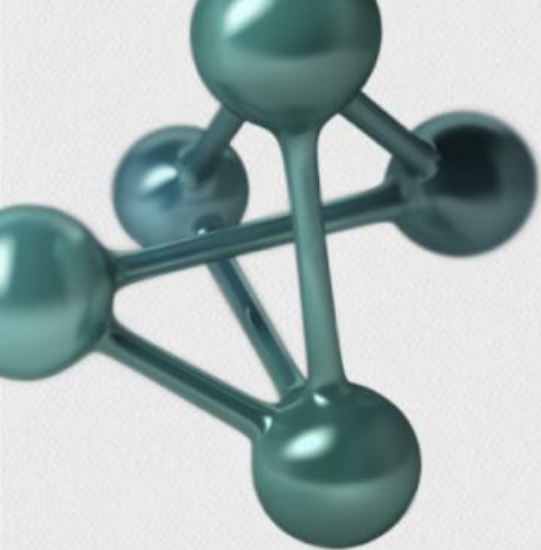


# Webinar Presentation



3rd quarter and  
9 months of 2015

December 22,  
2015

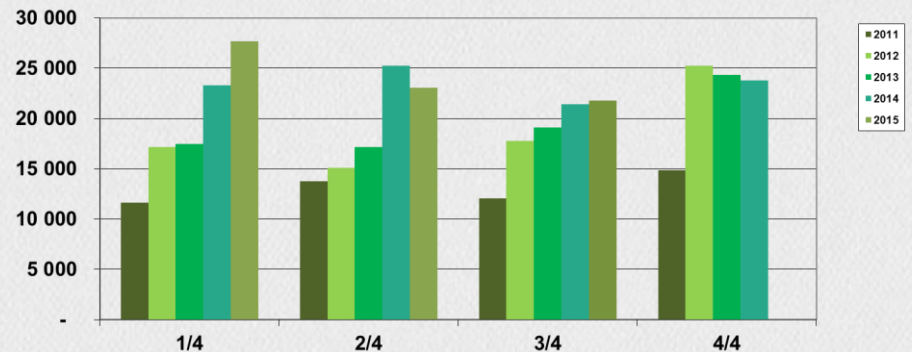


# 3rd Quarter

# Sales in 3rd Quarter

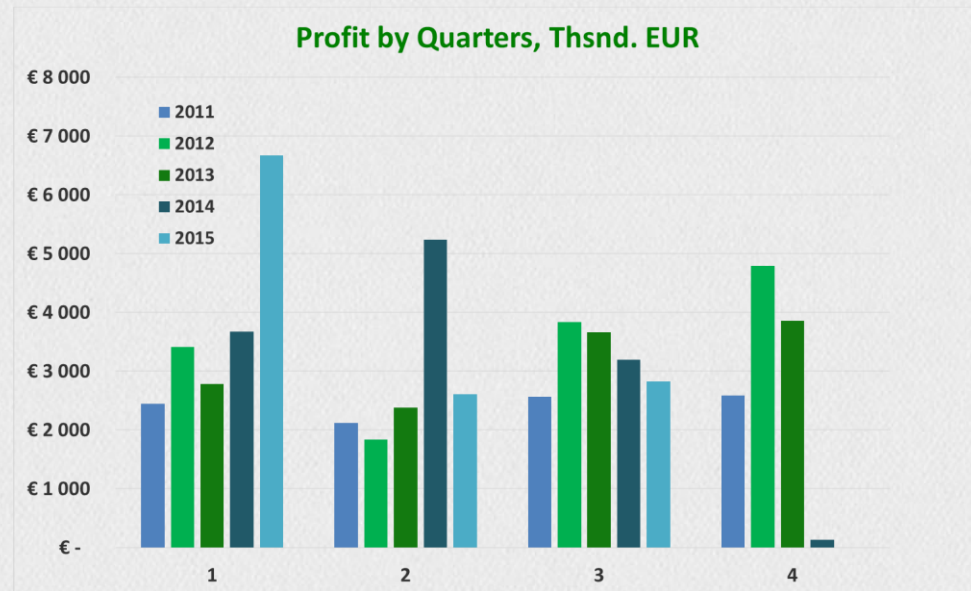
- Sales worth almost 22 million euros;
- Increase by more than 2% makes this the best third quarter in corporate history so far;
- 4.3 million gross sales by pharmacies, more than 2 million is their contribution to consolidated sales;
- 1.2 million sales by Silvanols, 1.05 million is Silvanols' contribution to consolidated sales.

