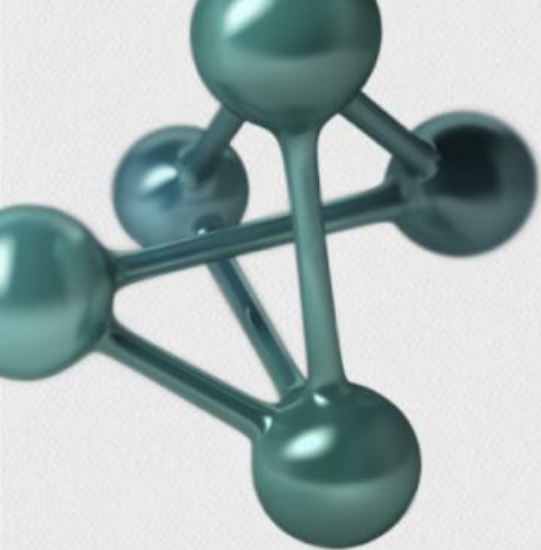


# Webinar Presentation



4th quarter and  
Entire 2014

March 11, 2015

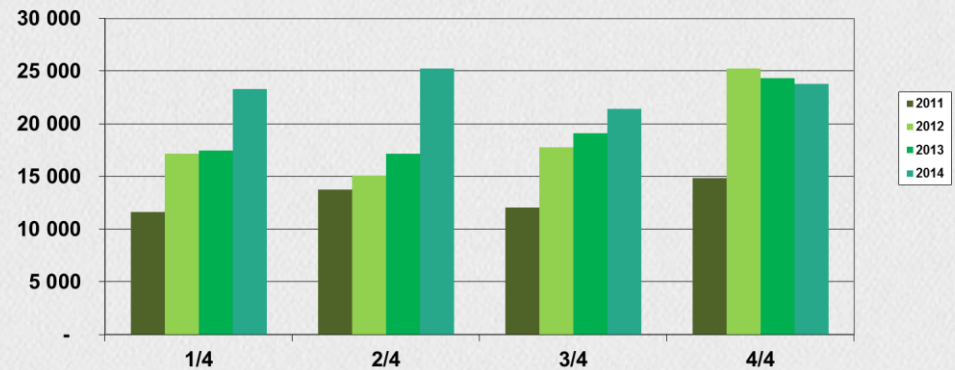


## 4th Quarter

# Sales in 4th Quarter

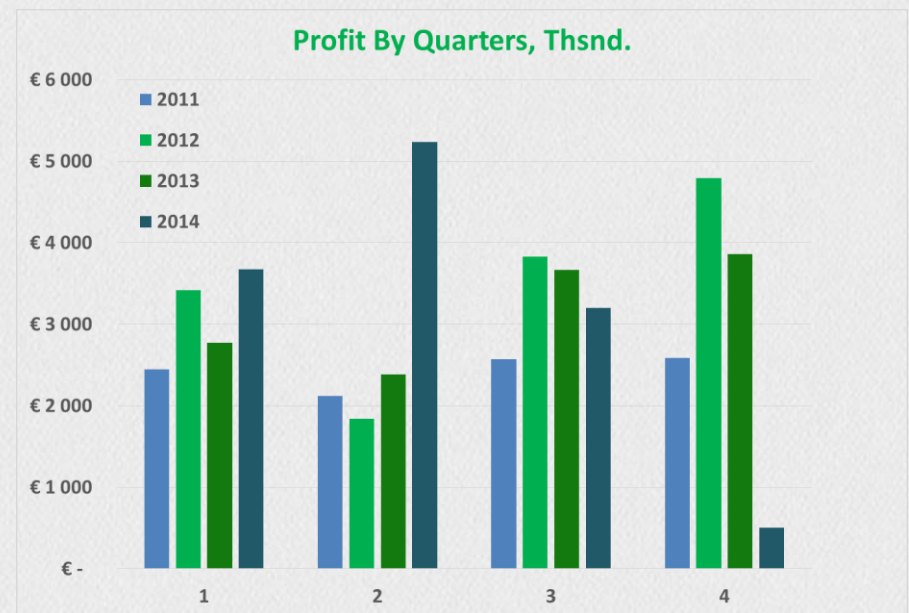
- Sales worth more than 23.8 million euros, a decrease by 2.3% compared to Q4 2013;
- Still one of the best quarters in corporate history;
- About 3.9 million euros are sales by pharmacies, increase by 9%; about 1.1 million euros are sales by Silvanols, best quarter in Silvanols' history

Sales By Quarters, Thsnd. EUR



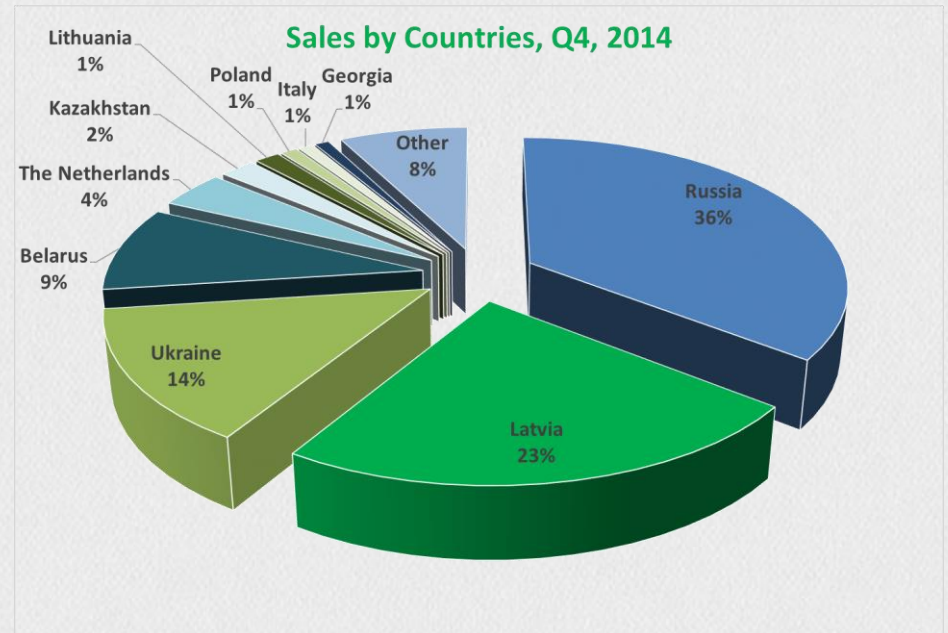
# Profit of 4th Quarter

- Preliminary at .56 million euros, reduction by 86% compared to Q4 2013, one of the worst quarters since 2009;
- Very significantly influenced by massive foreign exchange (predominantly Russian ruble) loss, which has increased by more than 3 million compared to Q4 2013;
- As vs Euro, ruble has gained more than 10% of value since December 31<sup>st</sup>, part of the loss reported for the end of the year is actually recovered.



