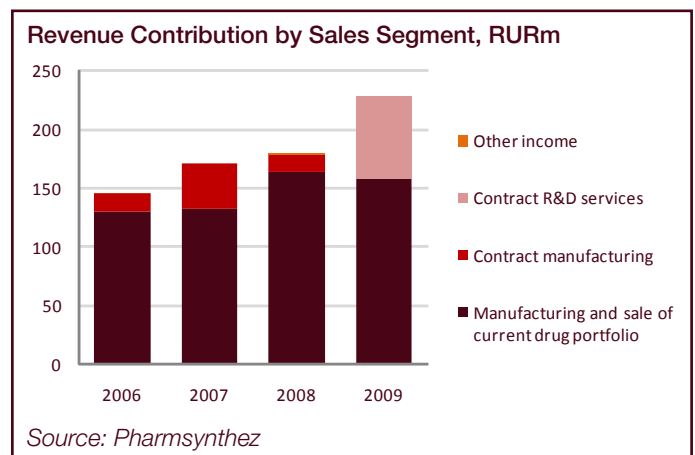
- Manufacturing of substances and distribution of ready-made drugs;
- Contract manufacturing;
- Contract R&D services.

Pharmsynthez's most significant and steady revenue stream is generated from manufacturing and distributing its portfolio of original and partner drugs, which has accounted for an average 81% of its total sales volume over the last four years. The company has been providing contract manufacturing services since 2008, while it has earned income from contract R&D services since only 2009. Revenues for outsourced R&D come from a government contract to develop MyeloXEN and PulmoXEN (drugs used to treat multiple sclerosis and cystic fibrosis) under the state-funded Pharma-2020 programme. The continued provision of similar R&D services is not deemed as an important factor in future growth, with the company focusing instead on the development and distribution of its original product lines.

Pharmsynthez's drug portfolio can be subdivided into five categories:

- Drugs based on original and patent protected substances (Sehydryn, Neovir, Pencrofton, Fenazid);
- Drugs with exclusive distribution contracts (Prostenongel, Misoprostol, Neostim, Glaumax);
- Therapy vaccines currently in development (MyeloXEN, HIVirin);
- Anti-tumour and anti-viral drugs, planned for launch in 2012-2013 (Fludarabin, Kladribin, Ribavirin);
- Original patented drugs for sales in foreign countries (Virexxa, MyeloXEN, PulmoXEN).

Sales of original drugs account for a significant majority of the company's total revenues (69% in 2009). Approximately 2% of Pharmsynthez's 2009 sales were generated from drug sales via exclusive distribution contracts set up since 2007.



Pharmsynthez

Neovir and Sehydrin are both listed as preferred drugs in the Russian state procurement programmes, ensuring significant sales volumes. From the company's perspective, all of its original drugs have good growth potential and it should be possible to grow their market shares in each of the respective categories. It is important to note that currently the company is manufacturing only the active pharmaceutical ingredients for its own products, while the final dosage stage is outsourced to outside manufacturers.

Nevertheless, the company thinks that the most significant future sales potential (targeted at 25% per year) is in expanding its original drug range. By

developing a portfolio of new original products, the company aims to compete with existing foreign and local alternatives in the Russian market. The current pipeline consists of seven drugs, each of them targeted for markets with significant estimated sales potential.

For example, PulmoXEN, which is being developed to treat cystic fibrosis, is targeted at a market that has an estimated global sales volume of USD 1.5bn (in 2009) and only one incumbent alternative, Pulmozim, produced by Roche (Switzerland). The market size for drugs used to treat multiple sclerosis is estimated at around USD 3.5bn, with few alternative competing drugs. The company sees similarly high market potential for other drugs in development. The results of clinical trials for the line of drugs in development are expected in 2011-2012.

Russia's drug registration procedures have an international reputation for their complexity and frequent changes in regulation. However, it can be expected that the process is more straightforward for an established company, like Pharmsynthez, which has a track record of successful completions. Each drug registration requires an extensive list of documentation for submission, including reports of clinical trials and comparative studies of alternative drugs. Typically, the registration process takes one year. However, delays can be expected, which pose a risk for the company's sales targets. Drug registration in Russia is valid for a five year period, after which re-registration is required.

The company aims to establish and grow its sales abroad by selling exclusive licenses for the production and distribution of its drugs to selected multinational or regional players, and by establishing channels for foreign distribution. It is worth noting that re-registration is required in each of the markets considered and that this could hold things up.