Sales by Quarters, Thsnd. EUR



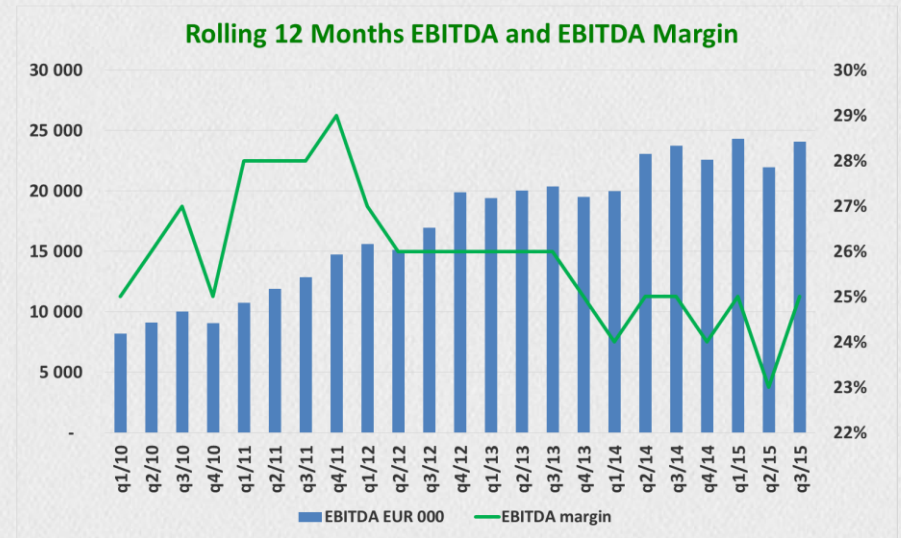
# Profit of 3rd Quarter

- Preliminary at 2.8 million euros, reduction by 12% compared to Q3 2014;
- For a number of reasons, including forex loss and provisions, falling third year is a row;



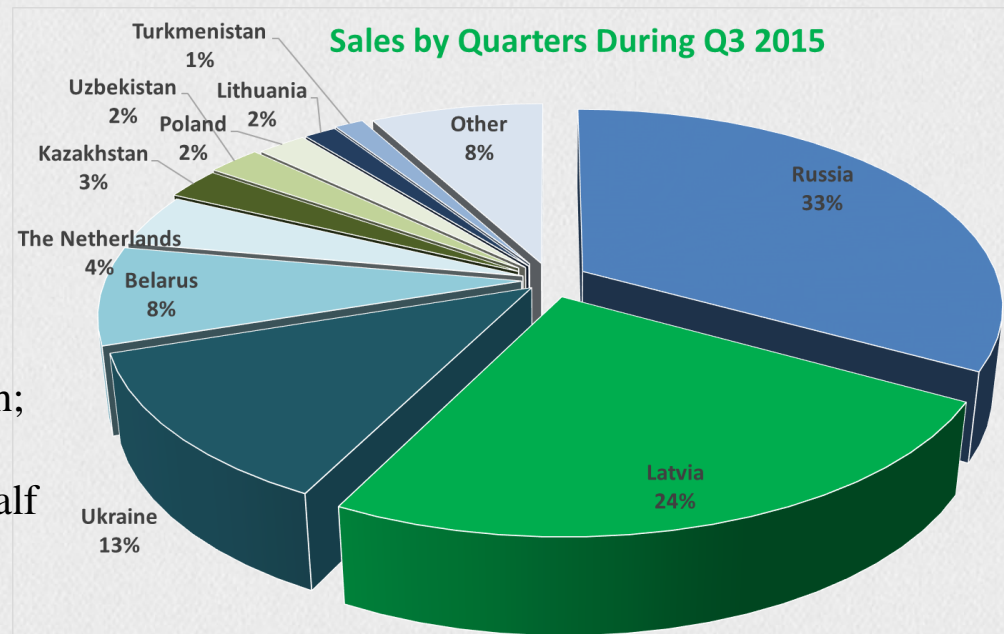
# EBITDA and Margin

- 9 months EBITDA at 19.4 million, Q3 EBITDA at 6.7 million, 12 months rolling at 24.1 million euros;
- 2nd best 12 months rolling EBITDA; high probability to set a new record after next quarter.



