



Living a healthy life.

KRKA, d. d. , Novo mesto, Slovenia

Jože Colarič

President of the Management Board and Chief Executive

*Developing Partnership in ERA
Brdo, 15 April 2008*



About Krka

- Founded in 1954
- A public joint stock company
 - listed on the Ljubljana Stock Exchange
 - market cap of approx. EUR 3.2 billion
- Krka Group comprises of
 - 15 subsidiaries and
 - 20 representative offices abroad
- Active globally, however mainly focused on the markets from Vladivostok to Lisbon
- 7206 employees, hereof 46% outside Slovenia

Subsidiaries abroad

GERMANY: TAD Pharma GmbH, Cuxhaven

RUSSIAN FEDERATION: OOO KRKA - RUS, Moscow,
OOO KRKA FARMA, Sergiev Posad

POLAND: KRKA - POLSKA, Sp. z o.o., Warsaw

UKRAINE: DP KRKA UKRAINA, Kiev

CZECH REPUBLIC: KRKA ČR, s. r. o., Prague

SLOVAKIA: KRKA Slovensko, s.r.o., Bratislava

CROATIA: KRKA - FARMA, d.o.o., Zagreb

HUNGARY: KRKA Magyarország Kft., Budapest

SERBIA: KRKA - FARMA, d.o.o., Novi Sad

IRELAND: Krka Pharma Dublin Limited., Dublin

MACEDONIA: KRKA - FARMA DOOEL, Skopje

SWEDEN: KRKA SVERIGE AB, Stockholm

USA: KRKA USA LLC, Delaware

PORTUGAL: KRKA Farmacêutica Lda., Estoril

Representative offices

Albania

Kosovo

Azerbaijan

Latvia

Belarus

Lithuania

Bosnia and Herzegovina

Moldova

Bulgaria

Romania

China

Russian Federation

Estonia

Serbia

Georgia

Slovakia

India

Ukraine

Kazakhstan

Uzbekistan

About Krka

- Pharmaceutical production located in Slovenia and in
 - Istra, Russia
 - Warsaw, Poland
 - Jastrebarsko, Croatia
 - Cuxhaven, Germany
- We have divided our more than 70 markets into five regions: East Europe, South-East Europe, Central Europe, Slovenia and West Europe & overseas markets
- Our products and services comprise of prescription pharmaceuticals, self-medication products, animal health products, cosmetics and health resort services
- Group sales in 2007 were EUR 781 Mio.; in 2008 we plan to sell for EUR 950 Mio. of products and services

R&D Krka

- Krka R&D is an integrated industrial research entity dedicated to development of new pharmaceutical products and technologies;
- 500 + researchers. State of the art R&D equipment and facilities.
- R&D investment 8% of the revenues, 80+ M EUR, y-o-y growth 20+%. (242th as per EU Industrial R&D Investment Scoreboard 2007)
- Registered R&D industrial institute, participating in projects with public and private sector worldwide:
 - National schemes (e.g. Slovenian Technology Network Pharmacy and Biotechnology);
 - Partner in EU projects (e.g. FP6 CANCERDEGRADOME);
 - R&D projects with partners from the EU;
 - R&D projects with partners from overseas countries.

Opportunities of ERA

- From industrial perspective ERA represents an important step in sustainable development of European competitiveness.
- Three pillars, preconditions to succeed
 - Streamlining of resources and priorities of research in public institutions and private enterprises;
 - Knowledge development by European education institutions and centres of excellence;
 - Development and innovation of products and processes which are competitive and marketable on globalised markets by European companies.

Vision of ERA – How to do it?

- Cooperation between private enterprises and public sector in education and research:
 - Development of higher education programmes to combine excellence of Academia and market initiative (as an example: Krka significantly contributed to a new study programme Industrial pharmacy at Faculty of Pharmacy University of Ljubljana).
 - Tax and other financial incentives to support flow of newly graduated researchers to be employed in the industrial sector (young industrial researchers programme by Ministry of Higher Education, Science and Technology, scholarship programme by Krka, etc).

Vision of ERA – How to do it?

- ERA as an open research environment should be based on adequate flow of researchers:
 - between private and public sector as well as
 - between EU and non EU countries;
 - the concept of free movement of knowledge and researchers within EU, between EU and neighbouring countries as well as overseas countries needs to be brought to life (e.g. longer work permits, etc. for researchers which companies like Krka could employ).

Vision of ERA – How to do it?

- ERA governance in order to develop sustainable competitiveness of EU economy:
 - Priorities and funding must be given to scientific segments where European industry can compete and excel on global scale;
 - Tax and other financial incentives for investments into infrastructural centres of excellence (like NMR centre at National Institute of Chemistry or biotech laboratory at Faculty of Pharmacy University of Ljubljana, co-funded by Krka);
 - Administrative burden must be rationalised to enable companies to react swiftly with R&D projects in order to compete in globalised markets with very aggressive competitors from overseas countries;
 - Equilibrium between market oriented development projects and basic research should be maintained.