



OlainFarm

Webinar Presentation Recent Update

May 2013



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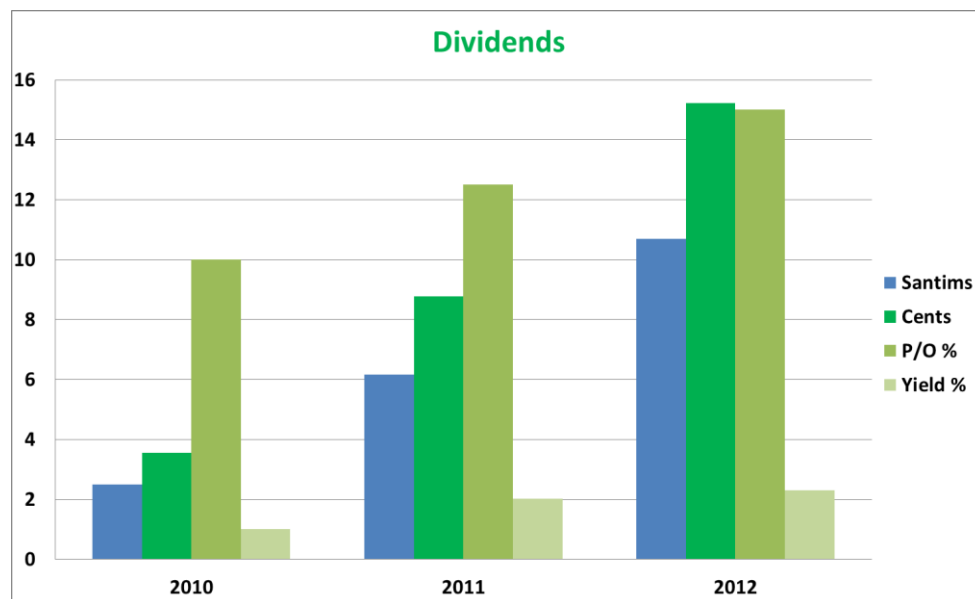