# Sales By Countries, 3rd Quarter

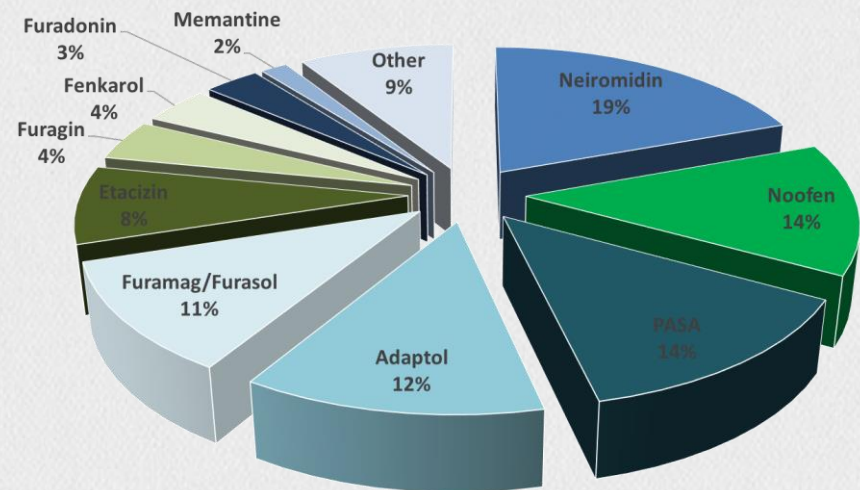
- 14 countries have been reported among monthly top 10 markets;
- Russia's share rebounded a little to 33%;
- Share of Latvia still stable at 24%;
- Ukraine and Belarus regained one pp each;
- The Netherlands (WHO) down by 4 pp (half of share);
- Central Asian countries increased further to 6% of total sales.

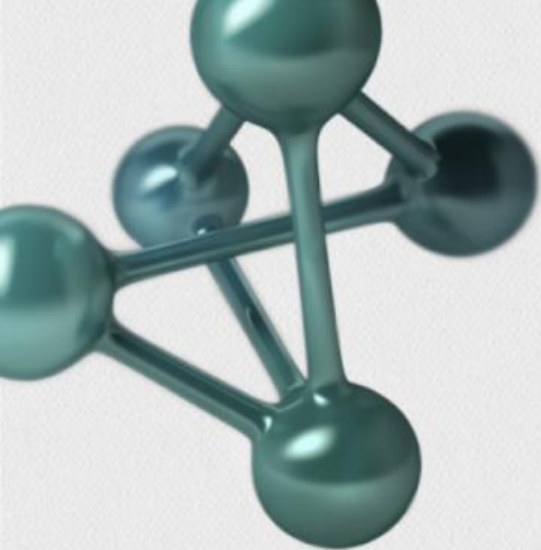


# Sales By Products, 3rd Quarter

- Neiromidin is still a clear leader with a stable 19% share;
- Both, Noofen and PASA gained 2pp each to 14%;
- Adaptol and Furagin both stable at 12% and 4% respectively ;
- MAG off top 10 during 3rd quarter;
- Memantine first time among 10 best selling products;
- Others down to 9%, meaning greater concentration.

Best Selling Olainfarm Products During Q3 2015





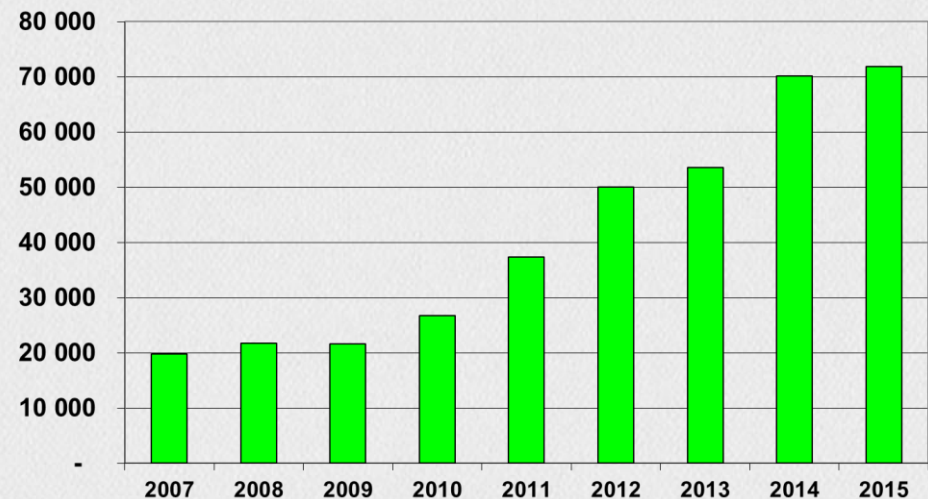
# 9 Months of 2015



# Sales in 9 Months of 2015

- Sales worth 72 million euros, or 72% of annual target of 100 million, slightly behind the linear schedule;
- Slight increase by 3%, mainly due to a very successful Q1 and good Q3;
- Best nine months so far;
- About 12.2 million euro are gross sales by pharmacies, and about 6.1 million euro are net sales by pharmacies; Sales by Silvanols are 2.9 million euro.