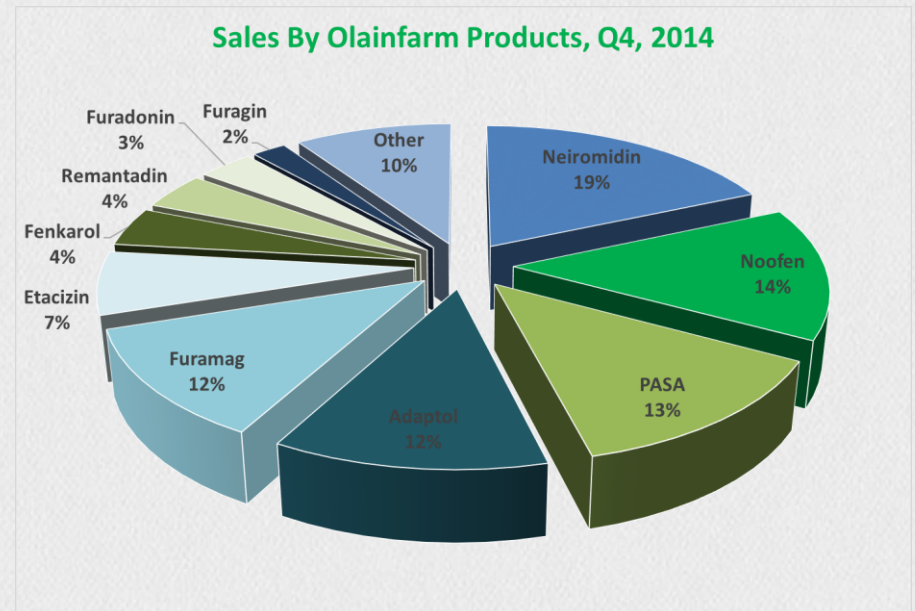
# Sales By Countries, 4th Quarter

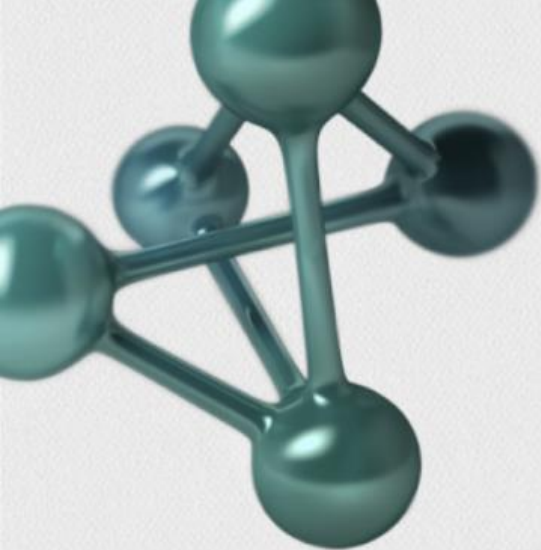
- Share of Russia down again to 36% from 41% in Q3;
- Latvia's share shrunk a bit, while Ukraine up 2pp, Belarus 3pp;
- Netherland's share doubles; Tajikistan replaced by Italy;
- In general, everyone bit off a little of Russia's share in total consolidated sales of Q4.



# Sales By Products, 4th Quarter

- Distribution more even as three best sellers loose their shares;
- Neiromidin down to 19%, Noofen to 15%, Furamag to 12%;
- PASA third best selling product, as clients other than WHO start to actively order;
- Others up 2pp to 10%.
- Top 10 closely followed by Meldonium and Memantine.

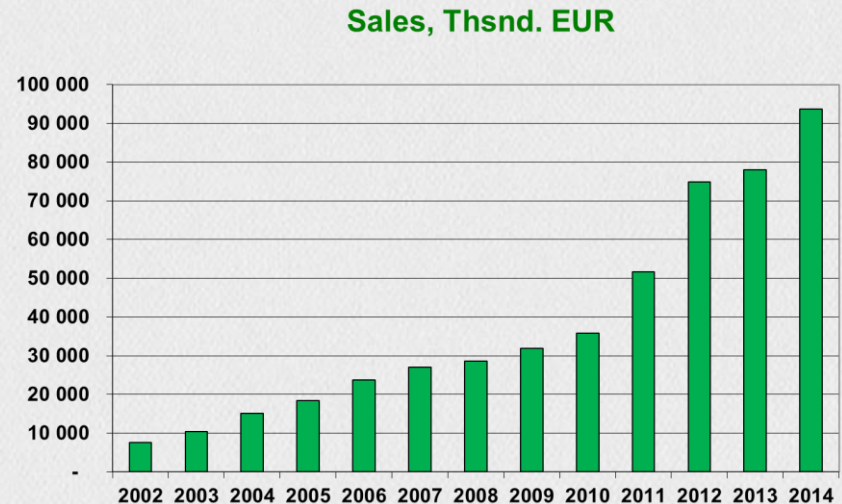




Entire 2014

# Sales in 2014

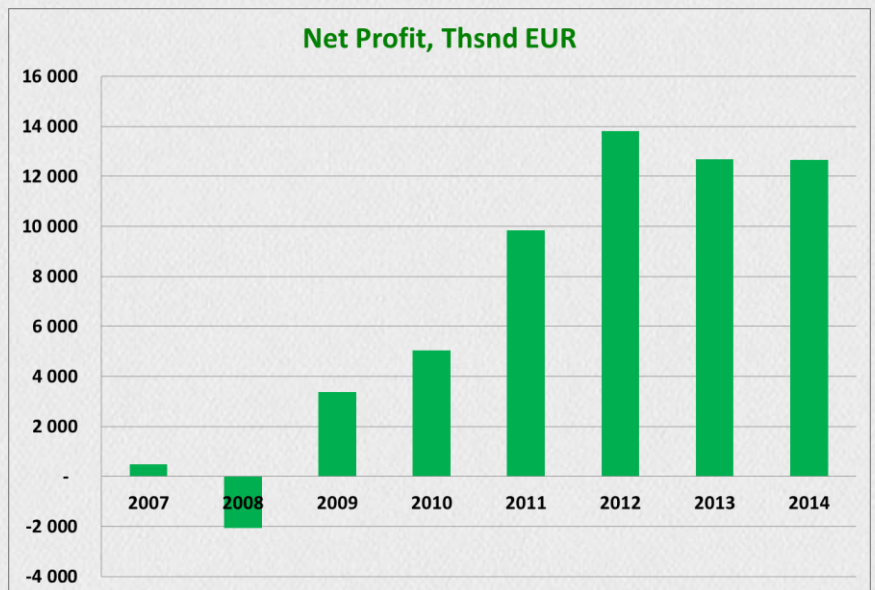
- Sales worth 93.7 million euros;
- Increase by more than 20%, compared to 2013, sales target exceeded by 0.7%;
- Best year so far;
- Almost 15 million euro are gross sales by pharmacies (up 11%), and about 8.5 million euro are net sales by pharmacies after consolidation correction; Sales by Silvanols are 3.5 million euro.





