

# Consolidation in pharmaceutical retail



by Andrei SLIVCHENKO

CF&IR Director,  
Pharmacy Chain 36.6

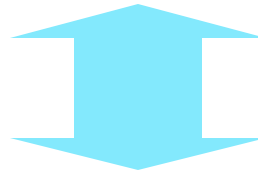


**OBVIOUS**

**MYTH 1:  
LONG VALUE  
CHAIN**

**MANUFACTURERS**

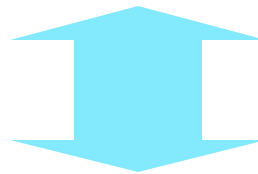
**PHARMACEUTICALS**



**WHOLESALERS**

**LOGISTICS SERVICES**

**MYTH 2:  
VERTICAL  
INTEGRATION**



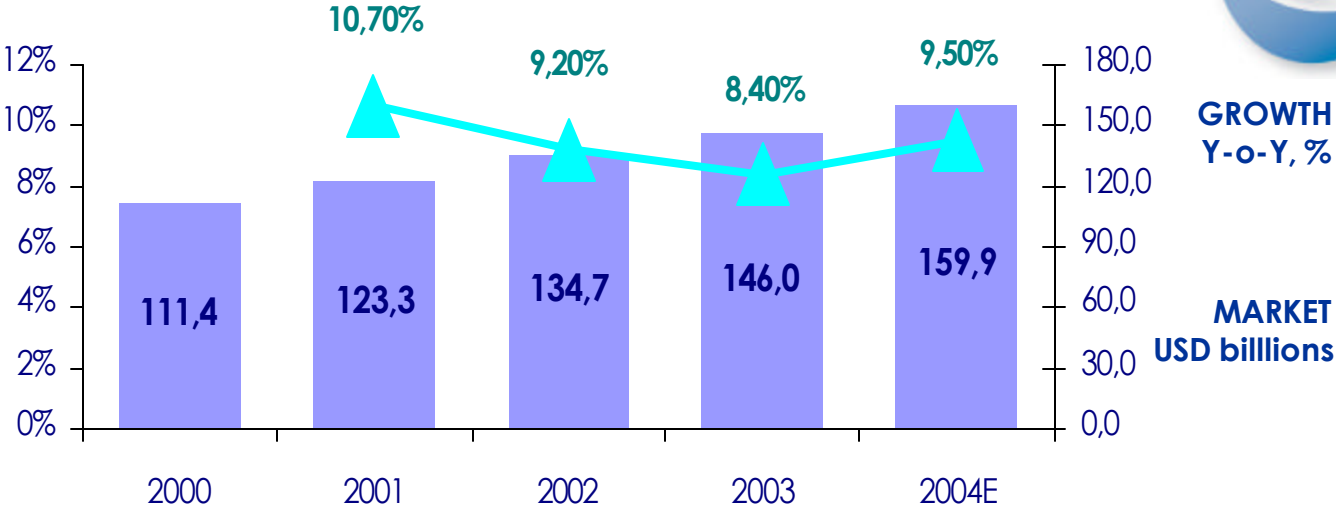
**PHARMACIES**

**RETAIL**

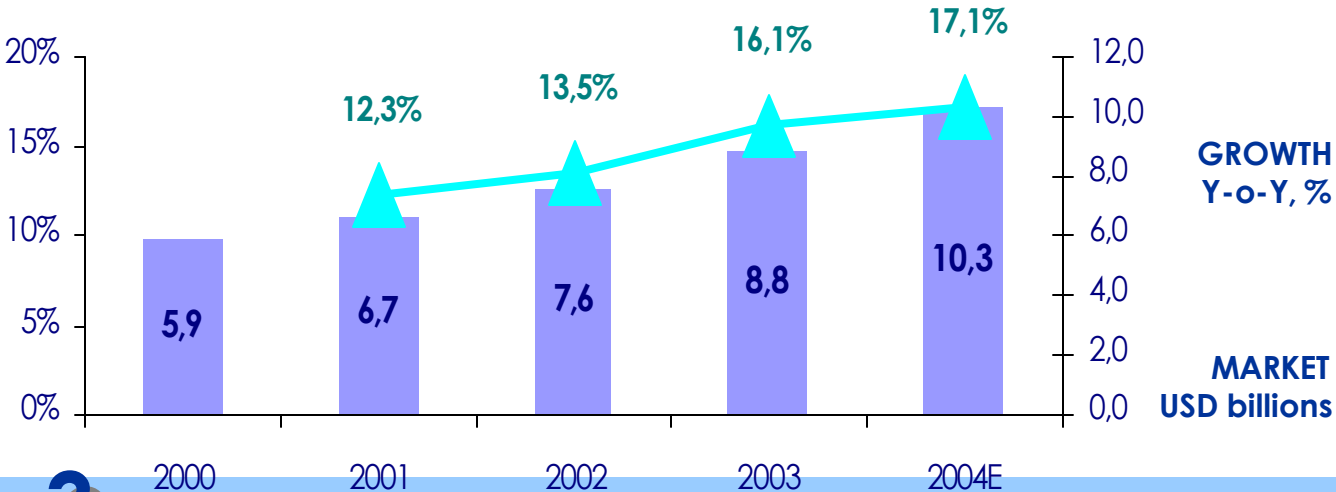


# BOOMING

## RUSSIA'S RETAIL



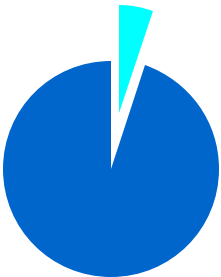
## RUSSIA'S PHARMA AND H&B RETAIL



FRAGMENTED



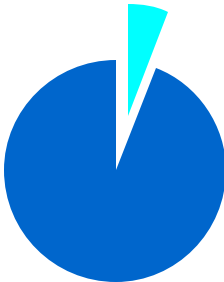
### TOP-5 PLAYERS MARKET SHARE



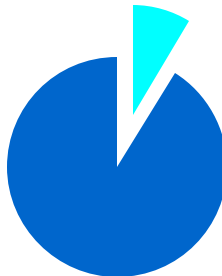
5%  
FOOD



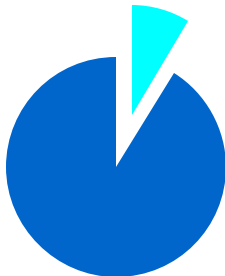
36%  
ELECTRONICS



6%  
PHARMACY



9%  
H&B



9%  
DIY

 Top-5 players

**IMPORTANT**



**SIZE**  
IS CRUCIAL FOR  
**ACCESS TO CAPITAL**

**INEVITABLE**



- International players
- Cross-industry domestic investors
- Industry leaders

# CONSOLIDATED



## Consolidator

## Target

Pharmacy Chain 36.6	NAD, Nizhny Novgorod	Jun'04
Natur Produkt	Madlena, Omsk	May'04
ICN-Chudo-Doktor	25 outlets, Orenburg region	May'04
Pharmacy Chain 36.6	LEKO, Bashkortostan	Feb'04
L'Etoile, cosmetics retail	ICN-Chudo doctor	Spring'04
ICN-Chudo-Doktor	ICN merges with Chudo Doktor	Dec'03
Rigla	Bud Zdorov, Rostov	Sep'03
Millhouse Capital/ Profit House	Russian assets of ICN Pharmaceuticals	2H'03
ROSTA	RossibPharmacia merges with Phamtamda	Dec'02