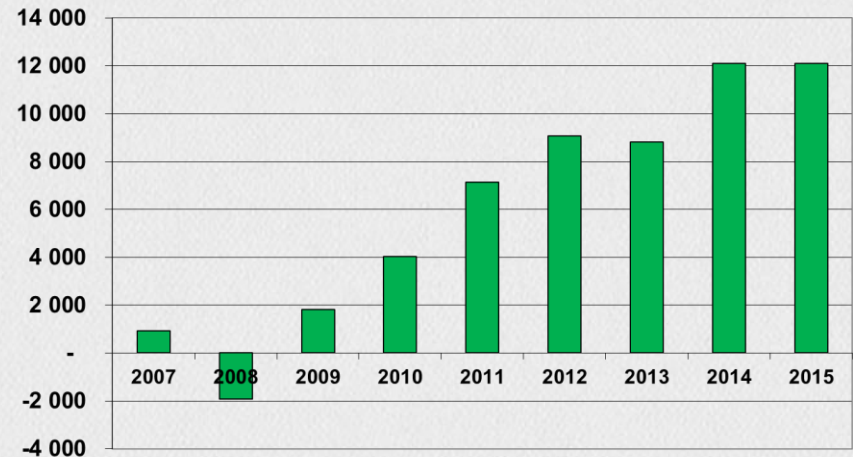
Sales in 9 Months, Thsnd. EUR



# Profit of 9 Months of 2015

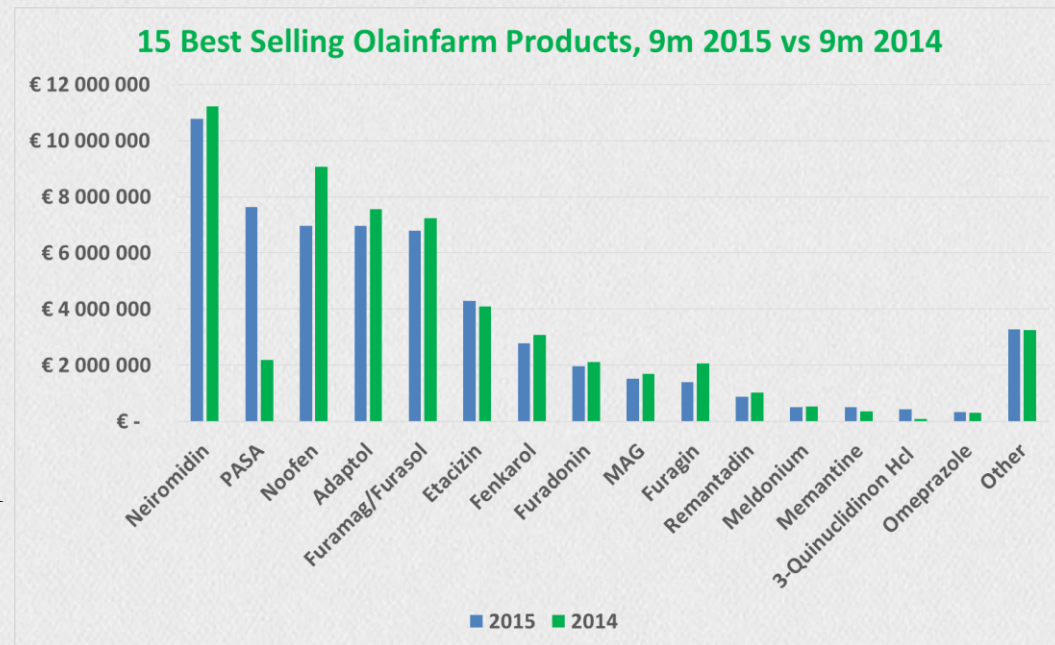
- Preliminary at 12.1 million euros, even after provisions for receivables;
- Flat compared to 9 months of 2014;
- 81% of profit guidance of 15 million met;
- Profit guidance is very likely to be met, high probability of exceeding it a little.

