



OlainFarm

45
YEARS OF
PROVEN
VALUE



Webinar Presentation

1st Quarter 2017

June 28, 2017



1st Quarter

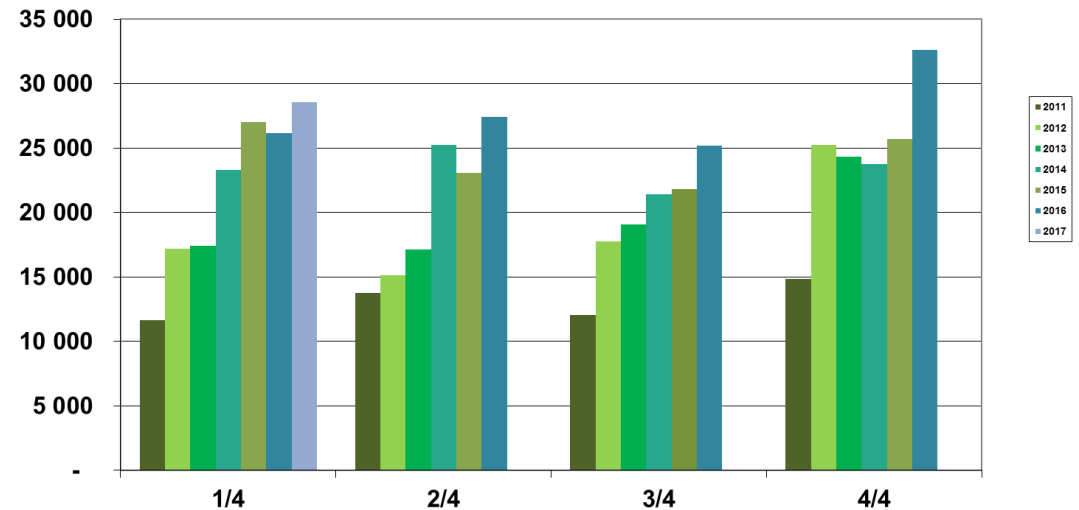
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Sales in 1st Quarter

- Sales worth more than 28.6 million euros;
 - An increase by 9% compared to Q1 2016;
 - In terms of sales, yet another best first quarter in corporate history so far, second best overall quarter;
 - Sales by pharmacies = 5.2 million gross, 2.4 million net;
 - Sales by Silvanols = 1.6 million gross, 1.4 million net;
 - Sales by Tonus Elast 1.9 million.
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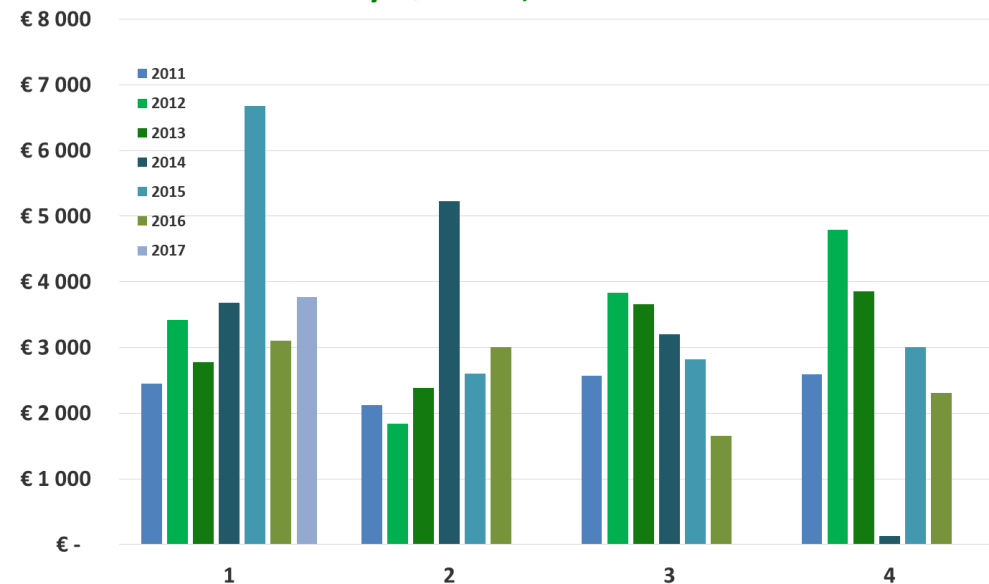
Sales by Quarters, Thsnd. EUR



