

## ZENTIVA PRODUCES STRONG FIRST HALF RESULTS

### Successful integration of the our Turkish business and Focus on Efficiency Leads to 40.1% increase in EBIT to CZK 1,555.0 million<sup>1</sup>

**Prague, London, August 4, 2008** – Zentiva N.V. ('Zentiva' or the 'Company'), a leading CEE pharmaceutical company that develops, manufactures and markets modern branded generic pharmaceutical products announces its results for the first half of 2008.

Zentiva's results for the first six months of 2008 clearly show that management is delivering on its two key targets, top line growth and enhanced profitability. During the period sales have increased by 32.3%, driven by the Eczacibasi Zentiva business, which was acquired in Turkey in July 2007. Higher sales were also achieved in Russia, Poland, the Ukraine, other countries of the CIS, Bulgaria and Hungary. First half sales would have been 42% higher on a constant exchange rate basis.

In the first half of 2008, Zentiva increased EBIT by 40.1% to CZK 1,555.0 million<sup>1</sup> due to the actions that management has taken since late 2007 to successfully integrate its new Turkish business, enhance the efficiency of its commercial operation and to further streamline its vertically integrated supply chain. EBIT in Q2 2008 rose by 113.0% to CZK 745.4 million<sup>1</sup>.

Zentiva has confirmed, based on these strong first half results, its full year guidance for 2008.

### Financial Highlights

- **Net sales** CZK 8,990.3 million; + 32.3% yoy, driven by the consolidation of the Turkish business Eczacibasi Zentiva, acquired in July 2007.
- **Gross profit** CZK 5,306.2 million; +20.1% yoy, due to the lower margins of Eczacibasi being only partially offset by the continued improvement of our product mix
  - Gross margin of 59.0%;
- **EBIT** CZK 1,555.0 million<sup>1</sup>, +40.1% yoy due to improved operating efficiencies, particularly in the commercial area. EBIT margin of 17.3%.
  - EBIT CZK 1,363.7 million, +22.9% yoy, including CZK 191.3 million fixed assets impairment charge. EBIT margin of 15.2%;
- **Net profit** CZK 987.5 million<sup>1</sup>, +18.8% yoy due to the higher financial costs related to the acquisition in Turkey. Net profit margin 11.0%.
  - Net profit (including impairment of fixed assets) CZK 833.0 million; a 0.2% increase yoy. Net profit margin 9.3%;
- **Capital expenditure** during the first half of 2008 amounted to CZK 554.0 million representing 6.2% of sales
- **Free cash flow** for the six month period was (FCF) of CZK 1,115.7 million representing 81.8% EBIT Cash conversion
- **Net debt** to equity ratio of 126.8% as of June 30, 2008

<sup>1</sup> Excluding Impairment of fixed assets

**Jiří Michal, Chairman of the Board and CEO, commenting today on the Company's First Half results said:**

*"Our first half results clearly show that Zentiva is achieving growth whilst at the same time making good progress in improving the efficiency of all aspects of its much enlarged business.*

*In Turkey, we are pleased with the pace of integration of Eczacibasi-Zentiva into the Group. We have taken a number of important steps to improve margins including radically changing the products that are actively promoted, as well as increasing our overall sales force efficiency. The results that we have already achieved gives me great confidence that we will deliver both improved sales and profits in Turkey in 2008 and that this market will be an important contributor to our growth over the next several years.*

*In the Czech Republic, our sales have as anticipated, come under pressure from the introduction of mandatory fees for Doctors' visits and prescriptions at the beginning of the year. However we have been able to respond to these developments by placing more efforts in this market on our promoted prescription and CHC brands and maintaining our overall commercial efficiency. Taken together these actions have allowed us to partly offset the top line pressures we have experienced and have put us in a position to benefit from the more stable market conditions we see in the second half of 2008.*

*In Romania, our sales were lower, as had been expected, due in part to the challenging year on year comparison and the adverse impact of the stronger Czech Koruna. The operational changes that we have made in the last nine months mean that we now have a much leaner and more focused organization that is well positioned to deliver higher sales and earnings in Romania in the second half of 2008.*

*Elsewhere our businesses have done well against a background of challenging market conditions and adverse currency developments. We have grown sales in Russia, Poland, and Bulgaria, as well as in most of our newer markets including the Ukraine and Hungary.*

*Our progress in 2008 to-date demonstrates the potential of the much enlarged better balanced Zentiva organization that was created in 2007. With access to a much increased patient population, further important opportunities to generate economies of scale and our continuing focus on efficiency I am confident that Zentiva will deliver our guidance for 2008 and generate attractive returns for shareholders in the years to come."*

Commenting to the unsolicited offers which have been made for the Company, Jiří Michal added:

*"Zentiva has a strong future as an independent business and I have great confidence in the Company's ability to execute the current business plan to generate strong returns for shareholders.*

*The Board will always evaluate any proposals that we receive, and is pro-actively exploring opportunities to maximise value for shareholders and other stakeholders".*

## Investor Relations

*Petr Šulc*  
Chief Financial Officer  
Tel: +420 267 242 737  
petr.sulc@zentiva.cz

*Liběna Stiebitzová*  
Investor Relations Specialist  
Tel: +420 267 243 055  
libena.stiebitzova@zentiva.cz

*Alexander Marček*  
Corporate Finance Director  
Tel: +420 267 243 745  
alexander.marcek@zentiva.cz

*General Inquiries*  
Tel: +420 267 243 888  
Fax: +420 272 702 869  
investor.relations@zentiva.cz

## Media Relations

*Věra Kudynová*  
PR Manager  
Tel: +420 267 242 312  
vera.kudynova@zentiva.cz

*Citigate Dewe Rogerson*  
Tel: +44 (0)20 7638 9571  
David Dible  
david.dible@citigatedr.co.uk  
Chris Gardner  
chris.gardner@citigatedr.co.uk

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#### **NOTE FOR EDITORS**

*Zentiva N.V. is an international pharmaceutical company focused on developing, manufacturing and marketing modern generic pharmaceutical products. The Company has leading positions in the pharmaceutical markets in the Czech Republic, Slovakia, Romania, and Turkey and is growing rapidly in Poland, Russia, Bulgaria, Hungary, the Ukraine and the Baltic States. Zentiva's strategy is to further this growth by increasing patient access to modern medicines through primary care providers within the EU and Eastern Europe. This growth will be based on further organic development of Zentiva's existing business and through selective acquisitions, whilst maintaining profitable growth.*

*The Company addresses a wide range of therapeutic areas but has a particular focus on cardiovascular disorders, inflammatory conditions, pain, infections and diseases of the central nervous system and the gastrointestinal and urology fields.*

*The Zentiva Group employs over 6,000 people and has production sites in the Czech Republic, Slovakia, Romania, and Turkey.*

*Zentiva is listed on the Prague and London Stock Exchanges. Based on official notifications by shareholders to the Dutch regulator, the Company's largest shareholders are Sanofi-Aventis (24.9%), PPF Group and Generali PPF Holding B.V. acting in concert (19.2%) and Fervent Holdings Limited (7.6%). Zentiva's management holds 5.9% of the Company shares. Other institutional and private investors hold a combined 42.4% of Company shares.*