

EASTPHARMA LTD.

London, 7 November 2013 - EastPharma (EAST LI), a company active in the manufacturing and marketing of pharmaceutical products in Turkey and in other regional markets, announces its 9M 2013 sales performance and a review of its main subsidiary DEVA Holding's financial statements for the related period.

Management comment on the financial performance of EastPharma is provided in the attachment, and a presentation of the results will be available on the EastPharma website [www.eastpharmaltd.com](http://www.eastpharmaltd.com) on 11 November 2013.

A conference call to review the 9M 2013 sales performance performance will be hosted by the management of EastPharma at 4:00pm London time on **11 November 2013** (11:00am New York / 5:00pm Zurich time / 6:00pm Istanbul time). The dial-in details are provided below.

Conference call:

Dial-in Number (UK): + 44 (0)20 7162 0077

Dial-in Number (US): + 1 877 491 0064

Dial-in Number (Switzerland): + 41 (0)434 5692 61

Dial-in Number (Germany): + 49 (0)695 8999 0507

Conference ID: 938370

For further information, please contact:

Investor Relations:

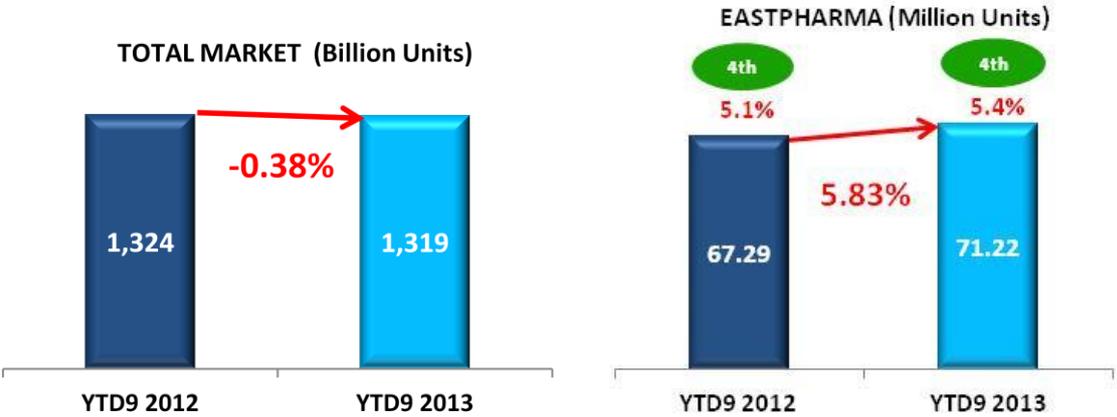
**email: [ir@eastpharmaltd.com](mailto:ir@eastpharmaltd.com)**

**SALES UPDATE AND MANAGEMENT REVIEW**

**EASTPHARMA’S PERFORMANCE (According to IMS data) COMPARED TO TURKEY’S OVERALL 9M 2013 MARKET PERFORMANCE**

According to IMS Health data, a total of 1.319bn units of drugs, worth TRY 11.40bn (USD 6.13bn), were sold in the Turkish Pharmaceutical market in 9M 2013.

In unit sales terms the Turkish market declined by 0.38% in 9M 2013, while Eastpharma’s unit sales increased by 5.83% compared to same period of 2012, achieving sales of 71.22mn units according to IMS figures. With this growth in unit sales Eastpharma’s market share in unit terms increased from 5.1% in 9M 2012 to 5.4% in 9M 2013 and the company maintained its 4th place ranking in the Turkish pharmaceuticals market.



By sales value in Turkish Lira, the national market increased by 5.79% in 9M 2013 compared to 9M 2012. According to IMS figures for 9M 2013, EastPharma achieved sales worth TRY 448.67mn (USD 241.58mn), an increase of 11.77% compared to 9M 2012. Consequently, EastPharma’s market share by value increased from 3.7% in 9M 2012 to 3.9% in 9M 2013 and the company maintained its 6th place ranking in the Turkish pharmaceuticals market.