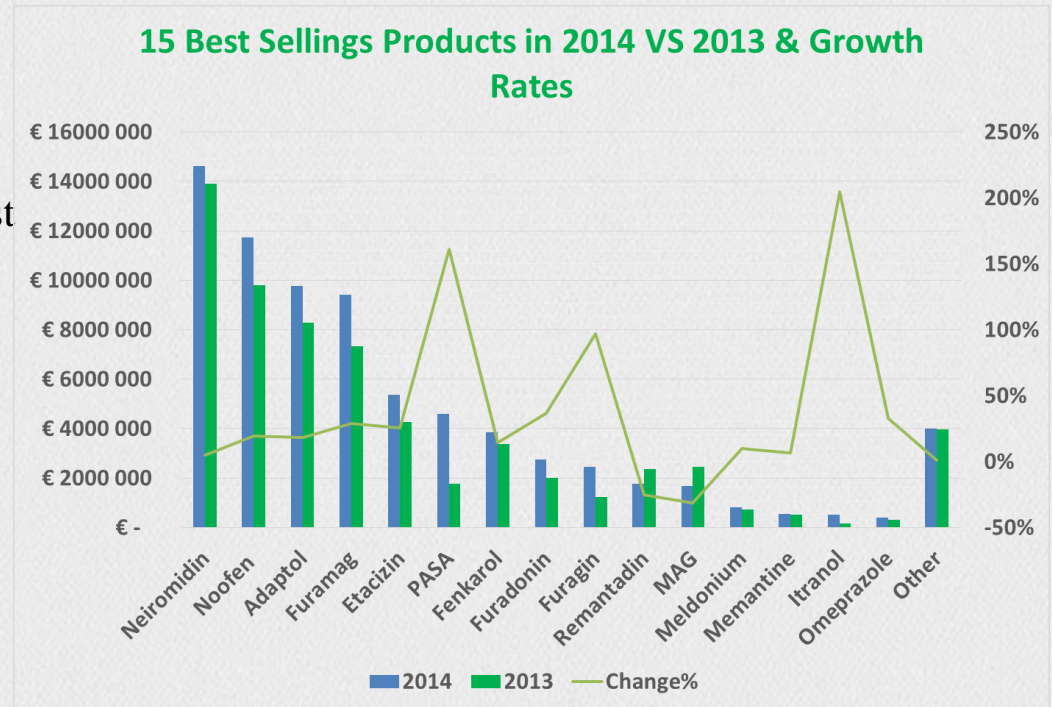
# Profit 2014

- Unaudited at 12.7 million euros, even after foreign exchange loss of more than 4 MEUR;
- About 19 TEUR smaller than year ago;
- Profit target of 15 MEUR attained only for some 85%;



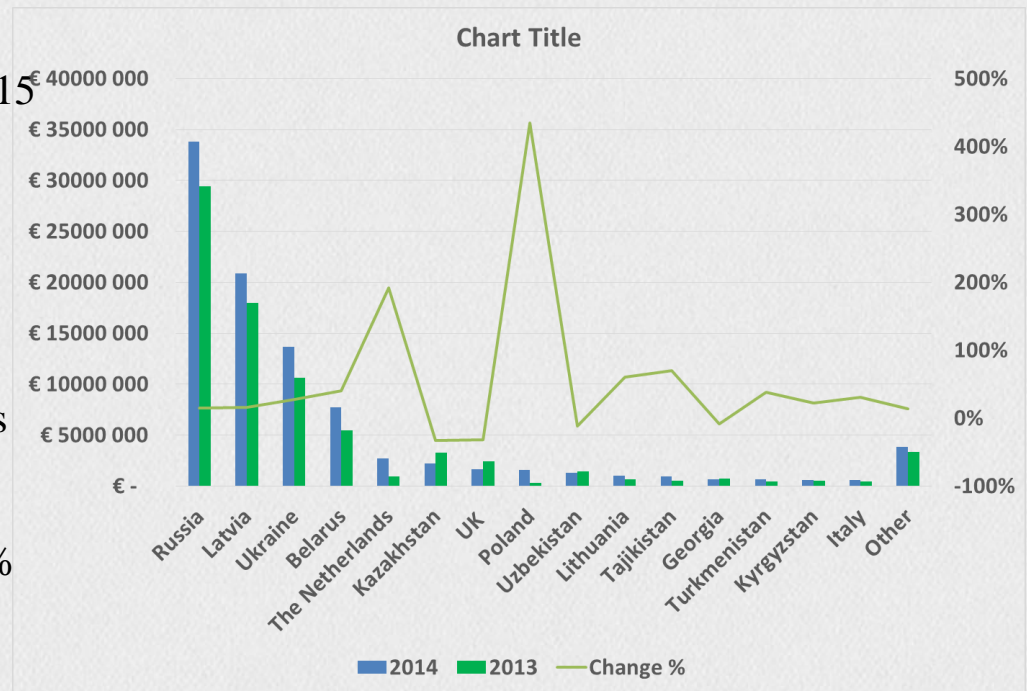
# Growth Drivers: Products

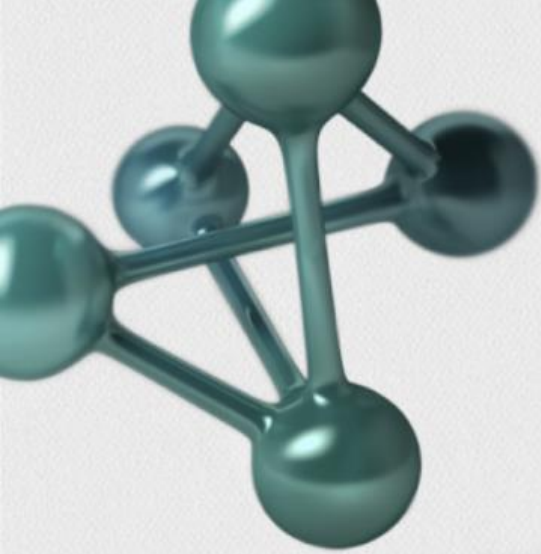
- Very strong performance by almost all products;
- 5 of 6 best selling products grow by at least 20%, Neiromidin by 5%;
- New Polish contracts facilitated growth of Itranol and Furagin,
- Growth leaders: Itranol +205%, PASA +161%, Furagin +97%, Furadonin +37%, Omeprazole +33%;
- Remantadin falls by 25%, MAG by 31%.



# Growth Drivers: Countries

- Overall growth rate around 20%, 11 out of 15 countries growing;
- The only ones falling are Kazakhstan, UK, Uzbekistan and Georgia;
- Top growers in nominal terms: Russia +4.3M, Ukraine +3M, Latvia 2.9M, Belarus + 2.2M, The Netherlands + 1.8 M;
- Growth in top 5 countries still provides 90% of total growth in monetary terms;
- Top growers in %: Poland +434%, The Netherlands +192%, Tajikistan +70%, Lithuania +60%.





# Update On Recent Events

# Recent Events

- An extraordinary General Meeting was convened on December 17, 2014. The main agenda points included re-elections of the Supervisory Council and denomination of the share capital of the company, with respective amendments to the Articles of Association. Other amendments to the Articles also included alterations to signatory rights.
- Because of resignation of Deputy Chairwoman of Olainfarm's Supervisory Council Ms Elena Dudko, the entire Supervisory Council had to be re-elected on December 17, 2014. All other four members were re-elected, while Ms. Dudko was replaced by a new member of the Council Ms. Ingrida Circene. Ms. Ingrida Circene is a former Latvian Minister of Health.
- Because of Latvia's adoption of euro in early 2014, share capital of all Latvian companies also has to be denominated in euros. The respective decision was also made by the EGM, and now since January 23, AS "Olainfarm" still has 14 085 078 shares, face value of each share being 1.40 EUR. The positive balance arising from denomination of shares amounting to 322 151.24 EUR was transferred to reserves.