The company has managed to register Virexxa as an orphan drug in the EU and is in the process of applying for the same status in the US. By definition an orphan drug is one that is developed to treat a specific, rare medical

Current Drug Portfolio	Sales start	Share in sales	CAGR	Description
Sehydrin	2002	13%	51%	Oncology patients of III, IV stages
Fenazid	2002	8%	15%	Complex treatment of tuberculosis patients
Neovir	2002	29%	14%	Antiviral agent
Pencrofton	2002	17%	42%	Gynecology
Neostim	2009	0.02%	n.a.	Leukopenia, cytomegaloviral retinitis, GIV-infection
Misoprostol	2007	0.3%	34%	Gynecology
Prostenongel	2007	1.4%	11%	Gynecology
Glaumax	2010	n.a.	n.a.	Ophthalmology

Source: Pharmsynthez

Pipeline Developments	Planned start of sales	Use	Sales forecast in Russia for 2015, RURm
Virexxa	2013	Antitumor drug	307 (in EU)
Ribavirin	2012	Antiviral agent (except HIV)	55
Fludarabin	2012	Antitumor drug	74
Kladribin	2012	Drug for disseminated sclerosis	15
MyeloXEN	2013	Disseminated sclerosis therapy	646
HIVirin	2013	HIV therapy	65
PulmoXEN	2013	Mucoviscidosis	185

Source: Pharmsynthez

condition and thus not produced in large quantities. Usually this applies to diseases that have, as a matter of public policy, been classified as orphan diseases and, due to the rarity of the disease, trial orphan drugs require fewer stage III clinical trials. This is to encourage the development of treatments and reduce the costs for a pharmaceutical company to undertake the necessary R&D.

Competition

Pharmsynthez competes with both multinationals and local players. It is fairly difficult to pin down any specific competitor, as the companies involved vary with the type of drug. Regardless, the company tries to compete on various levels, including price, drug effectiveness and efficiency, as well as reducing side effects.

The main competitor to Pharmsynthez's leading drug in terms of sales, Neovir, is the locally produced Cyclophosphone (which shares c.a. 20% of the market). This is mostly cost-driven competition, with the latter more favourably priced than the former. Yet the company notes that the popularity of Neovir is gradually improving as it has fewer side effects and has been proven to respond both more quickly and with more durability with a lower dose.

The company also competes on the strengths of the drugs it is developing. In this area, it feels the playing field is less inclined towards the large multinationals such as Roche, Merck and Teva, with issues of product efficiency and relative pricing coming to the fore.

Key Competitor	Country	Competitive drug	Pharmsynthez drug
Roche	Switzerland	Pulmozim	PulmoXEN
Merck	Germany	Movectro	Cladribine
Teva	Israel	Copaxone	MyeloXEN
Polysan	Russia	Cyclophosphone	Neovir
ChemRar	Russia	Portfolio of drugs	Hivirin, Fludarabin, Kladrinin, Sehydriin

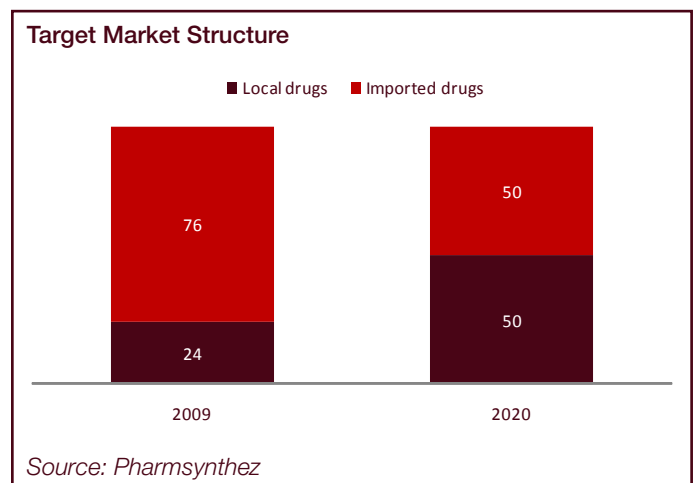
Source: Pharmsynthez

Another factor to consider is Russia's Pharma-2020 programme. Essentially, this aims to promote the research, development and manufacture of drugs in Russia and thereby increase the hold local companies have on the market for generic and original medicines. This would reduce the country's dependency on foreign drug manufacturers and is set to be rolled out in three stages:

1. 2009-12: localisation of production and development of drugs
2. 2013-17: import substitution of generic drugs by 50%
3. 2018-20: import substitution of innovative drugs by 50%

This programme should benefit Pharmsynthez, considering that the company already holds R&D contracts under its remit (for the development of MyeloXEN and PulmoXEN) and that most of the competition for new products is foreign. As the Pharma-2020 programme can be expected to limit (foreign) competition, Pharmsynthez could gain from this in the longer term.

Concurrently, as mentioned previously, when it comes to cystic fibrosis (which PulmoXEN would treat), Roche's Pulmozim is currently the only drug available. Pharmsynthez, though, has identified that Russia's hospital acquisitions only satisfy 8% of the demand for the product, leaving an apparent gap to fill. Similarly, Merck's Movectro is the only drug available in pill form for multiple sclerosis. Pharmsynthez's Cladribine would be able to compete with this product based on the lack of competition, the advantages of the drug and the demand for such a treatment.