9 Months Profit, Thsnd. EUR



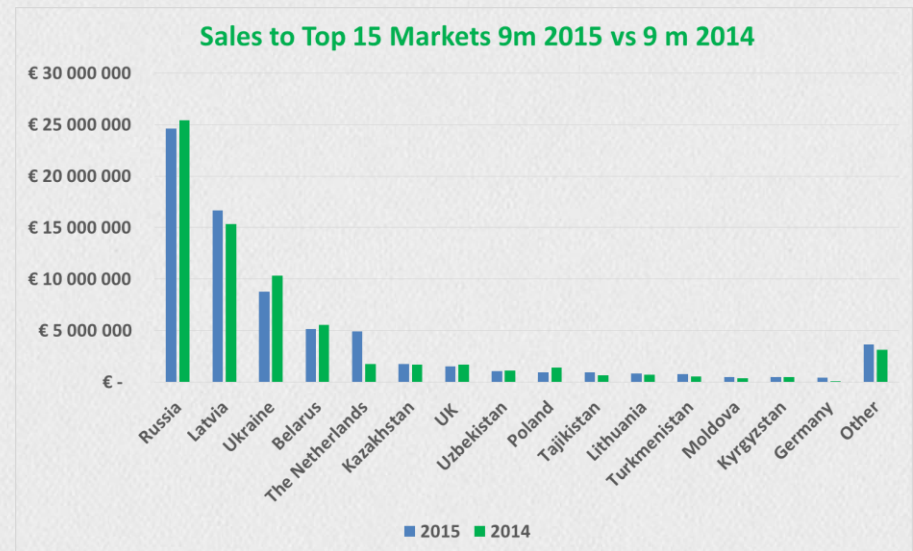
# Growth Drivers: Products

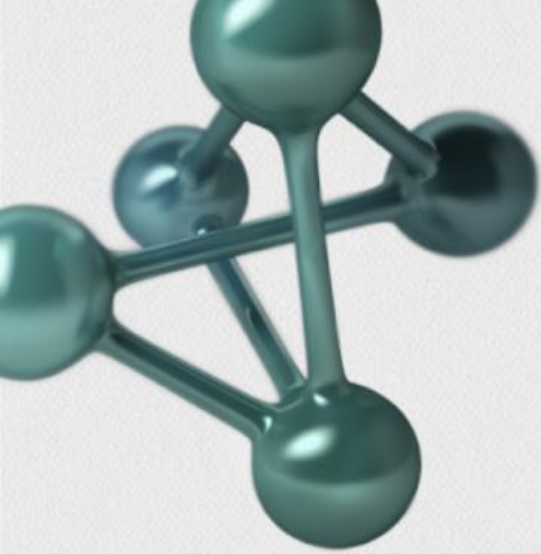
- Only 5 out of 15 growing;
- PASA keeps saving the day with 5.5 million euro growth;
- Other growth leaders: Quinuclidinon by 356 thousand, Etacizin by 190 k, Memantine by 136 k;
- Noofen keeps falling: in 9 months fell by 2.1 million, Furagin fell by 670 k, Adaptol by 615 k;
- Most declines derive from falling sales to RU, UA and BY.



# Growth Drivers: Countries

- 9 out of 15 countries growing;
- The falling ones are Ukraine, Belarus, Russia, UK, Uzbekistan and Poland;
- Top growers in nominal terms: The Netherlands + 3.2 million, Latvia + 1.3, «Others» + 483k, Germany +350k;
- Top decliners in nominal terms: Ukraine – 1.5 million, Russia, - 760k, Belarus – 411k, Poland – 433k.
- Situation not as bad as with products, as increasing number of «non Olainfarm» products sold through the system.

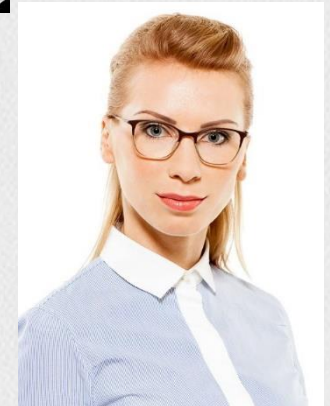




# Update On Recent Events

# Recent Events

- Long term Board Member, Inga Liscika submitted her resignation;
- Ms. Liscika has been with the company since 2000 and made a career from Deputy Chief Accountant to CFO;
- On November 16, Marjana Ivanova- Jevsejeva was elected by the Council to be the new Board member of the company;
- Ms Ivanova Jevsejeva (33) has degrees in public and business administration, project management and parliamentary experience.



# Recent Events – Cont'd

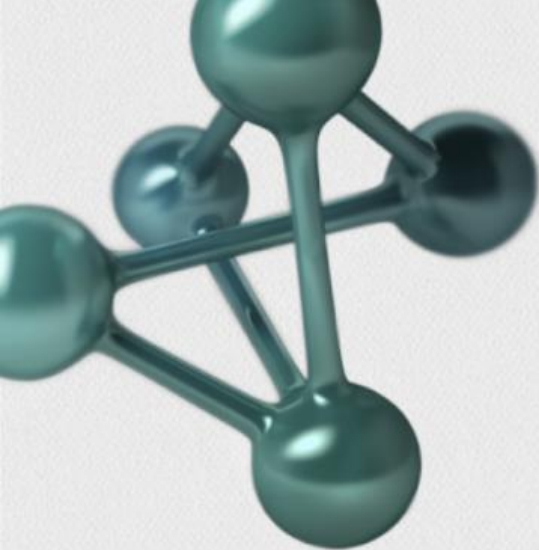
- In last week of October Olainfarm organized 2nd Baltic – Nordic road show, meeting investors in Tallinn, Helsinki, Stockholm and Vilnius;
- More than 20 meetings were held during the road show, more meetings were requested;
- Because of the great interest, Olainfarm intends to continue with similar annual road shows, possibly including more cities in the route in future.

# Recent Events – Awards

- Red Jackets Award for export excellence;
- Latvian Company TOP 101 special award for the biggest increase in company's value in 10 years. According to its valuation, value of Olainfarm over 10 year period has increased more than 20 times;
- Best Employer in Riga Region Award.