# Recent Events - Continued

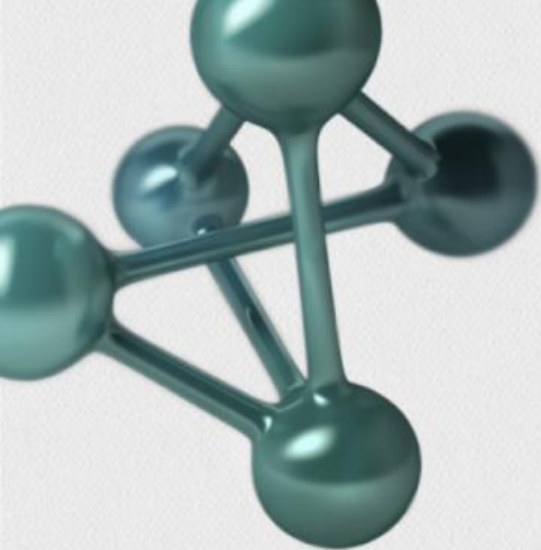
- On January 13, with participation of President Andris Berzins of Latvia AS “Olainfarm” opened its new final dosage unit for nitrofurane derivatives, small batch production unit and final dosage development laboratory. Nearly 10 million euros were invested in the new facility of which 2.5 were co-funded by European Regional Development Fund. Another 2.8million euros might be recovered upon completion of Tax rebate CAPEX program in 2018



# Recent Events - Continued

- On January 22, during Baltic Market Awards Ceremony Olainfarm received an award for the Third Best Investor Relations in The Baltics According to Analysts. Since the first two positions were taken by Estonian and Lithuanian companies, this also implies that we were the best ones in Latvia.
- We want to thank you all, especially the analysts, especially those analysts, who voted!





## In Focus : Latvia





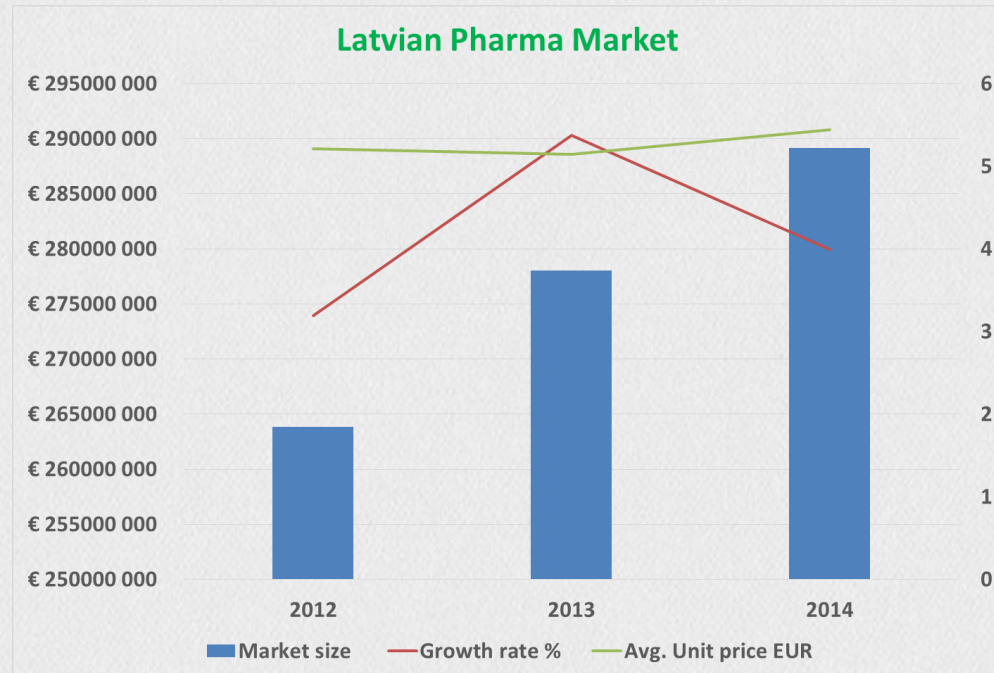
# Republic of Latvia

- Population: approx. 2 mln. people;
- Major cities:
  - Riga (capital) 700 thousand inhabitants;
  - Daugavpils 93 thousand inhabitants;
  - Liepāja 76 thousand inhabitants;
  - Jelgava 60 thousand inhabitants;
  - Jūrmala 50 thousand inhabitants;
  - Ventspils 38 thousand inhabitants.
- GDP per capita: 15 375 \$ (2013)



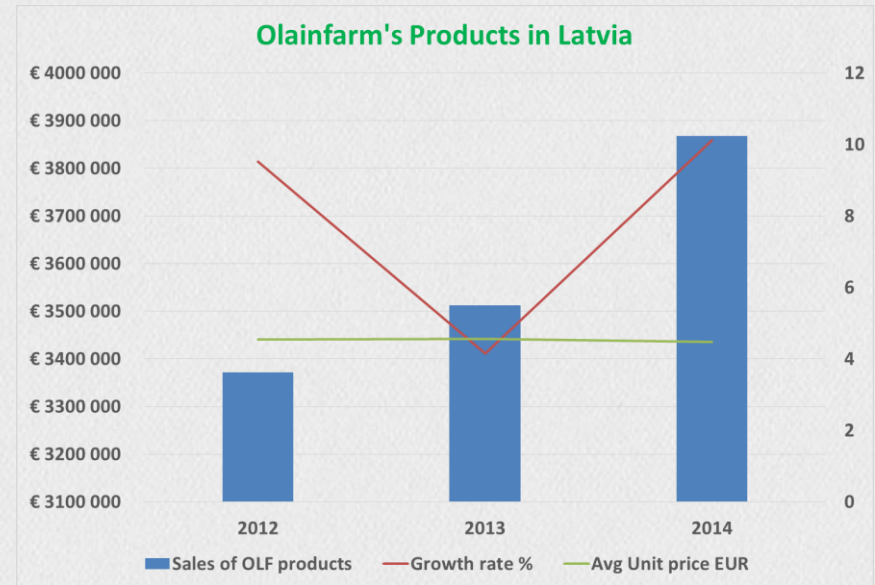
# Pharma Market of Latvia

- Pharmaceutical market of Latvia in 2014 was worth 289 million EUR;
- Pharmaceutical market of Latvia is very heavily dominated by sales in pharmacies, almost 93% of all sales are made there instead of health professionals;
- Recent growth rate at an average of 4%;
- Average unit price fluctuates around 5.3 EUR.
- Market is very heavily regulated in terms of wholesale and retail pricing, promotion possibilities, pharmacy location and operations.



