

Richter Cuts 2014 Revenue Outlook Due to Ukraine-Russia Dispute

By [The Moscow Times](#)

May 07, 2014

The  **Moscow Times**

Hungarian drugmaker Richter cut its 2014 revenue and operating profit outlook on Wednesday due to the dispute between Ukraine and Russia, two of its biggest markets.

Earlier Richter reported a 51 percent fall in first-quarter net profit, slightly better than market expectations, as revenue from Russia and Ukraine plunged while costs inched higher.

The two countries, which are locked in a territorial dispute, accounted for more than a third of total sales worth 1.18 billion euros (\$1.64 billion) last year, but in the first quarter produced only 27 percent of turnover combined, Richter said.

"Our revenues expressed in euros will fall by 6 percent this year," Chief Executive Erik Bogsch told a news conference. "This is due to changes in the outlook for Russia and Ukraine."

Richter, which makes gynecological, cardiovascular and central nervous system drugs, cut its

revenue estimate for Russia to a 5 percent fall in ruble terms from up to 5 percent growth expected earlier.

The decline will be even bigger when expressed in euros as a result of a 16 percent plunge in the value of the ruble versus the euro since the first quarter of last year, Bogsch said.

"Our (Russian) revenues will decline by over 20 percent, which is quite severe," he said. Richter had sales to Russia worth 337 million euros last year.

In Ukraine, Richter forecast sales plunging by as much as 35 percent from last year's \$95 million.

"Patients have less money, the business of pharmacies has become more uncertain, everybody is reducing stockpiles and everyone is trying to brace for survival," he said.

Bogsch said the company's operating profit margin would fall to 11 percent of revenues this year from 12-13 percent forecast previously. That compares to 13.8 percent last year and 14.9 percent in 2012.

On the positive side, Bogsch said it was "very likely" that the U.S. Food and Drug Administration, or FDA would not require further clinical trials for anti-psychotic drug Cariprazine for the treatment of schizophrenia and bipolar mania.

In November the FDA declined to approve the drug, discovered by Richter and licensed to Forest Laboratories Inc in the U.S. and Canada, citing the need for more information.

Bogsch said Forest would submit additional information to the FDA in the fourth quarter, which means that the regulator could approve the new drug by the middle of next year.

At 0841 GMT, Richter shares traded 0.4 percent higher compared with a flat blue-chip index.

The company's shares have lost 5.4 percent of their value over the past three months according to Thomson Reuters data, underperforming the wider Budapest index, which fell 2.5 percent.

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