► Financial Projections

The key drivers underlying the company's projected growth are the launch of new drugs, developments in the Russian pharmaceutical market and geographic expansion.

As discussed previously, Pharmsynthez plans to introduce seven more original products that are currently in R&D for the next two to three years, adding to its current portfolio of four original products and four foreign drugs that are distributed predominantly in Russia.

Russia's pharmaceutical market, which is currently the company's primary market, accounting for 99% of revenues, demonstrates a significant, long-term growth potential due to, among other things, government procurements and health insurance reforms. These expectations are a significant factor in the organic development of the company, since Russia will remain a major market for the company's existing and new portfolio of products.

Pharmsynthez believes that the following factors will shape the growth of the Russian pharmaceutical market in the future:

- Long-term expansion in the state's procurement of drugs (anticipated at minimum of 5% growth per year);
- Growth due to reforms in medical insurance, with expected increases in coverage and amounts insured;
- Anticipated additional support from government in buying locally manufactured drugs;
- Russian GDP expected to increase by over 4% per year;
- Ageing population, with the proportion of senior people expected to rise by 3-4pp over the next ten years;
- An increase of 3.5% in the average price of a 'drug package', due to the industry's expected transition to GMP;
- Growth stemming from the government's funding for the Russian pharmaceutical sector's development (Pharma-2020).

Pharmsynthez expects the abovementioned factors will boost the expansion of Russia's pharmaceutical market so that average per capita drug consumption will reach USD 150-200 (the current level of eastern Europe) in the coming 3-5 years. Combine this with an increased market share, from 24% in 2009, to 50% by 2020 because of government-led initiatives, and the stage should be set for an interesting investment case.

Revenues

The company is expected to generate revenues of RUR 297m in 2010, 53% of which are generated from its current portfolio of products, and 47% from R&D contracts.

Since the primary focus of the company is pharmaceutical product manufacturing and sales, R&D contracts are not expected to be a primary long-term source of income. Instead we focus more on the current portfolio of products in the medium-term and the new product portfolio in the longer-term to provide the bulk of the company's revenue stream.

The existing R&D contracts are expected to be fulfilled by 2012. As part of an ongoing state programme, Pharmsynthez could always benefit from further R&D work under this scheme. Any new or additional R&D contract work would provide additional upside to our existing outlook.

Our base assumption, though, plays it safe, with revenues from R&D contracts forecast to end in 2012. As a result, the current business sectors are expected to consist solely of current portfolio products starting in 2013. We have also decided to remain conservative (relative to management) in estimating the potential growth of future revenues, i.e. 10-15% per annum. We have based our forecast on a combination of expectations for the development of the primary market, and the historical growth in the revenues generated by the current portfolio. Should the company therefore be able to achieve its targeted growth rates, we feel that there could be greater upside potential.

Financial Projections

Pharmsynthez plans to expand to new geographic markets in the EU and the USA, registering its pharmaceutical products there, developing a distribution network and starting

Current Business Sectors, RURm	2010E	2011E	2012E	2013E
Forecasts used in the analysis	297	329	318	281
Company management forecasts	272	334	345	673
% compared to company management forecasts	109%	99%	92%	42%

Source: Pharmsynthez, LHV

ing its marketing activities. The expansion plans include buying two or three smaller (already identified) pharmaceutical companies to facilitate the process and benefit from an increased scale of operations. This is another important factor to consider when projecting the future growth of the company. However, at this early stage, we have not included this in our model, which could add upside potential to our estimates and may explain the difference between our outlook and the management's targets.

New products are set to be introduced starting in 2012 and because of the rapid rate of growth forecast for product sales, they are expected to form a significant portion of total revenue over time – though beyond our immediate forecast horizon, this product portfolio could extend to 50% of total revenue by 2015. The main motivation for this belief, which is emphasised in our discussion of the Russian pharmaceutical sector, is that these products will meet a growing need in the market as the prevalence of terminal diseases increases.

When trying to gauge the potential value of these new products, we have used the historical sales development of Pharmsynthez's innovative products, while also considering the target markets for the new products. Market analysis suggests relatively high demand for the treatments the company is developing, based on total market size and competitive landscape. We expect the first five years following the product launches to be the catalyst behind the growth. Once the products have settled in the market, we maintain that growth may slow towards the industry average of 10-15%.

The estimated product growth we used is also significantly lower than the company's own targets. Although there is very little risk to Virexxa launching on time and only a small chance that the three Biobetters will not make it to the market, we still remain cautious on our approach to these products in case of anything unforeseen over the horizon.