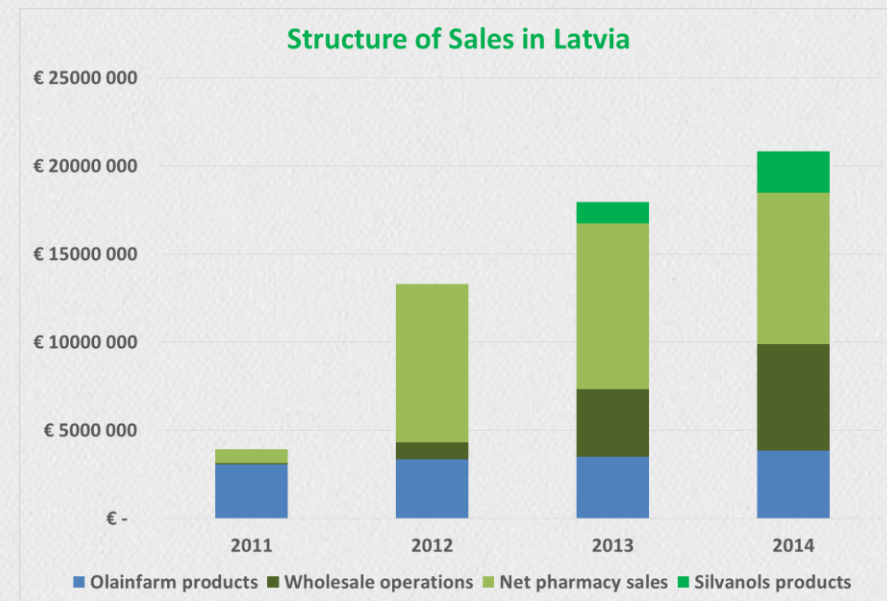
# Olainfarm in Latvia

- Latvia is crucial as Company's home market;
- Sales of Olainfarm's own products near 3.9 million euro in 2014, growth clearly above the market;
- Full coverage by medical representatives, in total 15 of them operate throughout Latvia;
- Own chain of pharmacies support sales and stabilize position in competition with dominating wholesale and retail players;
- Acquisition of Silvanols strengthens local positions even further;
- Market share in terms of euros in 2014 was 1.3%, in terms of units 1.6%, as average price of unit of 4.5 EUR is below the market average.



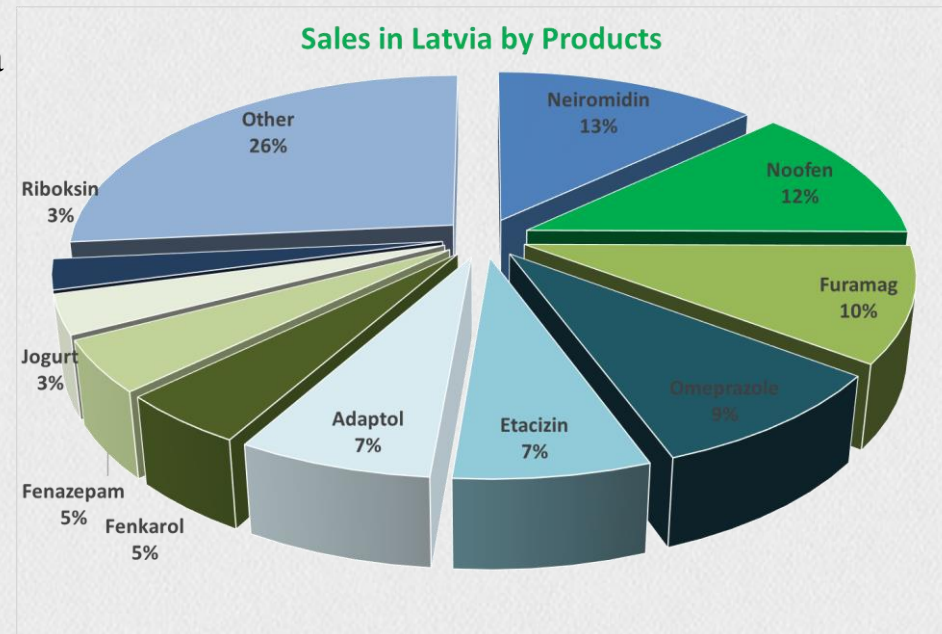
# Structure of Sales

- Since 2011 when first pharmacies were acquired, Olainfarm sales consist of more than sales of Olainfarm's own products;
- As pharmacy chain was expanding, wholesaling operations, primarily for own pharmacies also gained weight;
- Latvian sales bar was further boosted after acquisition of Silvanols in 2013;
- Two lower parts of the bar are included in unconsolidated sales reports, all four in consolidated.

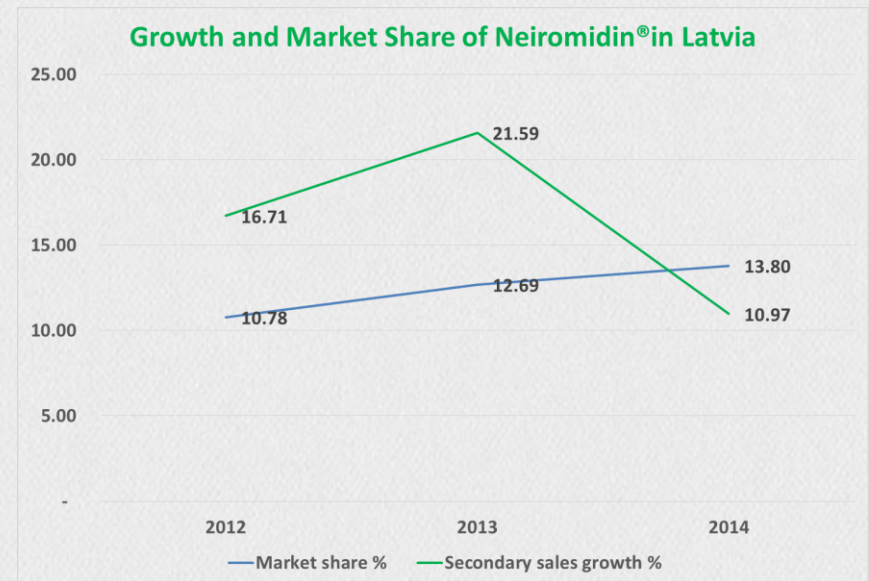
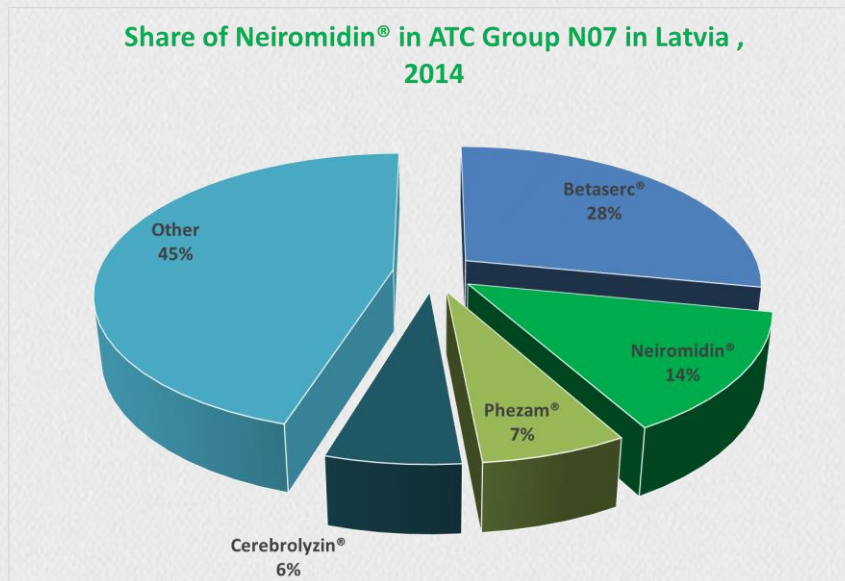