## In Focus : Silvanols



**silvanols**

nature heals

# Background

- In late 2012 Olainfarm made a strategic decision to invest into food supplements business;
- Acquisition of Silvanols, the leading Latvian food supplement producer was immediately identified as target;
- After about 6 months of negotiations Olainfarm acquired the 47.5% of Silvanols' shares in May 2013;
- About a month later, Olainfarm increased its holdings in Silvanols to 70.9%;
- One year later Olainfarm acquired another set of shares in Silvanols, increasing its holding to 96.7% of Silvanols' capital for a total cost of 4.15 million euro.



# Key Data

- Leading food supplement producer in Latvia;
- Produces pills, capsules, gels, drops, sprays, balsams, syrups, medical devices;
- Located in Riga, Latvia;
- Expected sales in 2015 – approx. 4.4 million euros;
- Expected profit: approx 0.4 million;
- Loans: 1.1 million;
- Selling to 14 countries in 2015;
- Promoting 32 brands in Baltics;
- CEO: Artjoms Borcovs (30)



# Main Developments Since Acquisition

- Sales in 2013: 3.5 million euro,
- Sales in 2015: 4.4 million euro;
- Number of markets in 2013: 9
- Number of markets in 2015: 16
- Share of non-Baltic markets in 2013: 16%
- Share of non-Baltic markets in 2015: 26%
- Board members 2013: 5
- Board members 2015: 3
- Pre tax loss 2013: 70 000 EUR
- Pre tax profit 11 months 2015: 404 000 EUR



# Rebranding



The new logo was awarded a «Trademark of the Year» Award  
by Latvian Chamber of Commerce in 2014



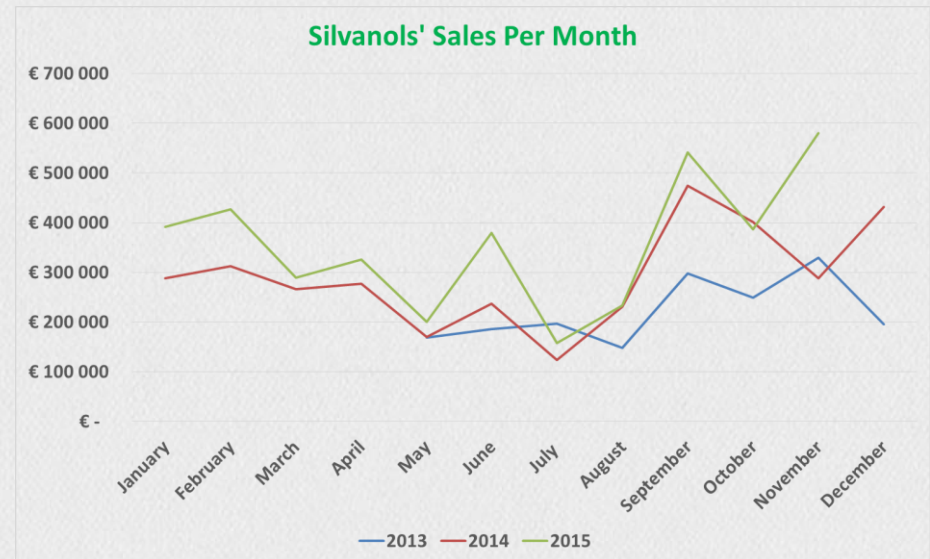
# Other Awards

- One of company's best selling product Astmosil was named «The Most Innovative Product of Latvia in 2014» by Latvian Investment and Development Agency;
- The company itself was awarded with Latvian Health Award for development of green pharmaceuticals in Latvia;