Revenue Structure, RURm	2008	2009	2010E	2011E	2012E	2013E
Current business sectors	180	228	297	329	318	281
Current portfolio	164	158	156	189	248	281
Contract manufacturing	14	0	1	0	0	0
R&D contracts	0	71	140	140	70	0
New products	0	0	0	0	32	123
Total revenue	180	228	297	329	350	405
Current business sectors, % of total	100%	100%	100%	100%	91%	70%
New products, % of total	0%	0%	0%	0%	9%	30%
Total revenue growth	4%	27%	30%	11%	6%	16%

Source: Pharmsynthez, LHV

It must be noted that since the revenues from the new products are expected to exceed 50% of all the company's earnings at some point beyond our base 2010-13 forecast period, their relative success is a critical factor in estimating the company's value. Any failure to meet the revenue projections for the new products would adversely affect the company's estimated value. As the new product sales are expected to take off in 2012-2015, the likelihood of errors creeping into the forecasts is therefore highest in these years.

Profitability

Pharmsynthez's gross margin over the 2007-09 review period has typically fallen short of the industry average of 60%. One may question whether this has to do with the products, but, according to the company, there is no

Financial Projections

one particular item that has better or worse margins than the rest.

Instead, the relatively narrow margins can mostly be explained by the fact that final dosage production is out-sourced. This not only affects profitability, but probably applies pressure to inventory and other working capital levels. Part of the proceeds from the planned capital raising will be invested in the construction of a final dosage production facility, from 2011-12. By dealing with this part of the value chain, it would seem natural that gross margins should increase and potentially converge towards the industry average. On the other hand, failing to do so would mean that the company's profitability will be lower than expected.

One other factor coming into play recently (i.e. 2009) is the global crisis. This not only depressed the company's 2009 revenues from manufacturing and sales of the current drug portfolio, it also weighed down on its profit margins. This explains the drop in 2009 gross margins from 44% in 2008, to 32%. As the global economies regain strength, so margins should solidify and widen.

In terms of operating costs, R&D spending is likely to spike in 2011 and 2012 and fall back considerably once this batch of new products has entered the market (note: R&D is expensed rather than capitalised). This would be a natural result of the development of the new product portfolio and the tests for the EU's market. There is also probably going to be an ongoing increase in marketing expenses as the company tries to increase exposure to and awareness of its products (something it has not done much of in the past). Considering that the drugs are all prescription-based, exposure through marketing and medical representatives becomes more critical to ensure that they are selected as prescribed medication.

At the same time, the company is to restructure its distribution chain. At the moment its products are sold via a large wholesale distributor, who channels the drugs onto pharmacies and hospitals. The company though is considering using an in-house sales force and medical representatives, which would allow them to target end-user distributors more directly and effectively, especially with the expansion of pharmacy chains through Russia. Although this may push up expenses, it should help sales.

The 2011-12E investment period, in which R&D and marketing expenses step up a notch relative to 2010E, means that the company's profits are likely to suffer a temporary knock. However, we emphasise that this should only be temporary, as, come 2013, we should see revenues from the new product portfolio and R&D expenditure should fall back. At this point, we feel that operating margins could jump to 34% and thereafter remain within a 34-39% range.

Profitability, RURm	2008	2009	2010E	2011E	2012E	2013E
Sales	180	228	297	329	350	405
Gross profit	80	74	96	112	178	241
EBITDA	26	28	53	-40	32	191
EBIT	7	9	32	-61	-3	138
Net Profit	2	14	28	-38	3	111
Gross margin, %	44.3	32.3	32.3	34.1	50.9	59.4
EBITDA margin, %	14.5	12.2	17.8	-12.2	9.2	47.3
EBIT margin, %	4.0	4.1	10.6	-18.6	-1.0	34.1
Net Profit, %	1.2	6.1	9.3	-11.5	0.8	27.5

Source: Pharmsynthez, LHV

We do not anticipate financial expenses (though some may feed through on account of currency fluctuations) as the company bears no debt, while interest income may be sufficient to tip the 2012E operating loss back into a small net profit. However, net profits should only properly start to develop from 2013, when we expect them to reach RUR 111m.

Interim Results

Already, though, Pharmsynthez is set to exceed its own and our 2010 forecasts. The company has set 2010 revenue and operating profit targets of RUR 271.6m and RUR 28.0m, respectively. Based on its recently published

Financial Projections

nine-month results, the company has already earned RUR 180.6m revenues and RUR 39.0m operating profit. It would appear that this is associated with the significant improvement in gross margins, from 35.9% in Jan-Sep 2009, to 44.3% in Jan-Sep 2010.

On the grounds of the strong improvement in its gross margins, this result suggests that the company has already surpassed its operating profit target for the year – the management's annual gross margin forecast is only 34.0%.

On an indicative basis, in 2009 the company managed to raise its sales, from RUR 103.9m at the end of September, to RUR 228.4m at the end of December (though one must remember that revenues from R&D contracts only really began to flow into the company in 2009, but the exact timing of this is not indicated). Similarly, the company managed to convert a RUR 11.5m loss at the end of September into a RUR 14.0m profit during the last quarter. Based on this, and provided that Q4 is a stronger quarter, it would appear that the company may be able to meet (if not exceed) its internal targets and our 2010 expectations.