AGM

Dividends

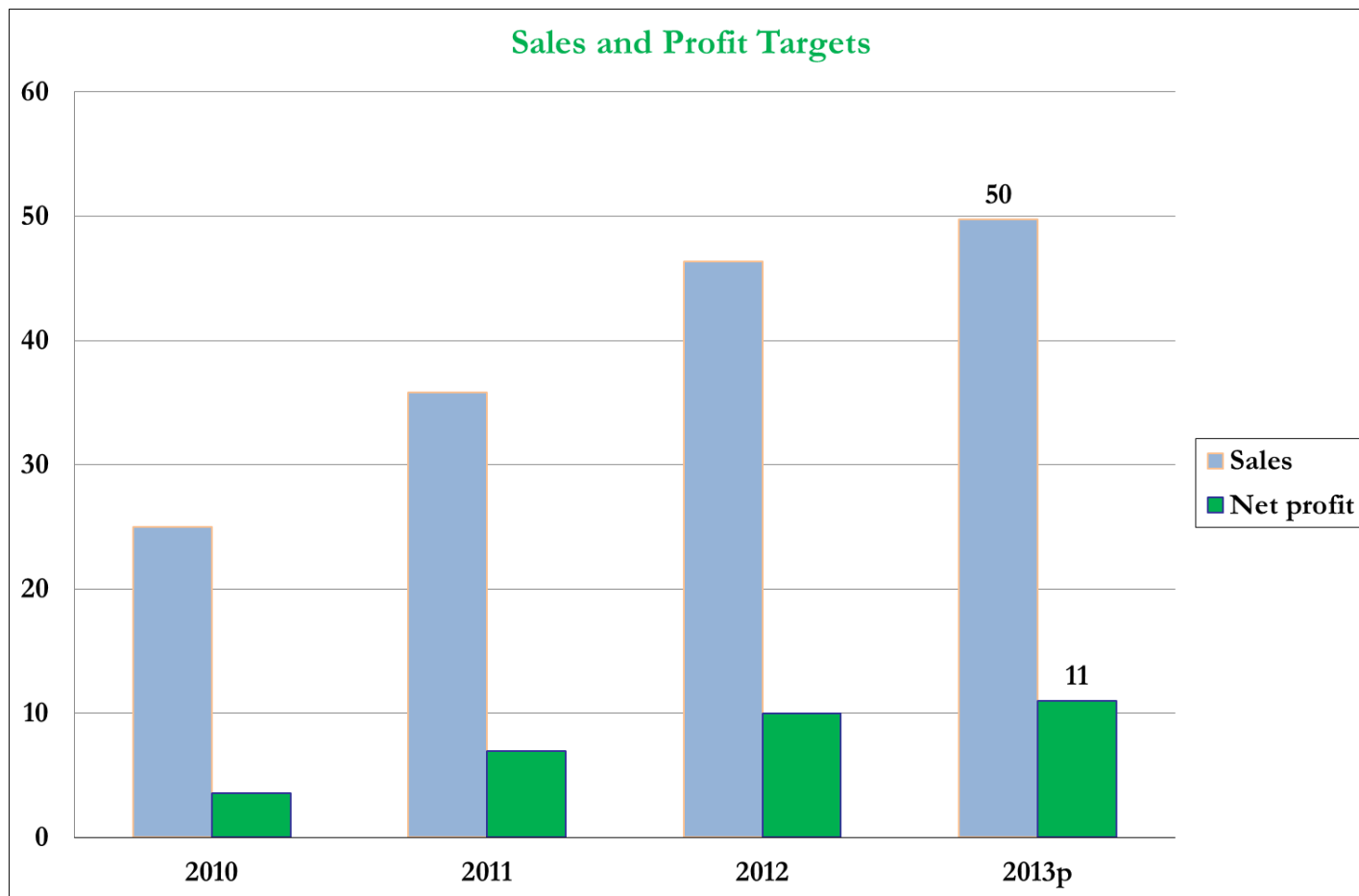
Third Year in a Row

- Unconsolidated profit of 10 million;
- 1,51 million to be paid in dividends;
- June 17 is a record date, June 25 a payment date;
- Payout ration of 15% as promised;



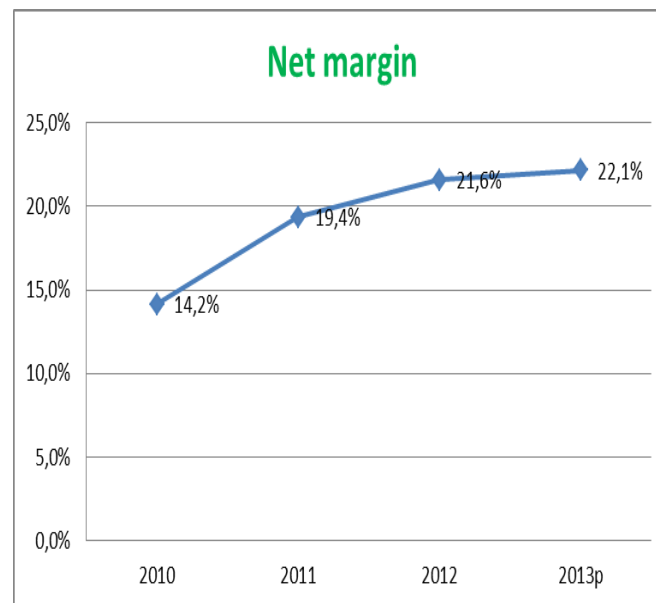
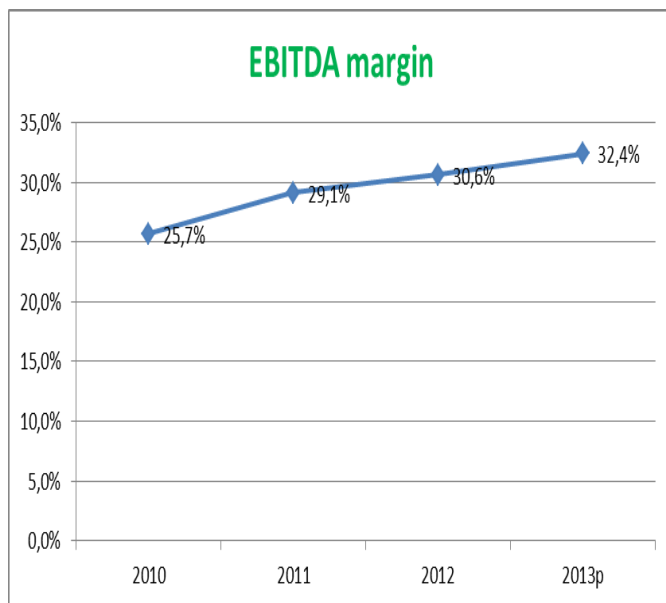
Targets for 2013

