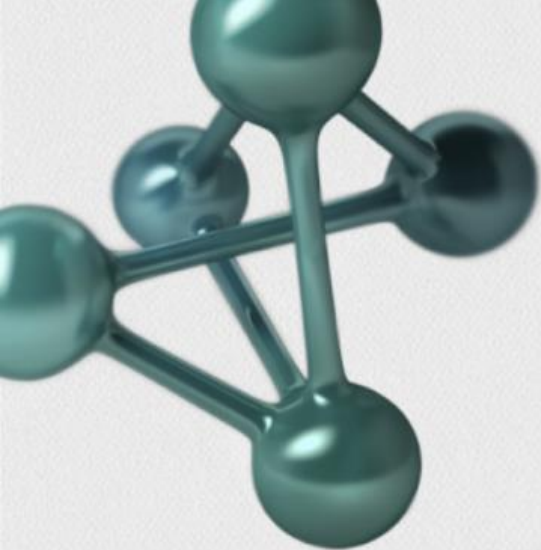




Webinar Presentation

2nd quarter and
6 months of 2014

September 10,
2014

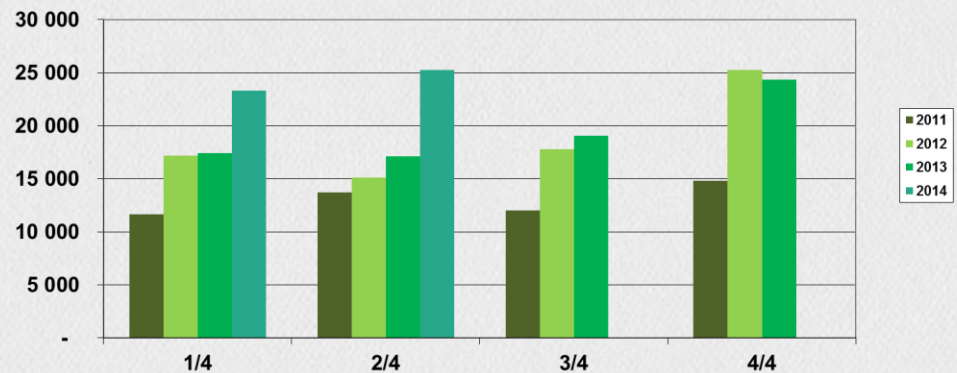


2nd Quarter

Sales in 2nd Quarter

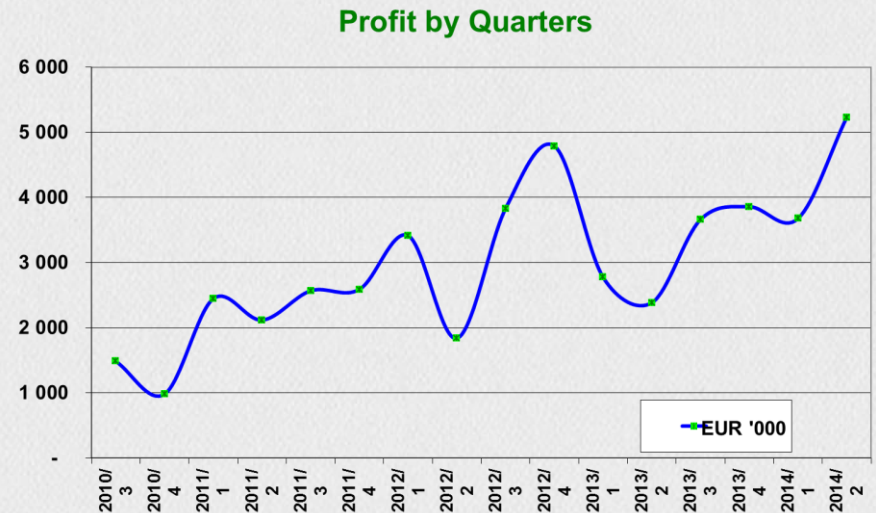
- Sales worth more than 25 million euros, an increase by 52%, best Q2 by far and second best quarter ever by a tiny margin;
- Undershipment to Ukraine in Q2 2013 has also to some extent contributed to comparatively high growth, but certainly does not explain even close to majority of it;
- About 3.6 million euros lats are sales by pharmacies, increase by 10%; about 0.67 million euros are sales by Silvanols;