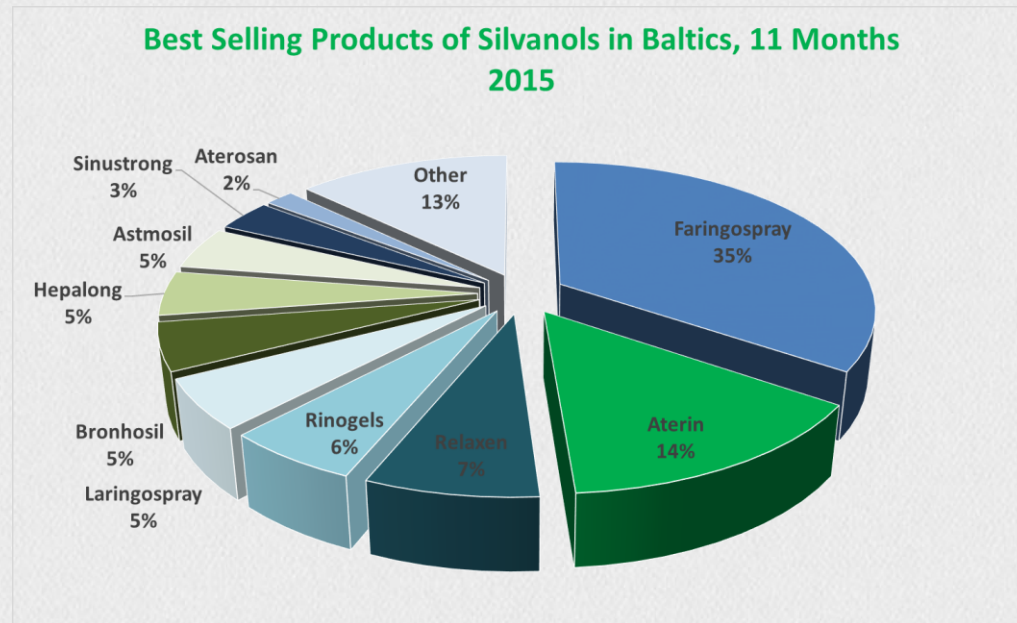
# Sales Performance

- Company's exposure to cough n' cold segment results in clear seasonality, with summer months showing the poorest sales and autumn/winter months showing the best performances;
- Sales record of 580 k EUR set in November, 2015;
- 11 months of 2015 demonstrate almost 30% growth vs 11 months of 2014.



# Products

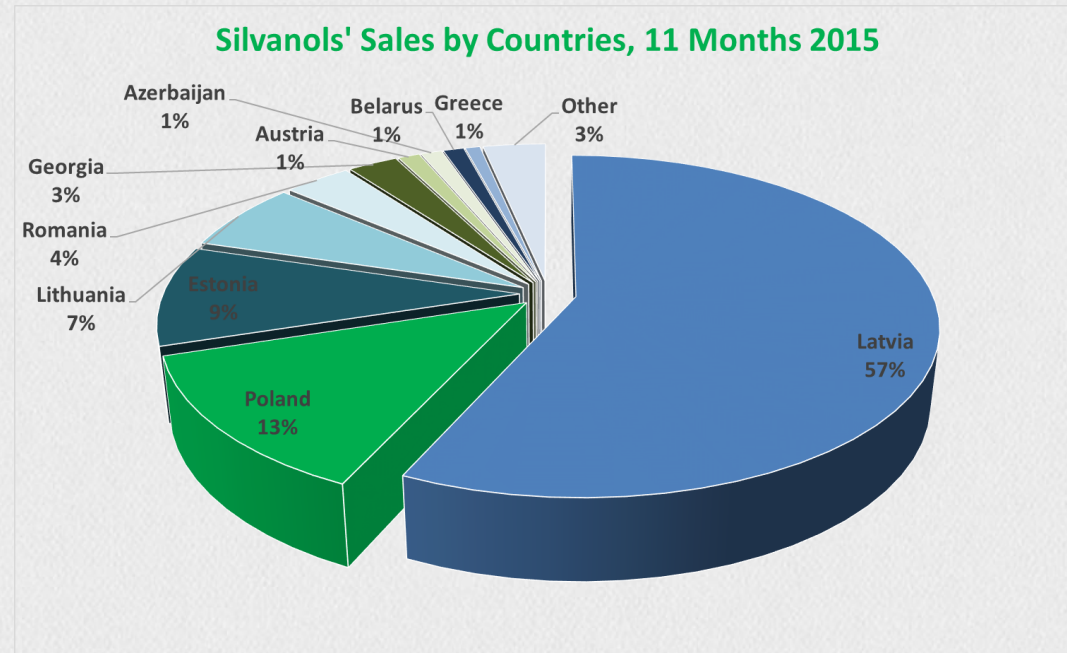
- Faringospray is a clear leader in Latvia and Lithuania, Aterin leads in Estonia;
- Aterin is a number 2 product in LV and LT, while Relaxen is a runner up in EE;
- Relaxen in 3rd in LV, Laringospray is 3rd in LT, Faringospray is 3rd in EE;
- 6 out of 10 best selling products or 59% are in cough n'cold segment;





# Markets

- Still significant exposure to Latvia (57%) and the Baltics (73%);
- Ukraine, Russia and Greece started very recently, will certainly dilute Baltics;
- Agent in Scandinavia hired, products being evaluated for Balcan countries.



# 11 Months Profitability

- After a swift turnaround effort 2015 will be the first year when the company makes noticeable profit from its main operations;
- New markets, bigger sales, more efficient sales and production, limiting administrative costs allowed significant profitability improvement in relatively short period of time.