Standalone



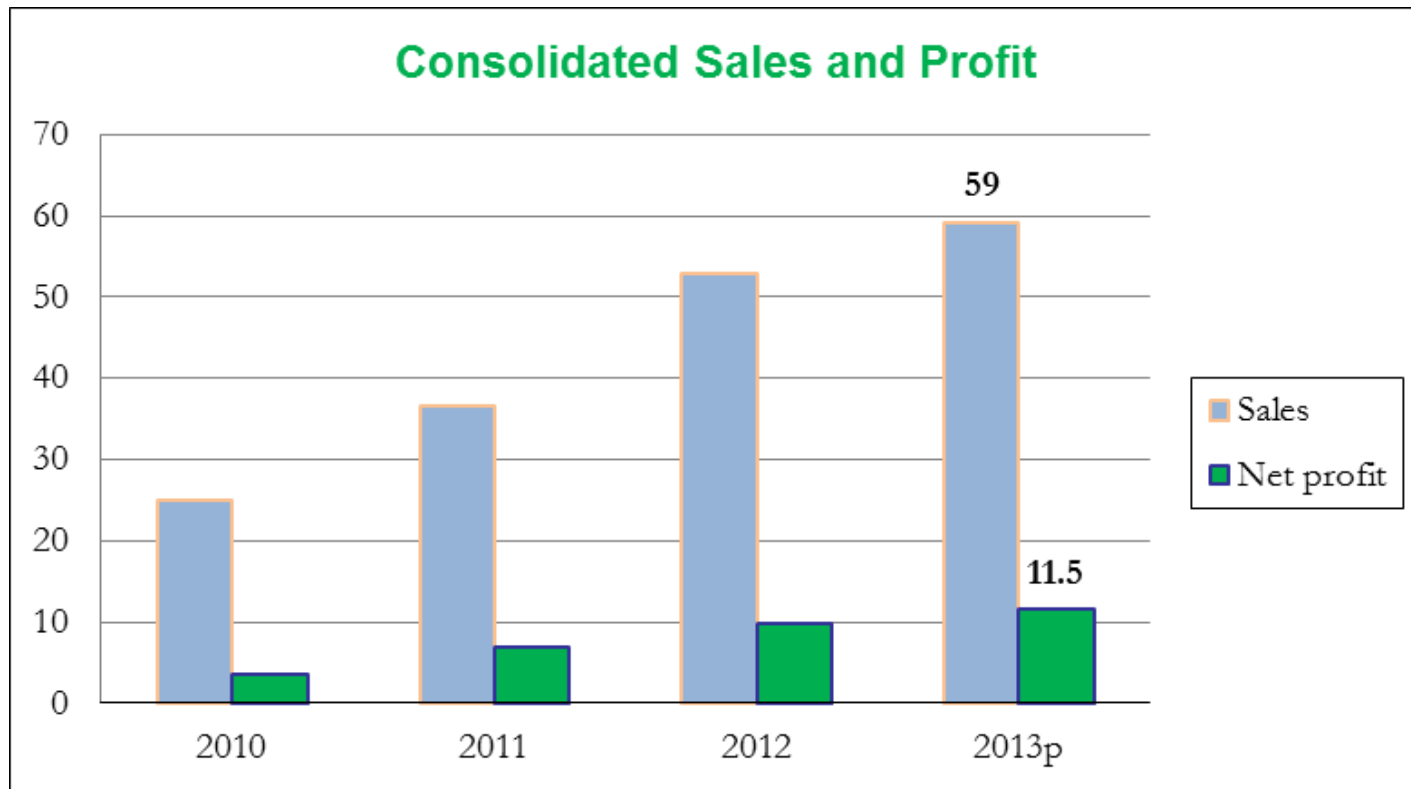
Margins

Standalone



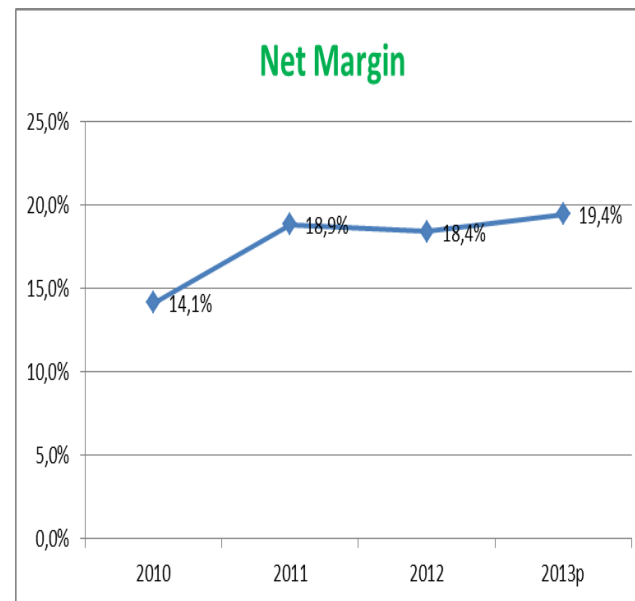
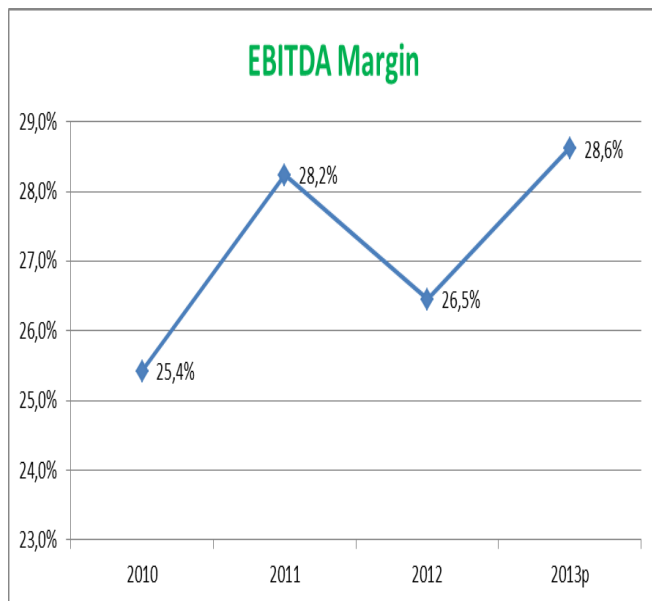
Targets for 2013