Sales by Quarters, Thsnd. EUR



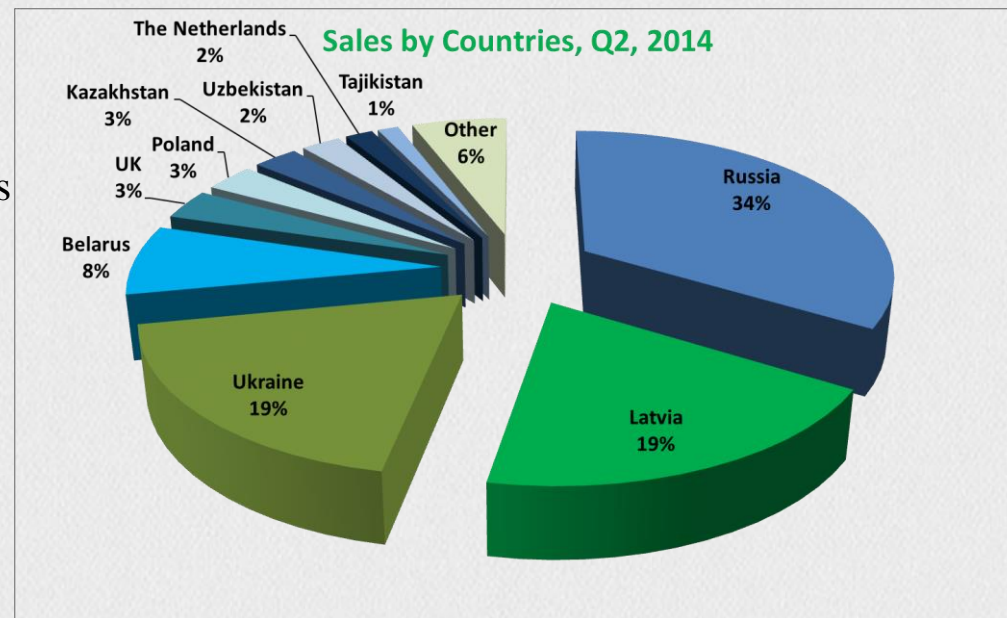
Profit of 2nd Quarter

- Preliminarily at 5.2 million euros, has more than doubled compared to Q2 2013;
- Achieved despite provisions made to secure outstanding receivables from Russia and Ukraine;
- Clearly the most profitable quarter in corporate history;
- Favourable Russian rouble fluctuations within the Q2 somewhat contributed to the higher than usual profitability;