Profit of 1st Quarter

- Preliminary at 3.7 million euros, a reduction by 18% compared to Q1 2016;
- Adversely impacted by provisions of 0.3 million for several doubtful assets, and by increased sales and administrative costs, due to conversion to daughter companies from rep.offices in several countries;
- In terms of profit – one of the best quarters in corporate history;

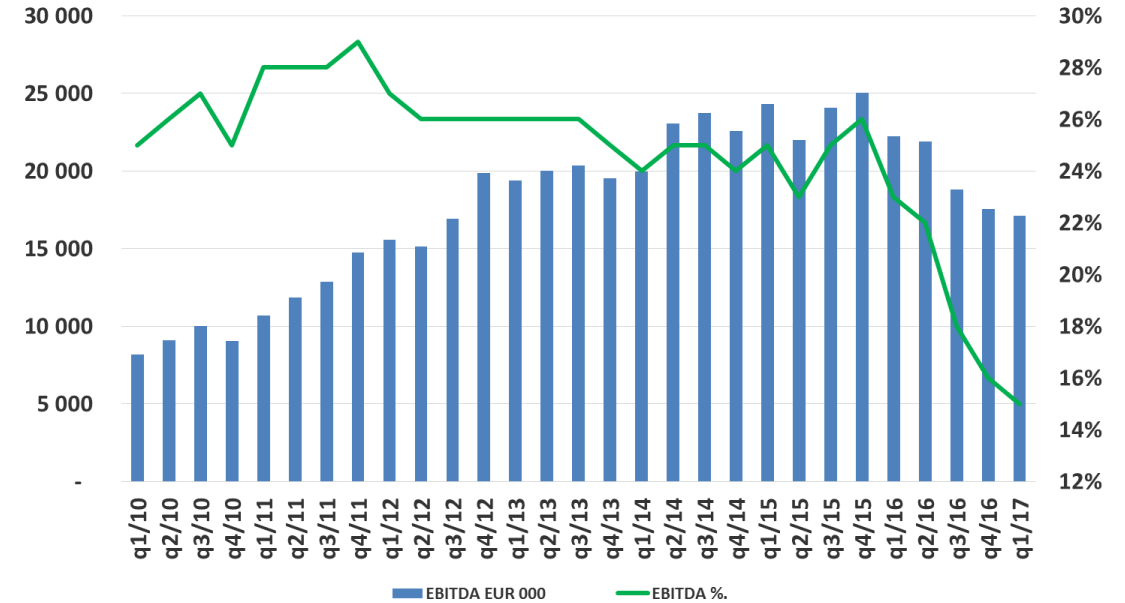
Profit by Quarters, Thsnd. EUR



EBITDA and Margin

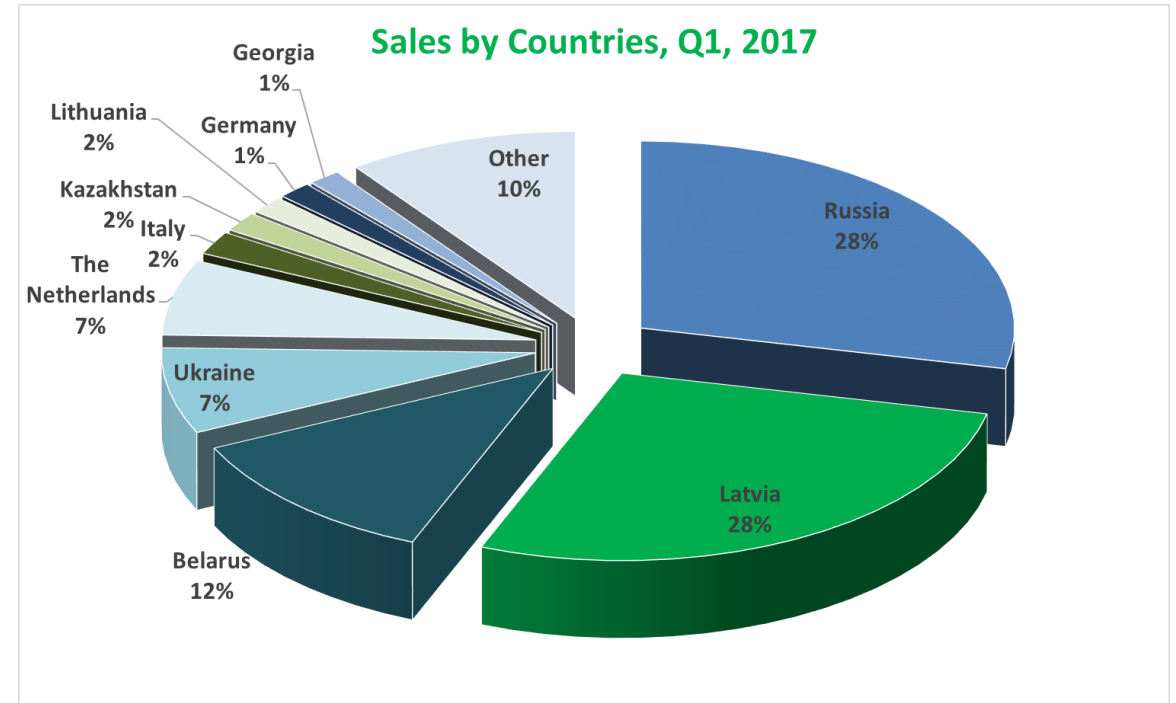
- 12 months EBITDA at 17.1 million, lowest since 2012, margin at 15%, lowest for more than 7 years.
- Since forex gains are left out of EBITDA and due to increased sales and administrative costs, EBITDA continued decreasing although overall profitability of Q1 was good.