Investments

The company aims to raise some RUR 600m through the capital raising, although, considering the lack of meaningful debt, it could have borrowed instead. The listing will increase public exposure and place the company in a better position to achieve its long-term strategic goal. Already it has earmarked four main investment plans that would be financed by the new equity. These investments, which are due to be implemented through 2011-2012 are listed in the table above.

Target Project	Value, RURm	% total
Construction of official medicine production facilities	130	21.7
Building of medical representatives network	40	6.7
Acquisition of European pharmaceutical companies	270	45.0
Funding of the two stage of Virexxa and MyeloXEN clinical trials in the EU	160	26.6
Total	600	100.0

Source: Pharmsynthez

Each of these projects is viewed as creating value and thereby warrants the investments. Taking each investment individually, we can envisage the following benefits:

- Construction of official medicine production facilities: as discussed previously, by controlling its own production process, the company should be able to build on its margins and potentially improve its working capital management.
- Building a network of medical representatives: as noted, the development of an in-house network will allow the company to bypass the middle man, giving it direct access to pharmacies and hospitals. Although this may increase some costs, it should also increase the exposure of the drugs and promote sales growth.
- Acquiring European pharmaceutical companies: with two or three targets already in mind, carefully buying up EU bio-pharmaceutical companies would allow for synergies, access to new technologies and a foreign

Operational Risk

base from which to expand into new markets.

- Funding of the two stages of clinical trials for Virexxa and MyeloXEN in the EU and the US: as highlighted earlier, we view the launch of the new product portfolio as being an important step in driving the company's future revenue growth. These two drugs in particular are poised to lead in terms of sales volumes.

Additionally, the company anticipates making regular investments in property, plant and equipment to match the levels of depreciation, in order to maintain an adequate asset base for operations.

CapEx, RURm	2010E	2011E	2012E	2013E
CapEx to expand	n.a.	200	200	n.a.
CapEx to restore	21	21	36	54
Depreciation	21	21	36	54

Source: Pharmsynthez, LHV

Additional investments in working capital are anticipated as sales grow, based on historical and anticipated trade financing needs. The company plans to finance its capital expenditure and working capital needs using only equity financing.

Working Capital	2010E	2011E	2012E	2013E
Investments, RURm	7	5	-10	11
Days Inventory	96	90	60	60
Days Receivables	69	70	70	70
Days Payable	92	90	90	90

Source: Pharmsynthez, LHV

As the company's own production facility comes on-line, potentially from 2012, and its own distribution network is established, we feel that it should be able to reduce its inventory and accounts payables. This is based on the fact that contract manufacturers require Pharmsynthez to hold a specified quantity of inventory.

► Operational Risk

While Russia's pharmaceutical market portrays great historical and potential future growth prospects, it can be also associated with a number of specific risks, such as significant state control of the sector and a litany of legal and administrative barriers. Nevertheless, Pharmsynthez has a successful track record of coping with these and is well positioned to benefit from the changing regulations and flow of government resources into the sector.

The company aims to use the proceeds of its IPO to more than double its existing sales volume by the end of 2013 and to increase the rate at which its average revenues have grown, from the current 15% to 25%. While prospects look good for development in the local market, a certain degree of caution has to be applied pertaining to the possible speed that new, original drugs may be introduced, as well as to plans to penetrate foreign markets. There are a number of risks associated with such matters, including potential delays in registrations and approvals, the costs of establishing sales channels abroad and the uncertainty surrounding clinical tests for new original drugs. All these can significantly influence the rate of sales growth and the anticipated profitability of the company.

Furthermore, it is important to note Pharmsynthez's current reliance on sales of its existing original drug



portfolio in Russia, as well as a large contract for R&D. As a result, the current revenue stream can be considered rather narrow, leaving the company open to significant risks if anything impacts on sales of its original drugs portfolio or influences the execution of its existing R&D projects.

Yet, let us reconsider the new product portfolio: MyeloXEN, PulmoXEN and HIVirin (which the company estimates should be worth some RUR 0.9bn in Russian sales by 2015 – 67% of the sales value of the new product portfolio by that date) all fall under the biobetters category. This alone reduces a significant part of the risk that the drugs would not reach the market. This is because a biobetter is in the same class as an existing biopharmaceutical. As a result, the new drug essentially traces an existing drug with established therapeutic and commercial success, thereby reducing the risk of failure.

Already, market leaders such as Novo Nordisk, Merck and Roche are jumping onto the bandwagon and replacing expired patent biopharmaceuticals with biobetters, which are expected to be more effective, with fewer side effects than the original products. Concurrently, they tend to have lower early-stage R&D costs. Therefore, by following this route, Pharmsynthez gets to tap into a USD 120bn global biopharmaceuticals market with reduced costs and entry risks.