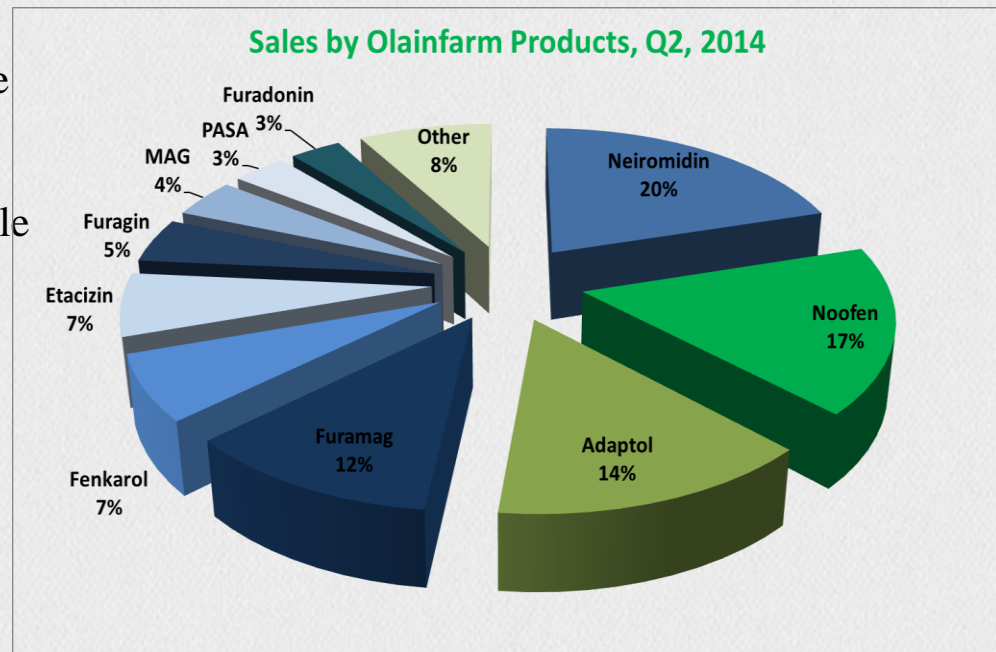
Sales By Countries, 2nd Quarter

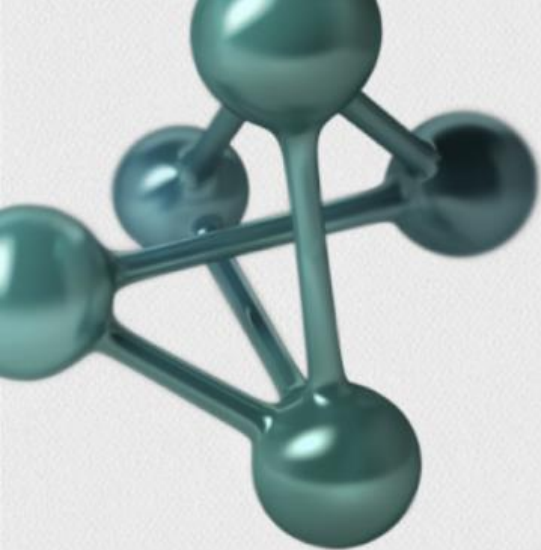
- Tajikistan first time in quarterly top;
- Poland stronger than ever, with some contribution from Silvanols, more shipments expected to Poland this year;
- Ukraine and Russia performing very well, despite issues;
- Others still relatively low at 6%.



Sales By Products, 2nd Quarter

- Distribution of sales by products very stable throughout 2014;
- Generally in 2014, Neiromidin's share a little smaller as Noofen catches up;
- Others down to 8%, one of the smallest shares of "Others".



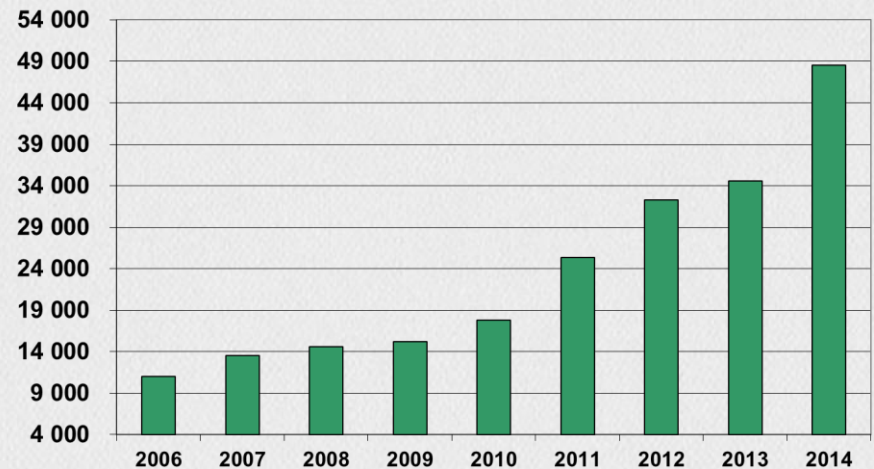


1st Half of 2014

Sales in H1, 2014

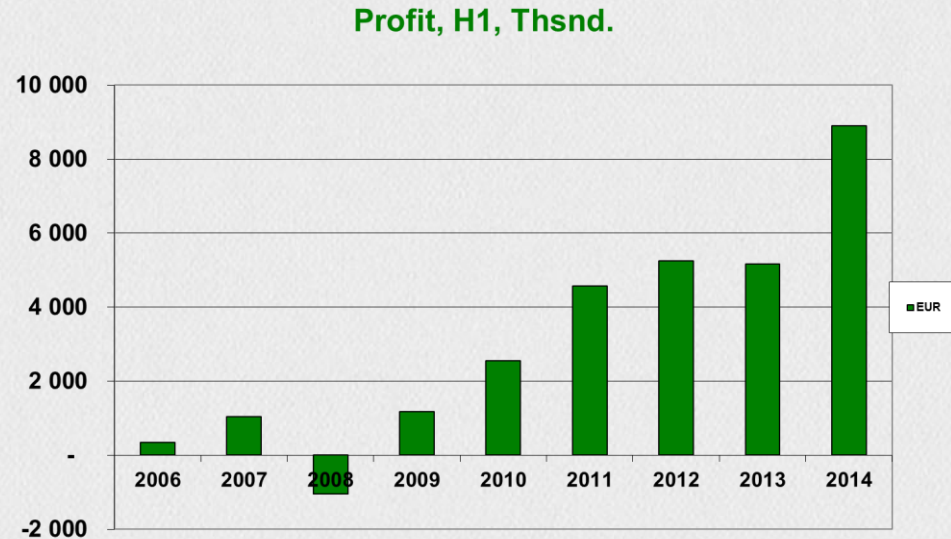
- Sales worth 48.6 million euros)
- Increase by 41%, compared to H1 2013, partially due to undershipments to Ukraine in 2013;
- Best six months so far;
- About 7.4 million euro are gross sales by pharmacies (up 15%), and about 4.7 million lats euro are net sales by pharmacies; Sales by Silvanols are 1.6 million euro.