Consolidated



Margins

Consolidated



New Council Member

Strengthening the Team

Gunta Veismane

- Extensive supervisory experience in public administration;
- Education includes University of Latvia and Harvard Business School;
- In total 40 years of experience locally and internationally.





Silvanols

Silvanols

Leader of Latvian Nutrition Supplements

- Established in 1994;
- Third biggest pharma related producer in Latvia;
- Exports to ten countries;
- Sales of 2 million lats in 2012;
- Demonstrated net margin of 13%;



Rationnel

Sharing Opportunities

- Nutrition supplements growing significantly in CIS countries, even higher growth expected;
- Frequently CIS markets are flooded with uncertain quality products;
- OlainFarm has a well established network of representatives and logistics schemes in key CIS countries, where Silvanols has very limited success.



Synergies

Wherever You Look

- Joint purchases;
- Production synergies;
- Analytical synergies;
- Marketing synergies;
- Logistics and distribution synergies;
- Administrative synergies;
- Many more ...





Tax Exemption

What is it All About?

Background

- For companies investing significant amounts in FA, Latvian Government with certain conditions offers to grant CIT exemptions;
- There are minimum investment requirements;
- FA investments must be targeted at improving products or processes, increasing efficiency;
- Investments planned for five years are taken into account;
- OlainFarm makes such investments every year;
- OlainFarm plans some bigger reconstruction projects, e.g. for nitrofuranes.

What we plan

More Details

- According to investment plan OlainFarm plans to invest about 26 million lats in its FA over next five years, some of that co-funded by EU and other sources;
- About 23 million of that is eligible for tax exemption;
- If implemented, plan will create tax exemption of 5.2 million lats upon completion of investments;
- About 14 million are planned for FDF and chemical production, allowing among others to speed up the introduction of macrocrystallic nutrofurantoin and some new optic isomers.
- About 7 million are planned for increased energy and environmental efficiency



Recent sales

Recent sales

Growth Gets Stronger

- Consolidated:
 - April + 17% (Canada +541%, Spain +362%, Belarus + 60%, Ukraine – 84%);
 - 4 months +7% (Netherlands +1291% , Spain 233%, Belarus + 69%, Ukraine -74%)
- Standalone:
 - April +18% (Canada +541%, Spain +362%, Latvia +130%, Ukraine -84%);
 - 4 months +6% (Netherlands +1291% , Spain 233%, Latvia +97%, Ukraine -74%)



Ukrainian Situation

Ukrainian Situation

Details About What Happened

- Latvian authorities late with their routine GMP audit;
- Formally we had no valid certificate for few months;
- Situation was explained for all key market authorities;
- Everyone, except Ukraine agreed to accept our products before the audit is completed;
- To avoid deficit of products in Ukraine excessive shipments were made in advance, resulting in inflated sales and receivables;
- Now we are free to export to UA again, but there is still some stock in warehouses.
- Receivables are down to about 9 million euro

Questions and Answers

Are Always Welcome

- In between webinars, please contact me at:
 - Salvis.Lapins@olainfarm.lv;
 - Cellular: +371 2 6448873 ;
 - Twitter: @SalvisLapins or @OlainFarm;

Thank you!

JSC Olainfarm

5 Rūpnīcu iela., Olaine, LV-2114, Latvia

Phone: +371 67013701

Fax: +371 67013777

www.olainfarm.lv

Investor relations:

Salvis Lapiņš, Member of the Board

Phone.: +371 26448873

e-mail: Salvis.Lapins@olainfarm.lv