► Valuation

We valued the company's post-money equity value by using discounted cash flow (DCF) and relative (industry value multiples) methods.

Discounted Cash Flow Valuation

The discounted rate (WACC) used in the DCF valuation was calculated using a CAPM framework and by estimating the risk free rate, equity beta, equity risk premium and additional required premiums. The base assumptions applied were:

- Risk-free rate: the yield of a ten-year Russian government bond was used as a proxy for risk-free rate, which is 5.4% as of November 2010.
- Equity risk premium: In order to calculate the equity risk premium, a country risk premium is estimated and added to the market risk premium for mature markets. The mature market risk premium is represented by the historical average difference between US stock market returns and developed country government bonds. This averages 4.9% over 1928-2006. A country risk premium is approximated to the spot difference between a Russian ten-year government bond yield and the US ten-year government bond, which is 2.9% as of November 2010.
- Beta: an estimated beta of 0.58x is applied. This is based on the European pharmaceutical and biotechnology industry's unlevered beta.
- Company-specific risk premium adjustment: an additional premium required by investors for small capitalisation stocks is estimated to be 4.7%. This is based on the US stock market data for period 1926-2007.
- After tax cost of debt: the company carries no debt.

Valuation

- Terminal value: a terminal growth rate of 2% has been applied post-2019.

Based on these assumptions, we calculated a cost of equity (and WACC) of 14.6%. Under our base case DCF scenario, we estimated a fair equity value of RUR 1.6bn. Note that this base case incorporates the assumption that only the minimum of RUR 450m is raised during the capital raising exercise. Should the upper end of the financing sought, i.e. RUR 600m, be reached, the DCF value would increase to RUR 1,769m. By being able to raise an additional RUR 150m and further increase the immediate net cash position, the company's fair equity value would gain a further 9% under a base case scenario.

To set up a potential fundamental fair value range, we have performed a sensitivity analysis on three

variables: WACC, the EBIT margin and the terminal growth rate. On an individual basis, the greatest sensitivity sits with a change in WACC, which causes our base case valuation to range between RUR 1,467-1,800m. This is a wider spread than implied through changes in the EBIT margin and the growth rate. We have only applied a 1% change to the sensitivity of the EBIT margin and terminal growth rate, which may downplay the implied ranges generated from these variables, especially considering the general outlook that we have for the sector. We therefore feel that the WACC implied range could be a more realistic representation of a fundamental fair value range. Based on this, we set our DCF fair equity value range at RUR 1,467-1,800m.

Relative Valuation

On approaching the relative valuation, we focused initially on a wider pool of peers from Europe, Russia and the CIS. We then narrowed the selection down to central Europe, Russia and CIS as group 1 peers and western Europe as group 2 peers. After excluding outliers and other companies that had limited data points, we arrived at a list of 13 Group 1 peers and 134 Group 2 peers.

The average implied valuation range, relative to the peer groups, was based on market capitalisation weighted multiples. Off these multiples, a fairly wide range of values were determined, reaching up to a maximum of RUR 2,082m. One warning on this range is that it includes implied values relative to 2010E, 2011E and 2012E multiples.

While we considered the 2010E and 2011E peer multiples and Pharmsynthez's financial expectations, we also

Free Cash Flow, RURm	2010E	2011E	2012E	2013E	2014E	2015-19E
EBIT	32	-61	-3	138	204	1,902
Taxes	-6	12	1	-28	-41	-380
NOPLAT	25	-49	-3	110	163	1,522
Depreciation	21	21	36	54	54	268
Capital expenditure	-21	-221	-236	-54	-54	-268
Change in working capital	-7	-5	10	-11	-26	-106
FCF	18	-254	-193	99	137	1,416
Discounted FCF	17	-217	-144	65	78	521

RURm	2010E
PV of interim FCFs	320
PV of terminal value	835
Enterprise value	1,154
Net debt / (Net cash)	-465
Equity value	1,619

Source: LHV



Sensitivity Analysis	Equity Value, RURm	Change against base case
Base case	1,619	n/a
WACC + 1%	1,467	-9%
WACC - 1%	1,800	+11%
EBIT margin + 1%	1,667	+3%
EBIT margin - 1%	1,571	-3%
Terminal FCF growth rate + 1%	1,691	+4%
Terminal FCF growth rate - 1%	1,557	-4%

Source: LHV

Valuation

felt it was necessary to reflect on the 2012E expectations. We believe that the 2010E multiples are no longer meaningful as the year is almost over, thereby placing the emphasis instead on the 2011E and 2012E multiples. We considered the 2012E multiples, as we felt that Pharmsynthez's story is based on its future growth, which is more of a medium- to long-term case, rather than a short term one. As we have explained throughout the report, the rollout of the new products in 2012-13 will give a boost to the company. Until then, it may incur large expenses that should reduce after the new drugs have been released into the market. As a result, the near term multiples may not represent this potential added value.