# Products in Latvia

- Total of 46 different molecules were sold in Latvia in 2014;
- Leaders very similar to overall best sellers;
- Share of most smaller than in overall sales, much larger “others”;
- Omeprazole, Fenazepam, Jogurt and Riboksin usually are not represented in overall Top 10



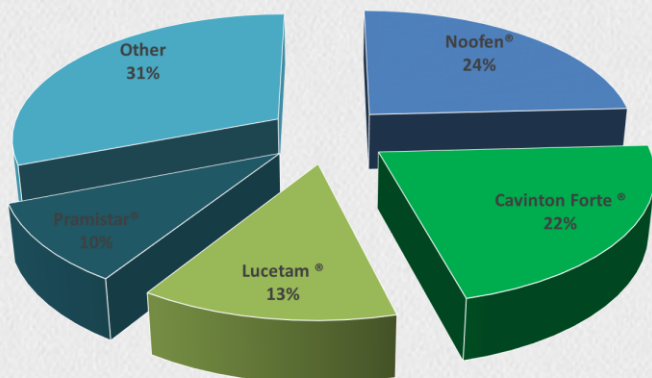
# Neiromidin in Latvia



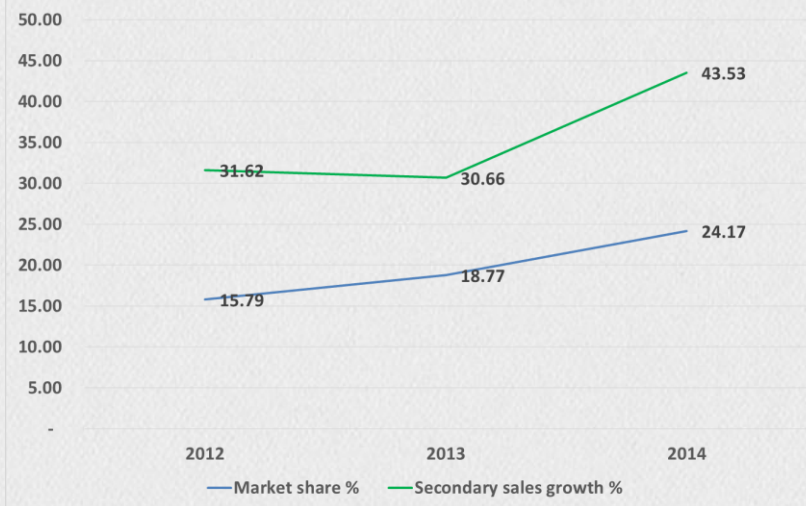
- Total sales in the segment = 3.4 million EUR;
- Since 2012 the segment itself has grown by 5.4%.

# Noofen in Latvia

Share of Noofen® in ATC Group N06B in Latvia, 2014



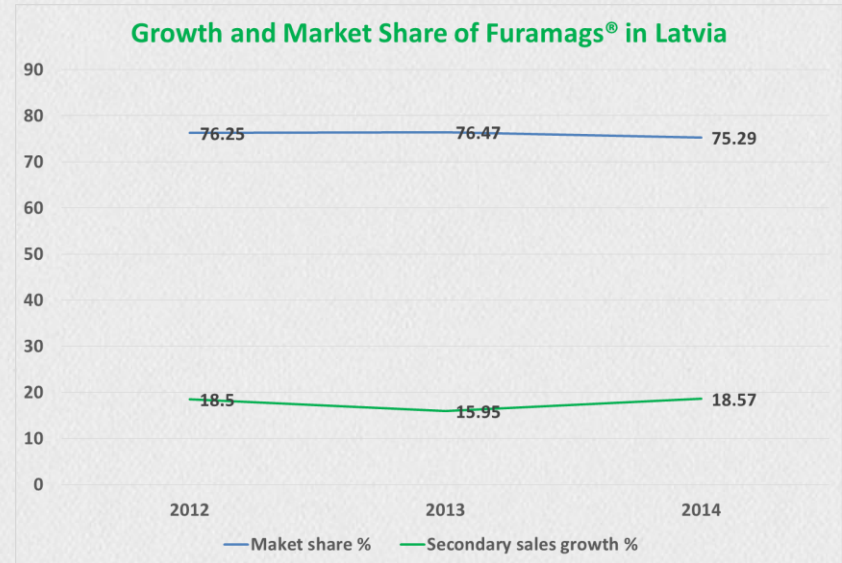
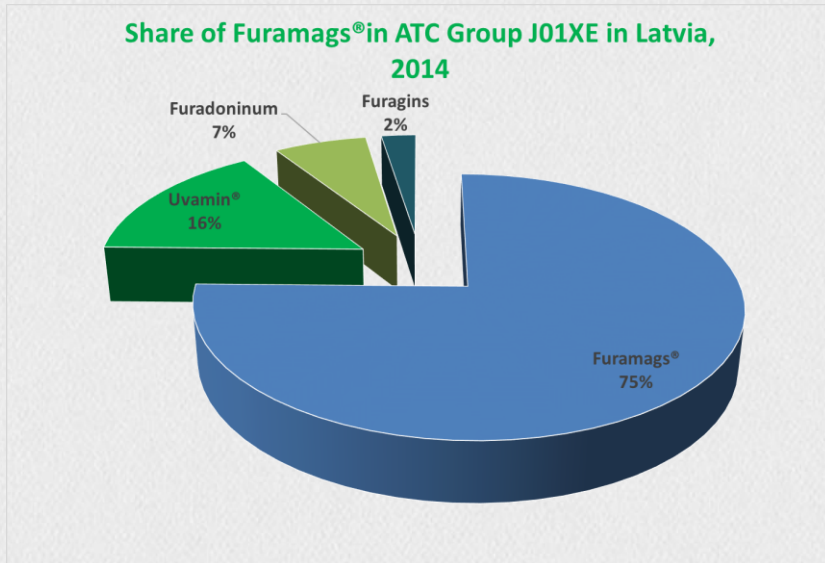
Growth and Market Share of Noofen® in Latvia



- Total sales in the segment = 1.9 million EUR;
- Since 2012 the segment itself has grown by 23%.