12 Months Rolling EBITDA and EBITDA margin



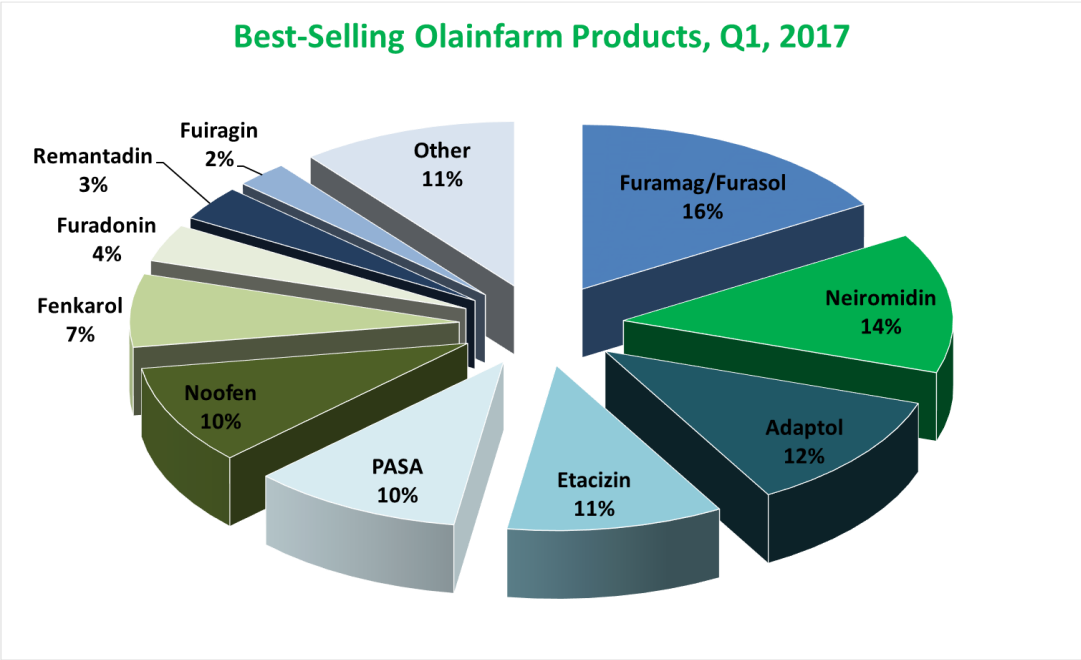
Sales by Countries, 4th Quarter

- Russia's share down to 28%, comparable to that of Latvia;
- Ukraine clearly underperforming with 59% sales reduction, making previously expected reprovisioning very unlikely any time soon;
- Shipments of PASA to The Netherlands have increased by 271%, making Netherlands the fifth biggest market of the Group.