Based on this assumption, we still find a fairly wide range emerging, depending on the specific multiple used. We find that the P/E and EV/EBITDA multiples clearly reflect the above argument, leaving the implied range well below the fundamental, P/B and P/S ranges. Reflecting our view that the 2012E implied value is a more accurate depiction of the company's worth, we have opted to establish the peer implied fair value range on the widest selection of companies, i.e. peer Group 1 and peer Group 2 combined.

Peer Valuation	P/E			P/S			P/B			EV/EBITDA		
	2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E
Base case DCF implied multiple, x	58.4	n.m.	562.2	5.5	4.9	4.6	2.2	2.3	2.3	21.9	n.m.	49.2
Group 1 average, x	14.7	13.8	13.2	1.9	1.7	1.6	1.8	1.6	1.6	9.3	8.7	8.3
- implied average equity value, RURm	408	n.m.	38	552	566	562	1,339	1,143	1,131	954	n.m.	306
Group 2 peer average, x	10.9	10.3	10.0	2.5	2.4	2.3	2.8	2.5	2.2	9.4	13.1	12.9
- implied average equity value, RURm	302	n.m.	29	736	785	788	2,082	1,755	1,598	962	n.m.	453
Total peer average, x	11.0	10.3	10.1	2.5	2.4	2.2	2.8	2.4	2.2	9.4	11.0	10.7
- implied average equity value, RURm	304	n.m.	29	731	779	782	2,059	1,736	1,586	959	n.m.	383

Source: Bloomberg, LHV

We feel that the company's growth potential could currently merit higher multiples, as implied by our base case DCF fundamental value. It should therefore be noted that, when applied to our 2013E financials for Pharmsynthez, the multiples fall more in line with the Group 1 average. Our implied 2013E P/E of 14.5x and EV/EBITDA of 7.8x seems more comparable to the 2010-12E Group 1 peer average (which does not show significant variability over the period). This marks the potential of the company through its intended expansion and development and warrants our belief that an interim pricing premium could be justified.

Valuation Summary

Based on the discussion throughout the report, we feel that there is significant longer-term potential for the company, particularly once the investments and development costs of 2011-12 have been absorbed and the new product portfolio is rolled out. As this is likely to only start occurring after 2012, we place more emphasis on the fundamental valuation (and the P/S and P/B multiples), as it is the only range that fully reflects the longer-term perspective of the company. In contrast, multiples such as EV/EBITDA and P/E, in particular, reflect what we believe to be a short-term perspective that is naturally biased by the costs involved in the company's significant development phase.

For current valuation purposes, though, we feel that it is necessary to limit the valuation to the 2012E implied ranges, as extending the peer implied range to 2013 may be too far in the future right now for pure comparative valuation purposes. As we pointed out in the relative valuation section of the report, the 2013E earnings multiples converge towards the peer multiples, emphasising that the 2012E ranges for P/E and EV/EBITDA may well be understating the case for Pharmsynthez.

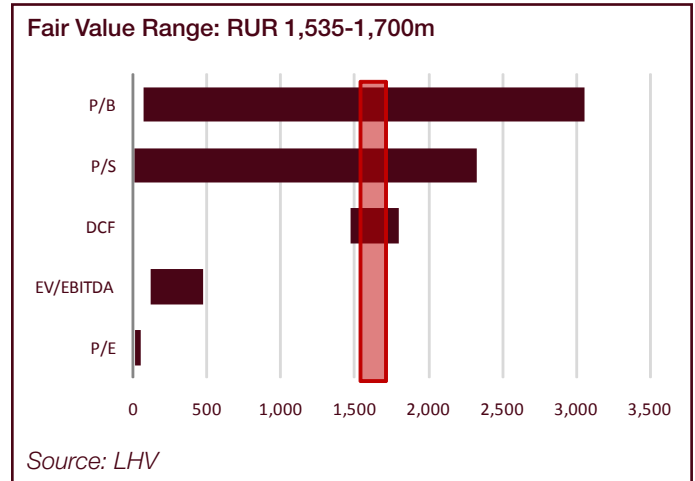
In summary, we have established, using the various methods, the following fair value ranges:

Valuation

- P/B: RUR 72-3,056m
- P/S: RUR 3-2,330m
- DCF: RUR 1,467-1,800m
- EV/EBITDA: RUR 118-472m
- P/E: RUR 10-54m

(Note: the peer implied fair value range is derived from 2012E multiples for the full peer group excluding outliers)

Therefore, the current premium, relative to the peers, is justified based on the growth potential of the company. We therefore place the majority of our emphasis on the fundamental value, and set our fair equity value range for Pharmsynthez at RUR 1,535-1,700m.