Source: PharmaZoom

# Furamag in Latvia



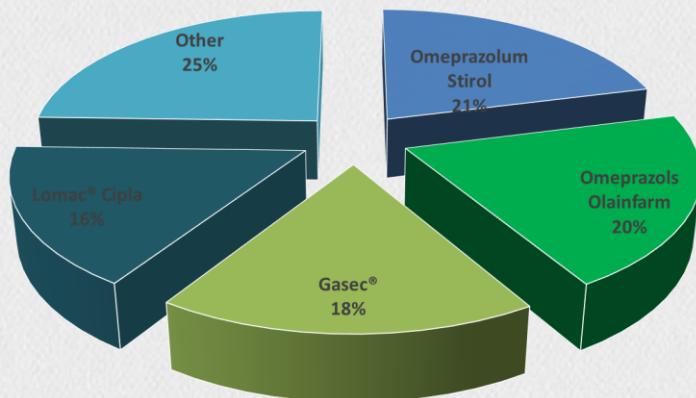
- Total sales in the segment = 0.37 million EUR;
- Since 2012 the segment itself has grown by 39%.

Source: PharmaZoom

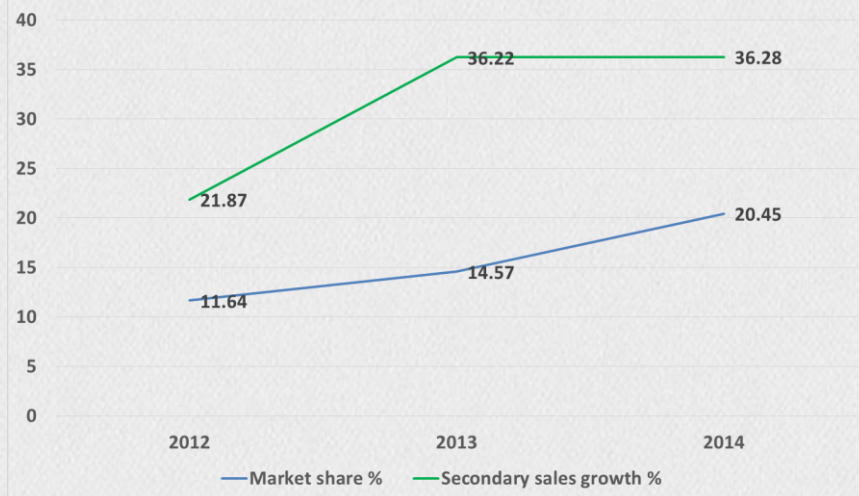


# Omeprazole in Latvia

Share of Omeprazole in ATC Group A02BC01 In Latvia, 2014



Growth Rate and Market Share of Omeprazole in Latvia

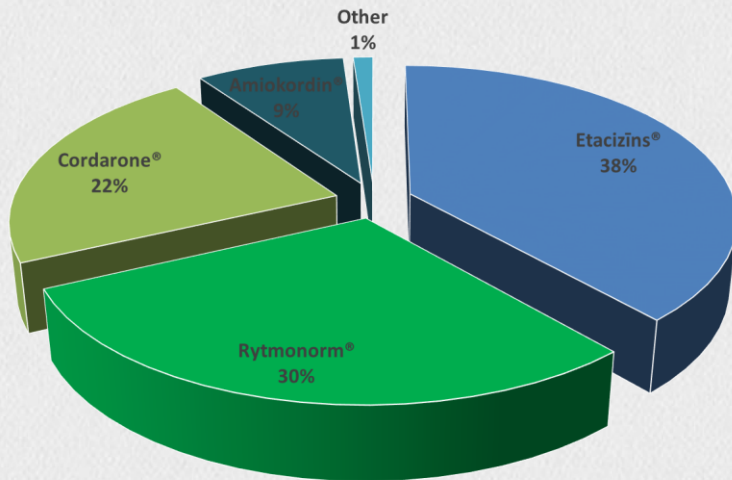


- Total sales in the segment = 1.6 million EUR;
- Since 2012 the segment itself has grown by 5.7%.

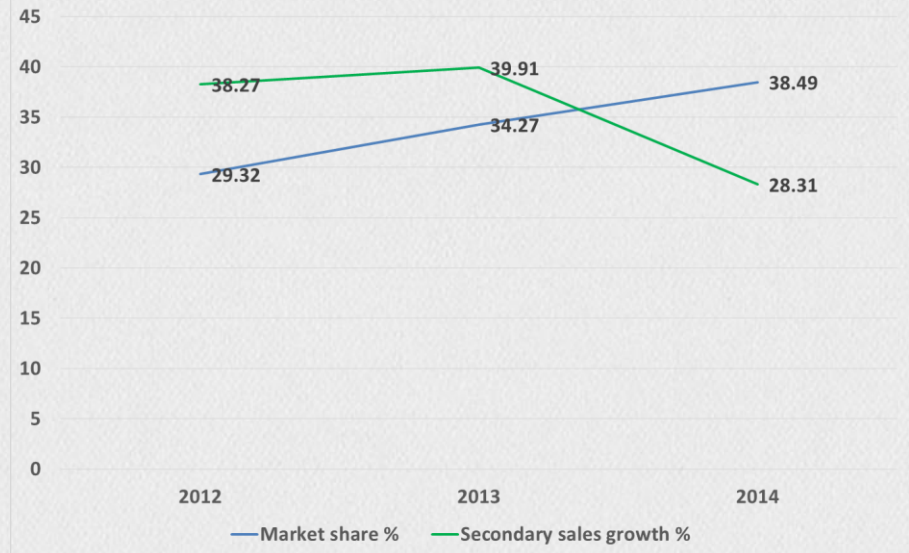
Source: PharmaZoom

# Etacizin in Latvia

Share of Etacizīns® in ATC Group C01B in Latvia, 2014



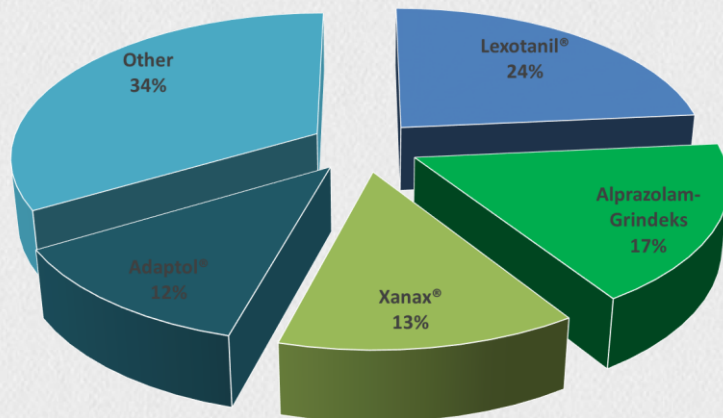
Growth and Market Share of Etacizīns® in Latvia



- Total sales in the segment = 0.55 million EUR;
- Since 2012 the segment itself has grown by 37%.