	2014	2015
Net sales	€ 2 871 665.68	€ 3 661 060.57
COGS	-€ 1 498 457.15	-€ 1 740 806.49
Gross profit	€ 1 373 208.53	€ 1 920 254.08
Gross margin%	48%	52%
Selling costs	-€ 1 066 758.82	-€ 1 162 659.41
Administrative costs	-€ 410 309.05	-€ 353 792.27
Other op. income	€ 74 470.33	€ 27 898.39
Other op. costs	-€ 22 943.64	-€ 17 592.48
Interest exp.	-€ 16 666.47	-€ 9 745.15
Pre tax profit	-€ 68 999.12	€ 404 363.16

# New Launches in 2015

- Line extension: Peppermint flavoured Faringospray;
- Line extension: Rinogels – more convenient application;
- Brand new: Venolux – natural relief of «tired legs» symptoms;
- Brand new: Neoneiro – combination of vitamins B and natural extracts for relief of neuralgic pain.





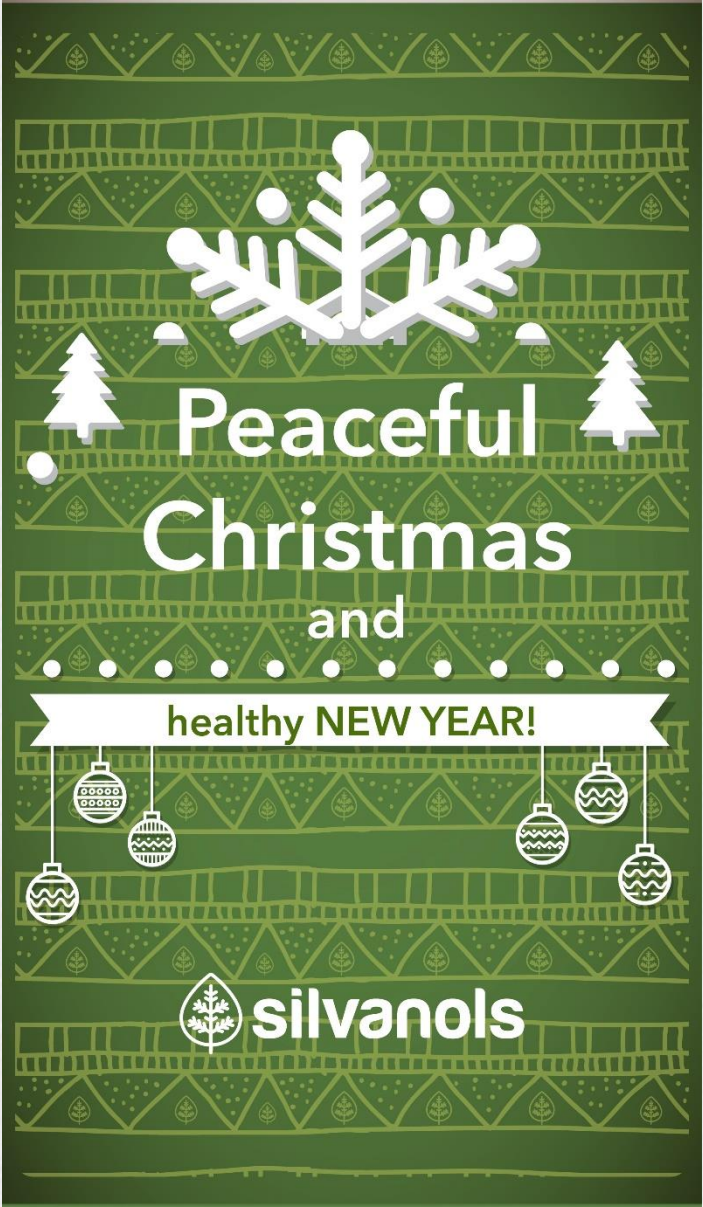
# 2016

Domām piemīt spēks piesaistīt noteiktus notikumus mūsu dzīvē, tāpēc – labu domāt un labu darīt, ticēt pozitīvajam un mīlēt sevi, lai mīlestībā varētu dalīties!

Jūsu, **Latvijas ap+ieka**  
Tavai veselībai



**OlainFarm**





*Lai šis svētku laiks kļūst par zeltainām atmiņām  
rītdienai un visam nākamajam gadam. Vēlam  
Jums daudz prieka šajos Ziemassvētkos!*



*Мы желаем Вам радостного Рождества!  
Пусть время праздников останется золотым  
воспоминанием на весь следующий год!*



*May this very special time turn into the golden  
memories for tomorrow and the whole next year.  
We wish You lots of joy for this Christmas!*



# Q&A Session

- In between webinars, please contact me at:
  - [Salvis.Lapins@olainfarm.lv](mailto: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](http://www.olainfarm.lv)

Investor relations:

Salvis Lapiņš, Member of the Board

Phone.: +371 26448873

e-mail: Salvis.Lapins@olainfarm.lv

[www.olainfarm.lv](http://www.olainfarm.lv)



OlainFarm