## **MANAGEMENT COMMENTS ON EASTPHARMA'S SALES PERFORMANCE IN 9M 2013 (IFRS):**

According to IFRS results, revenue in 9M 2013 was USD 164.1mn, down 3.9% from the same period in 2012 (USD 170.8mn). In Turkish Lira terms, revenue decreased by 0.9% in the same period (Net sales in 9M 2013 were TRY 303.6mn vs TRY 306.4mn net sales in 9M 2012).

The average US dollar exchange rate strengthened by 3.8% against the Turkish Lira to 1.8628 in 9M 2013, which compares with an average rate of 1.7942 in 9M 2012.

EastPharma's sales decrease was mainly driven by decreased volumes in DEVA's Veterinary business. In 9M 2013 versus 9M 2012, Veterinary revenues decreased by 54% (from USD 11.6mn to USD 5.4mn).

## **MANAGEMENT COMMENTS ON CAPITAL MARKET BOARD (CMB) FINANCIAL PERFORMANCE FOR DEVA 9M 2013:**

Deva's Capital Markets Board (CMB) results show revenue in 9M 2013 was TRY 308.2mn, down 0.4% from the same period in 2012 (TRY 309.4mn).

Deva's sales decrease in TRY terms was mainly due to decreased volumes at Deva's Veterinary business. In 9M 2013 versus 9M 2012, Veterinary revenue decreased by 52% (from TRY 20.8mn to TRY 9.9mn). Human Pharma revenue increased by 3% (from TRY 284.0mn to TRY 292.5mn).

Deva's gross profit in 9M 2013 was TRY 117.5mn, down from TRY 126.7mn in 9M 2012. The gross profit margin in 9M 2013 was 38% vs 41% in 9M 2012.

EBITDA in 9M 2013 was TRY 57.3mn vs TRY 65.7mn in 9M 2012 representing an EBITDA margin of 18.6% vs 21.2% in 9M 2012.

Operating expenses in 9M 2013 increased by 7.3%, from TRY 80.9mn to TRY 86.8mn. The ratio of operating expenses to revenues increased to 28.2% from 26.1% compared to 9M 2012. Sales and marketing expenses in 9M 2013 were 20.4% of revenues; general administrative expenses were 7.3% of revenues. These expenses were 18.2% and 7.1% of revenues in 9M 2012, respectively.

Finance expenses increased by TRY 9.2mn, from TRY 17.7mn to TRY 26.9mn in 9M 2013 compared to 9M 2012. This was primarily due to foreign exchange gain / losses on borrowings: Deva made a foreign exchange loss of TRY 7.8mn in 9M 2013, compared to a gain of TRY 0.7mn in 9M 2012 on borrowings due to depreciation of Turkish Lira against hard currencies. The USD/TRY exchange rate was 1.7826 on 31 December 2012, while it was 2.0342 on 30 September 2013, which corresponds to an increase of 14.1%.

Receivable days at 30 September 2013 were 127 days, compared to 129 days as at 31 December 2012.

Philipp Haas, EastPharma's Chairman and CEO, said; "Operationally, our 3rd quarter results suffered from intensified generic competition among all products and especially in our two leading antibiotic brands, as well as in our leading oncology product. At the same time, the significant weakness of the Turkish Lira made all our imported raw materials more expensive, thereby further depressing our gross profit margin. Turkish Lira weakness also increased our finance costs on the part of the hard currency borrowings, while on our Turkish Lira borrowings we experienced a sharp increase in interest rates, both combining to increase finance costs overall.

We will continue to emphasize profitability at the expense of market share, as the long term effects of the promotional activities some companies are embarking on are devastating. Clearly, the market has become much more difficult in the 3rd quarter, and as new generic entries are likely to stay, we need to be cost conscientious going forward and direct our promotions to products with minimal competition.”