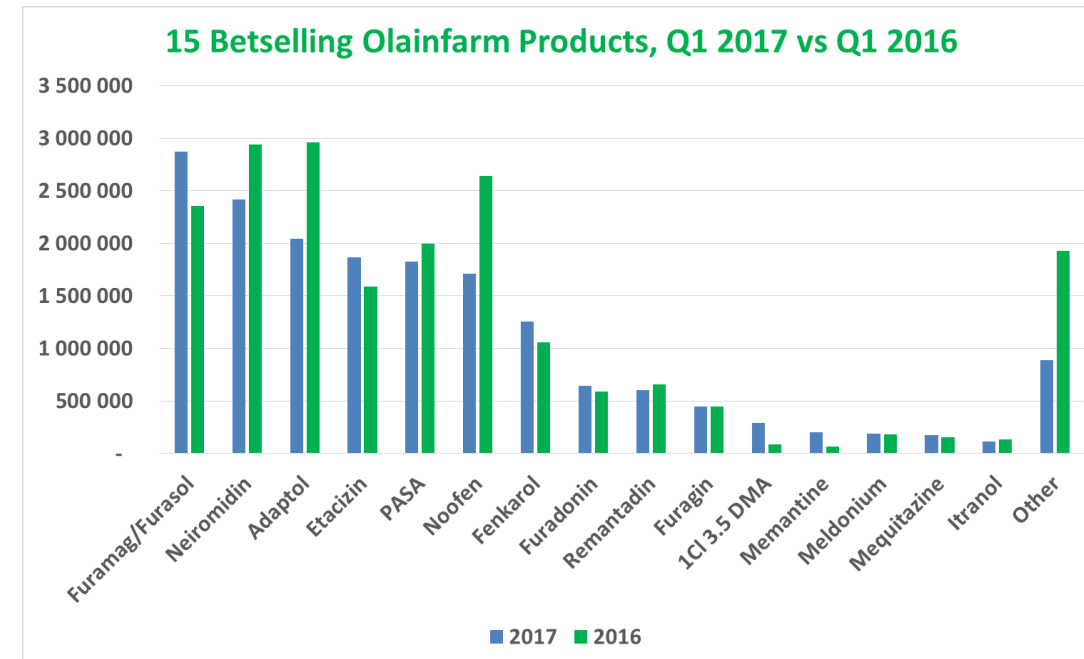
Sales by Products, 4th Quarter

- After strong sales of Neiromidin in 2016, its share has fallen to 14%, lowest for at least a decade;
- Soluble furaginum products (Furamag and Furasol) have taken the lead with 16% share;