Financial Summary

► Financial Summary

Income Statement, RURm	2008	2009	2010E	2011E	2012E	2013E
Sales	180	228	297	329	350	405
COGS	-100	-155	-201	-217	-172	-164
Gross Profit	80	74	96	112	178	240
Marketing Expense	-29	-26	-33	-60	-62	-61
Administrative Expenses	-30	-31	-20	-22	-24	-27
R&D	0	0	-10	-92	-95	-15
Other Income	-14	-7	-1	0	0	0
EBIT	7	9	32	-61	-3	138
Financial Expense	-2	-3	-3	0	0	0
Financial Income	0	0	0	14	7	1
EBT	6	6	29	-47	4	139
Taxes	-3	8	-1	9	-1	-28
Net Income to Shareholders	2	14	28	-38	3	111

Balance Sheet, RURm	2008	2009	2010E	2011E	2012E	2013E
Cash	3	22	465	233	38	118
Accounts Receivable	85	64	57	63	67	78
Current Deferred Taxes	1	1	4	-7	1	21
Inventories	68	67	53	54	28	27
Short Term investments	0	0	0	0	0	0
Other Current Assets	1	1	1	1	1	1
Total Current Assets	159	155	580	344	136	246
PP&E	207	195	195	395	595	595
Intangible Assets	3	2	3	3	3	3
Other Long Term Assets	17	23	23	23	23	23
Deferred Tax Assets	0	0	0	0	0	0
Total Assets	386	375	800	764	756	865
Accounts Payable	91	80	51	54	42	40
ST Borrowings	25	22	0	0	0	0
Deferred Income	0	0	0	0	0	0
Divdends Payable	0	2	0	0	0	0
Total Current Liabilities	116	104	51	54	42	40
Deferred Tax Liability	4	1	1	1	1	1
Total Liabilities	120	105	51	54	43	41
Share Capital	248	248	248	248	248	248
Share Premium	0	0	450	450	450	450
Reserves	0	0	0	0	0	0
Retained Earnings	18	23	51	13	15	127
Total Equity	266	270	748	710	713	824
Liabilities and Equity	386	375	800	764	756	865

Financial Summary

Cash Flow Statement, RURm	2008	2009	2010E	2011E	2012E	2013E
Operating activities						
Net profit	2	14	28	-38	3	111
Depreciation and amortisation	19	19	21	21	36	54
Gross cash flow	21	33	49	-17	38	165
Change in working capital	-39	11	-7	-5	10	-11
Total operating cash flow	-18	44	41	-22	49	154
Investing activities						
Capital expenditure	-3	-6	-21	-221	-236	-54
Change in other assets	-1	-5	0	0	0	0
Total investing activities	-4	-11	-21	-221	-236	-54
Financing activities						
Change in debt	17	-3	-22	0	0	0
Change in deferred tax	2	-4	-3	11	-8	-20
Change in other liabilities	0	2	-2	0	0	0
Change in shareowners' equity	-0	-9	450	0	0	0
Total financing activities	19	-14	422	11	-8	-20
Change in cash and cash equivalents	-3	19	442	-232	-195	80
Cash and cash equivalents at beginning of period	6	3	22	465	233	38
Cash and cash equivalents at end of period	3	22	465	233	38	118

Financial Summary

Other Financial Data	2008	2009	2010E	2011E	2012E	2013E
Income Statement						
Sales Growth, %	4.3	26.9	30.0	10.9	6.2	15.6
Gross Margin, %	44.3	32.3	32.3	34.1	50.9	59.4
Operating Margin, %	4.0	4.1	10.6	-18.6	-1.0	34.1
EBITDA Margin, %	14.5	12.2	17.8	-12.2	9.2	47.3
Net profit Margin, %	1.2	6.1	9.3	-11.5	0.8	27.5
Balance Sheet						
Debt/Equity, %	9.4	8.0	0.0	0.0	0.0	0.0
Asset Turnover, x	0.5	0.6	0.4	0.4	0.5	0.5
Debt/EBITDA, %	96.0	77.9	0.0	0.0	0.0	0.0
Mixed Ratios						
Days Inventory	248	157	96	90	60	60
Days Receivables	173	103	69	70	70	70
Days Payable	331	189	92	90	90	90
ROE, %	0.8	5.2	3.7	-5.3	0.4	13.5
ROIC, %	2.7	3.8	12.3	-13.6	-0.5	20.3
ROA, %	0.6	3.7	3.5	-5.0	0.4	12.9
Valuation*						
P/E, x	762.5	115.3	58.4	n.m.	562.2	14.5
EV/EBITDA, x	62.9	58.0	21.9	-34.5	49.2	7.8
EV/EBIT, x	226.4	174.8	36.5	-22.6	-466.0	10.9
P/B, x	6.1	6.0	2.2	2.3	2.3	2.0

* - based on post-money base case DCF equity value

Credits & Disclaimer

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