# Adaptol in Latvia

Share of Adaptol® in ATC Group N05B in Latvia, 2014



Growth and Market Share of Adaptol® in Latvia

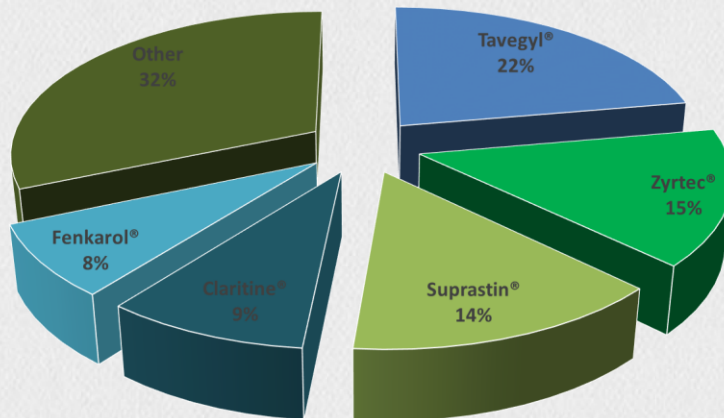


- Total sales in the segment = 2.2 million EUR;
- Since 2012 the segment itself has grown by 16%.

Source: PharmaZoom

# Fenkarol in Latvia

Share of Fenkarol® in ATC Group R06A in Latvia, 2014



Growth and Market Share of Fenkarol® in Latvia

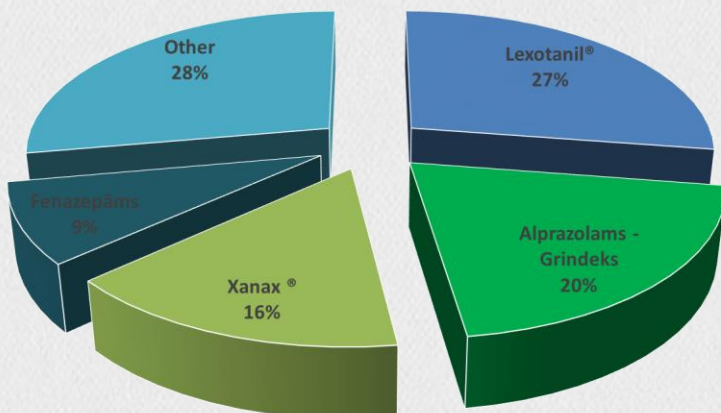


- Total sales in the segment = 2.2 million EUR;
- Since 2012 the segment itself has grown by 11%.

Source: PharmaZoom

# Fenazepam in Latvia

Share of Fenazepāms in ATC Group N05BA in Latvia, 2014



Growth and Market Share of Fenazepāms in Latvia

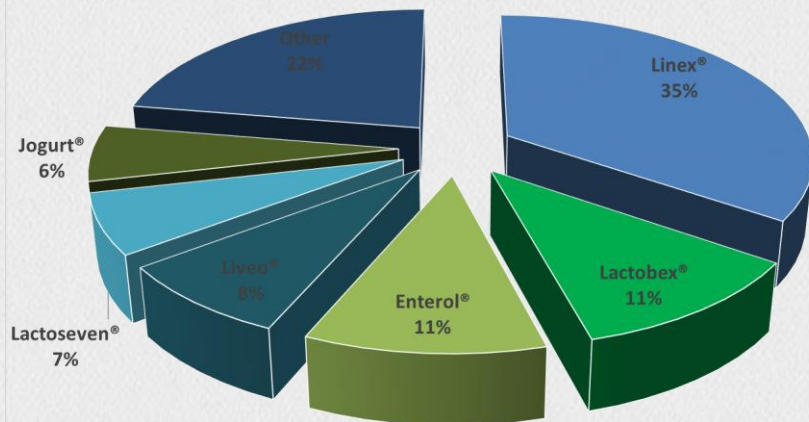


- Total sales in the segment = 1.9 million EUR;
- Since 2012 the segment itself has grown by 12%.

Source: PharmaZoom

# Jogurt in Latvia

Share of Jogurt® in ATC Group A07FA in Latvia, 2014



Growth and Market Share of Jogurt® in Latvia

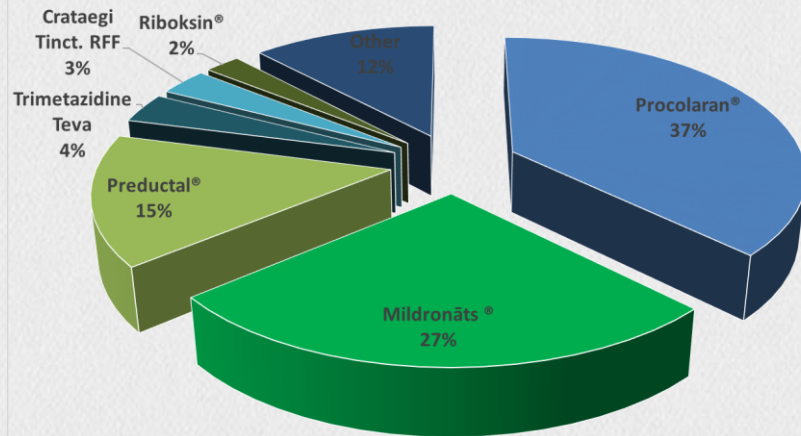


- Total sales in the segment = 2.3 million EUR;
- Since 2012 the segment itself has grown by 22%.

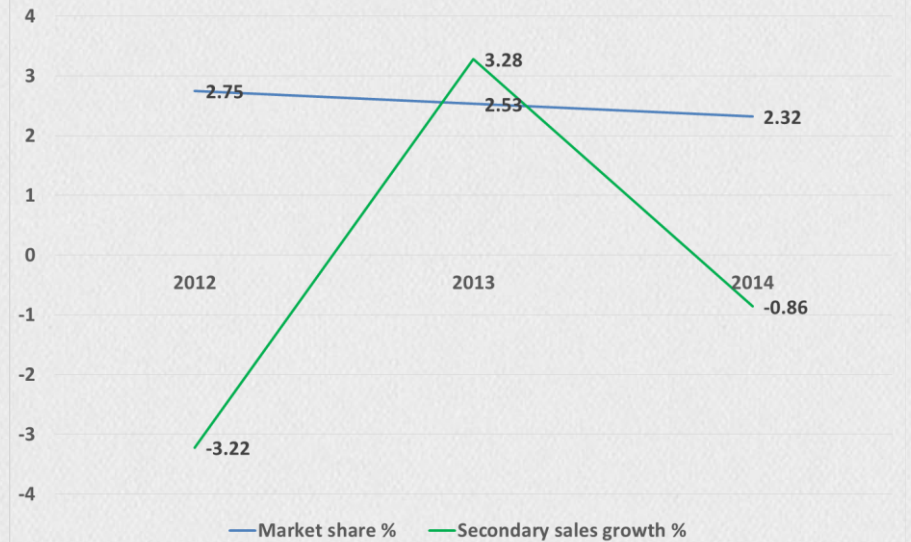
Source: PharmaZoom

# Riboksin in Latvia

Share of Riboksin® in ATC Group C01EB in Latvia, 2014



Growth and Market Share of Riboksin® in Latvia



- Total sales in the segment = 4.3 million EUR;
- Since 2012 the segment itself has grown by 21%.

Source: PharmaZoom

# Q&A Session

- In between webinars, please contact me at:
  - [Salvis.Lapins@olainfarm.lv](mailto:Salvis.Lapins@olainfarm.lv);
  - Cellular: +371 2 6448873 ;
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# Thank you!

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