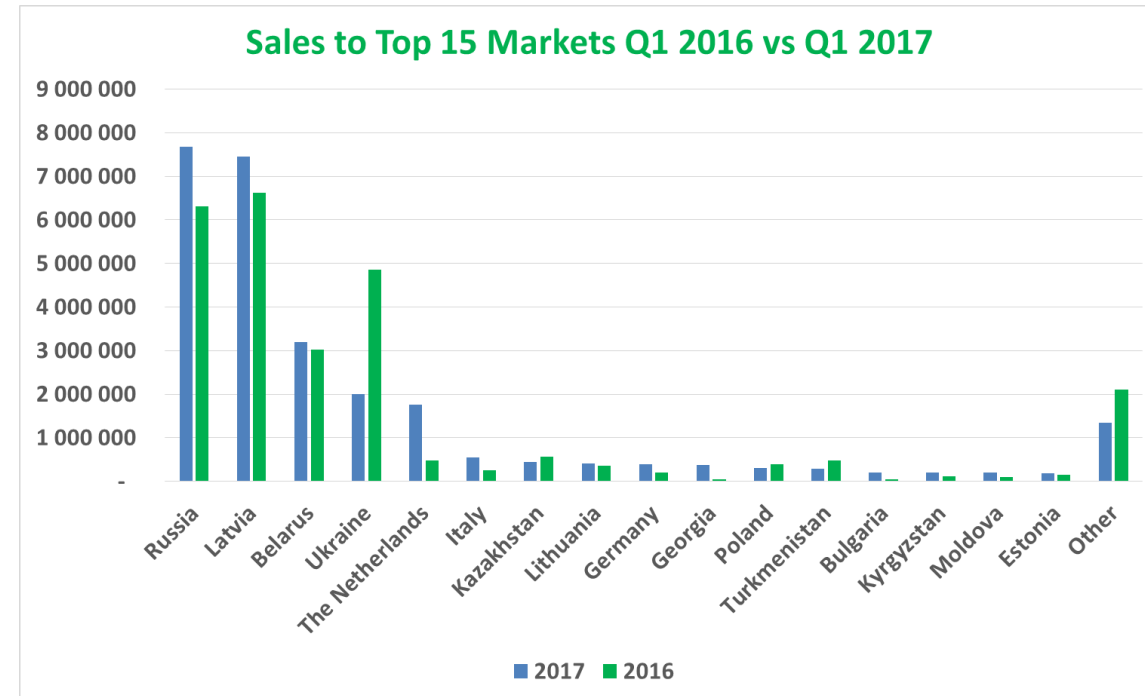
Growth Drivers: Products

- 9 out of 15 growing;
- Most growth in monetary terms added by Furamag/Furasol (0.5m), Etacizin (0.3m), and 1CI 3.5DMA (0.2m);
- Most growth in relative terms provided by 1CI 3.5DMA (224%), Memantine (219%) and Furamag/Furasol (22%);
- Most loss in monetary terms comes from all others (1m), Noofen (0.9m) and Adaptol (0.9m);
- Most loss in relative terms comes from all others (-54%), Noofen (-35%) and Adaptol (-31%);
- Total unconsolidated deficit of 2.2 m partially (by 0.7m) compensated by increased sales of other products.



Growth Drivers: Countries

- 11 out of 15 growing;
- Most growth in monetary terms added by Russia (1.4 m), The Netherlands (1.3 m) and Latvia (0.8 m);
- Most growth in relative terms provided by Georgia (697%), Bulgaria (300%) and The Netherlands (271%);
- Most loss in monetary terms comes from Ukraine (-2.9 m) all others (0.7 m) and Turkmenistan (0.2m);
- Most loss in relative terms comes from Ukraine (-59%), Turkmenistan (-42%) and all others (-33%);



Update on Recent Events

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AGM of June 1st

- Declared dividends of more than 9 million EUR;
- Articles amended to provide for three members of internal Auditing Committee;
- Additional Auditing Committee members elected;
- New Supervisory Council elected;
- Sales and profit targets approved:
 - Standalone sales of 96 million EUR;
 - Standalone net profit of 12.7 million EUR;
 - Consolidated sales of 127 million EUR;
 - Consolidated net profit of 15.5 million EUR.

Dividends

- First installment of 0.22 EUR per share paid already on June 20th;
- Next payment of 0.22 EUR per share to be paid on September 12th, 2017;
- For tax reasons the past installment is divided in two parts:
 - 0.20 EUR per share will be paid as dividends on December 12th, 2017
 - Remaining 0.02 EUR per share will be paid from reserves on December 20th, 2017.
- No further news regarding future dividend policy.

Auditing Committee

• Expanded to three members, Articles changes accordingly;

• Now comprises of:

- Viesturs Gurtlavs (The Only member of the Committee for several years)
- Valentina Andrejeva (Deputy Chairperson of Supervisory Council)
- Gunta Veismane (Member of Supervisory Council)

Supervisory Council

- New Supervisory Council elected;
- One new member: Andis Kruminis:
 - Degree in Psychiatry
 - Ex Parliamentary secretary in Ministry of Health
 - Ex CEO of clinical trials company SIA Multitrial;
- Four other members include:
 - Ivars Godmanis, Chairman;
 - Valentina Andrejeva – Deputy Chairwoman;
 - Aleksandrs Raicis;
 - Gunta Veismane.



Management Board

- Mr. Vladimirs Krusinskis elected to be the new member of the Management;
- He is replacing Mr. Jelena Borcova in this position;
- Mr, Krusinskis is the Technical director of the company, has been with Olainfarm since 2012;
- His previous experience includes the position of Technical director of Rigas Farmaceutiska fabrika.



Recent Acquisitions

- SIA Parventas Aptieka owns one pharmacy in the town of Ventspils, sales in 2016 reached 830 000 EUR;
- SIA Veseliba owns two pharmacies in town of Bauska, expected sales in 2017 over 2 million EUR;
- SIA Olaines Veselibas Centrs – an outpatient clinic in town of Olaine, sales in 2016 reached 0.5 million EUR, expected to become a source of clientele for SIA Diamed;
- SIA Aroma, former distributor of cheap mass market cosmetics, the main assets include logistics system and rebatable tax, both of value for SIA Latvijas Aptieka;
- SIA Ergla Aptieka owns two pharmacies in town of Madona, sales in 2016 exceeded 1 million EUR.

Q&A Session

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