

PRESS RELEASE

The Hungarian State supports the independence of Gedeon Richter Plc

The transaction of the Hungarian State to issue bonds exchangeable for Richter shares has raised EUR 34 million in additional resources

Acting on behalf of the Hungarian State, the Hungarian National Asset Management Inc. (“MNV”) has purchased all EUR 833,3 million worth of bonds exchangeable for Richter shares maturing in 2014 and parallel to this has issued on behalf of the Hungarian State EUR 903,8 million worth of bonds exchangeable for Richter shares due in 2019. The successfully concluded transaction has given the opportunity for the Hungarian State to raise an additional EUR 34 million in resources. Beyond this, the issuance of the bonds allows the Hungarian State to ensure the independence of Gedeon Richter Plc. The transaction is also testament to the fact that the strategic agreement between the Hungarian Government and Richter is an important commitment when it comes to national economic considerations.

The Hungarian Government signed a strategic agreement on 2nd November 2012 with Gedeon Richter Plc, which as the most significant domestic innovation base is in the forefront of researching and developing high added intellectual value products. One of the sections of the agreement stipulates that the Hungarian Government is supportive of the company preserving its independence.

Retaining the 25,25% share of the State managed by MNV in the company guarantees that the current level of contribution to the national economy and employment can be preserved. The contribution of Richter to the national economy in 2012 was HUF 84,4 billion in the form of taxes and contributions, investment, research & development as well as dividend payments. Thanks to its significant exports, the Company is also a factor contributing to improving the export-import balance. This is why it was important for the State to act forthwith on the issue of bonds exchangeable for shares.

MNV has announced on 6th November that it will purchase all the marketed EUR 833,3 million (HUF 236 billion) worth of bonds exchangeable for Richter shares having an interest rate of 4,4% and maturing in 2014. At the same time MNV Inc has issued EUR 903,8 million (HUF 267 billion) worth of bonds exchangeable for Richter shares maturing in 2019. The new bonds due on 2nd April 2019 will also be introduced at the Freiverkehr market of the Frankfurt Stock Exchange. Standard and Poor’s assigned BB and Moody’s assigned a long-term Ba1 rating to Hungary’s Exchangeable Bond maturing in 2019.

MNV Inc – exploiting the opportunities offered by the favourable market environment – has secured the refinancing of the 5,5 year maturity bonds due in 2014 with conditions which are more favourable in every way than the ones issued in 2009.

The 3,375% coupon offers more favourable conditions than the 4,4% interest of the previous bonds, while the 35% conversion premium with respect to the issuing share price is more favourable than the 32% of the 2009 issue. Beside all this, the EUR 19,21 (HUF 5.705,6)



conversion price is 8,5% higher than the EUR 17,7 (HUF 5.256,9) conversion price of the old bonds.

The new issuance was oversubscribed several times, which reflects well the substantial improvement of Hungary's positions among international capital market investors. The transaction was executed at a high share price thanks to the favourable international capital market environment and to the results achieved by Richter, with declining credit default swap and a historically low level of interest rates. Thanks to the favourable evolution of the Hungarian CDS and the high value of the conversion option linked to the construction, substantial interest savings could be made in comparison with a new EUR denominated Hungarian bond state bond issuance.

Beyond the repurchase value of the old bonds and the interest payments due upon repurchase, the transaction has allowed the Hungarian budget to raise an additional EUR 34 million with favourable conditions.

Budapest, 9th December 2013.

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Background information on the transaction:

Press releases issued about the transaction by MNV Inc earlier:

Hungary is to issue through MNV Inc close to EUR 900 million worth of bonds exchangeable for Gedeon Richter shares due in 2019, while at the same time is making a public offer to purchase EUR 833 million worth of exchangeable bonds with a 4,4% interest due in 2014:

http://mnvzrt.hu/felso_menu/hireink/sajtoszoba/20131106.html

Pricing of the exchangeable bonds related to Gedeon Richter shares worth EUR 903,8 million and maturing in 2019 issued by Hungary by way of MNV:

http://mnvzrt.hu/felso_menu/hireink/sajtoszoba/20131106_4.html

Preliminary result of the call for tender for exchangeable bonds with a 4,4% interest rate related to Gedeon Richter shares worth EUR 833 million due in 2014:

http://mnvzrt.hu/felso_menu/hireink/sajtoszoba/20131112.html

Size of the issue of bonds due in 2019 relating to Gedeon Richter shares:

http://mnvzrt.hu/felso_menu/hireink/sajtoszoba/20131127.html



Schedule of the transaction:

The transaction aimed at refinancing state bonds exchangeable for Richter shares prior to their maturity began on 6th November 2013 and was concluded successfully on 6th December 2013. The building of the order book pertaining to the purchase of new bonds began on 6th November 2013 for international institutional investors in a one day order book building process parallel to the repurchase of the old bonds at 3,5% premium with a bid deadline of 12th November 2013.

The purpose of the transaction was for the Hungarian National Asset Management Inc. (“MNV”) to repurchase the EUR 833,3 million worth of 4,4% interest rate bonds exchangeable for Richter shares issued on 25th September 2009 and maturing on 25th September 2014, as well as to finance the repurchase with the issuance of a new bond on behalf of the Hungarian State that can be exchanged for state owned Richter shares.

Thanks to the appropriate timing and the conducive market conditions, due to the fact that the new bonds were oversubscribed several times and the EUR 903,8 million worth of new bonds were closed at the most favourable issuance price, a 35% issue premium and a 3,375% annual interest could be set.

This complex transaction was unique in that the financial closing of the new bonds coincided - as a result of the purchase option exercised with the purchase of the entire share quantity in line with the demand and the fulfilment of the legal conditions on 6th December 2013 - with the successful conclusion of the bidding procedure conducted parallel to the repurchase of the old bonds.

The success of the transaction depended on favourable conditions conducive to the outcome for two reasons:

- i. firstly the market and investment climate had to be conducive to the new bond issuance with the suitable conditions,
- ii. secondly the investors holding the old bonds maturing in 2014 had to respond favourably to the repurchase offer of MNV Inc.

Participants in the transaction:

- Joint Lead Managers: consortium of Deutsche Bank AG, London Branch and UniCredit Bank AG, London Branch
- Legal advisors for the transaction and the Lead Managers: Linklaters LLP (English legal issues), Siegler Law Office, Weil, Gotshal & Manges (Hungarian legal issues)
- Independent capital market consultant of MNV Inc: N M Rothschild & Sons Ltd
- Legal advisors of MNV Inc: Allen & Overy LLP (English legal issues) and Morley Allen & Overy Offices (Hungarian legal issues)
- Legal advisors of Richter Plc: Szecskay Attorneys At Law
- Deposit manager and paying agent: Bank of New York Mellon