STRATEGIC



**TECHNOLOGY**

**CUSTOMER**



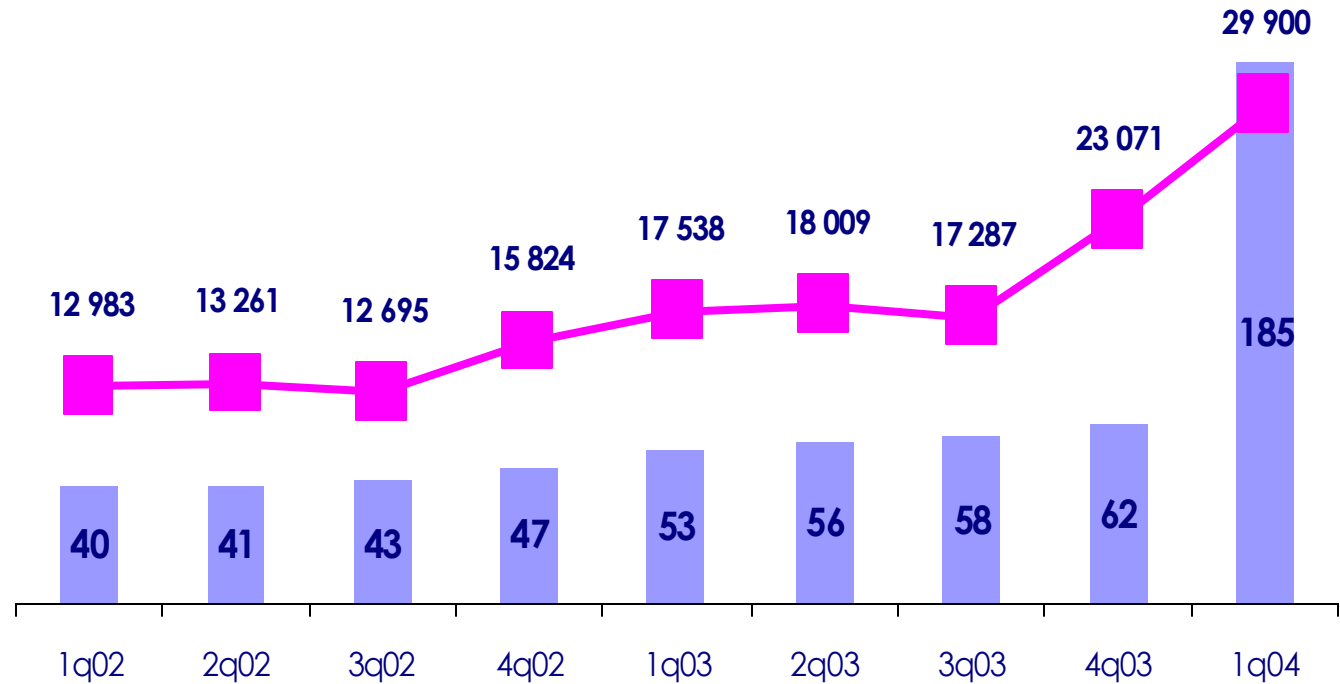
DYNAMIC

# PHARMACY CHAIN 36.6

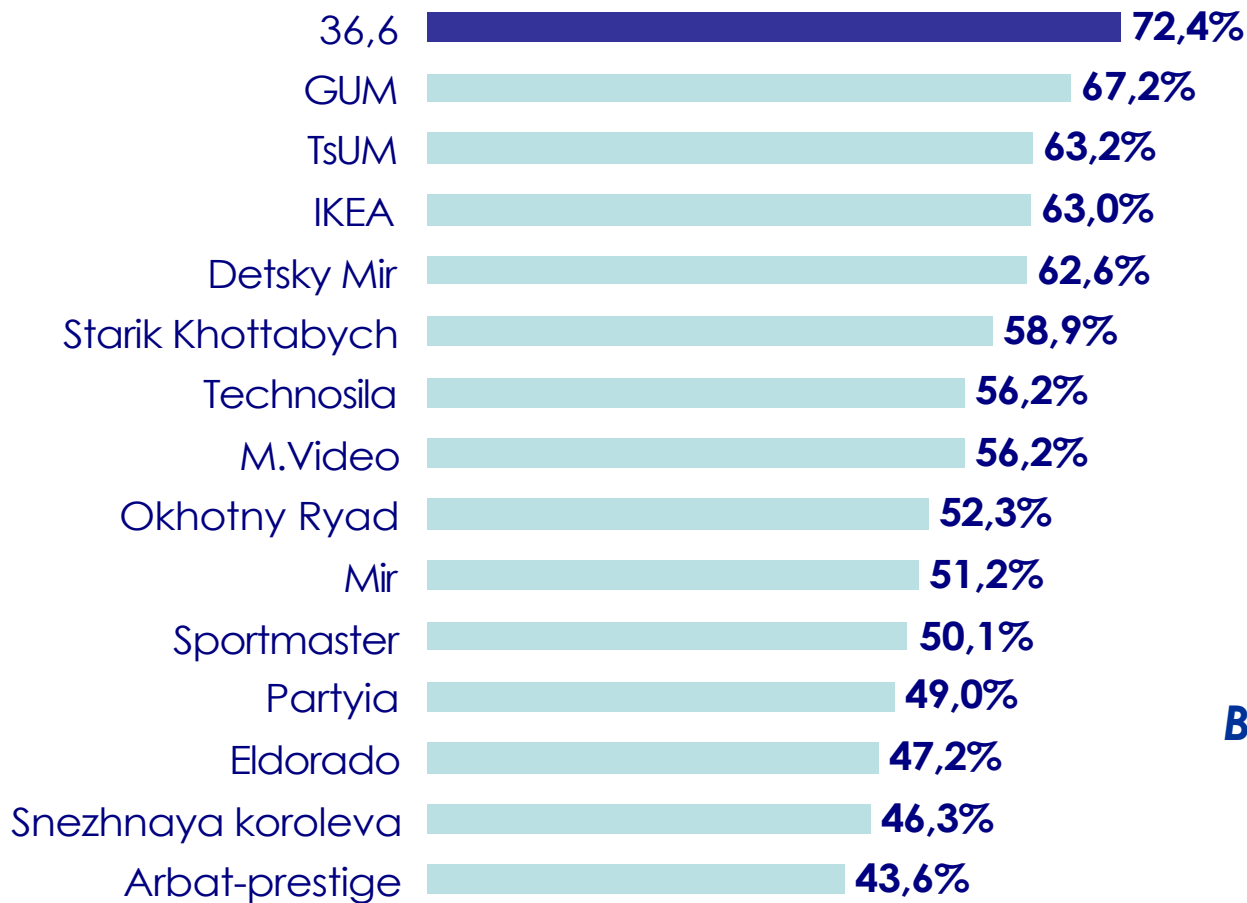
**47%**  
average  
annual growth

NET SALES,  
*USD thousands*

NUMBER OF  
STORES



# RECOGNIZED



**GALLUP MEDIA  
BRAND AWARENESS  
SURVEY, 2003**



Source: Gallup Media Survey



Innovation and regional expansion deliver value proposition to our customers nationwide to **60** million consumers by 2008



## CHALLENGING



**CUSTOMER**  **varying consumer's expectations**

**TECHNOLOGY**  **replication of business model**

**QUALITY**  **prior-brand effect**

**INFRASTRUCTURE**  **underdeveloped real estate market**

## HEALTHY, FIT & STRONG



- Healthy performance**
- Fit domestic player**
- Strong business model**

# PHARMACY CHAIN

The logo for the pharmacy chain, featuring the number '36-6' in a bold, blue font. The numbers are enclosed within a circular graphic composed of two overlapping, semi-transparent rings, one light blue and one darker blue, creating a sense of depth and movement.

36-6

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