Sales in Six Months, Thsnd. EUR



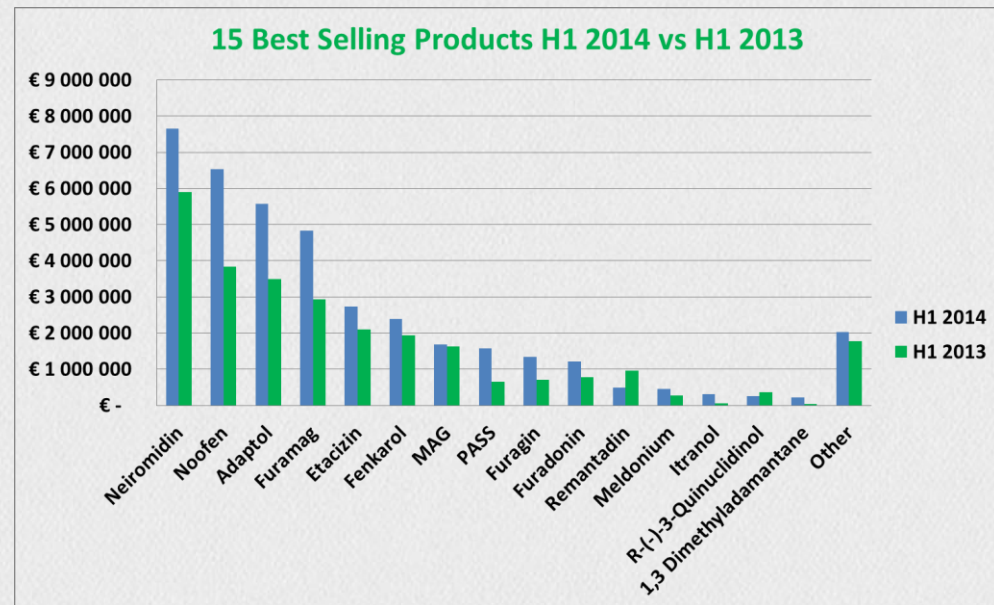
Profit of H1, 2014

- Preliminary at 8.9 million euros;
- Increase by 73%, compared to H1, 2013, also here last year's undershipment had an influence;
- All despite provisions of 1.076 million euro made to cover 4.5% of outstanding receivables from Russia and Ukraine;
- 50.4% of profit guidance for 2014 met;



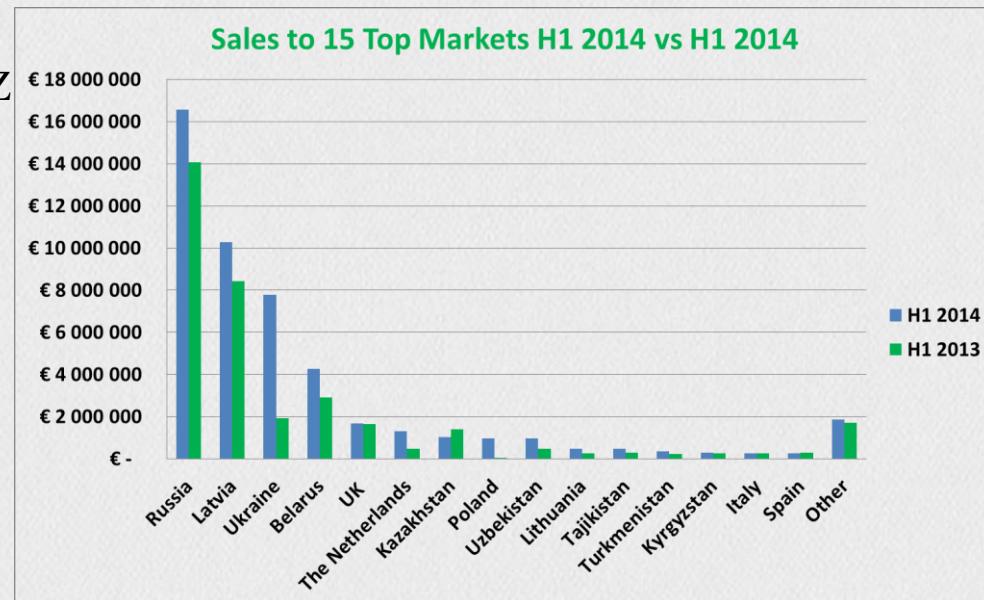
Growth Drivers: Products

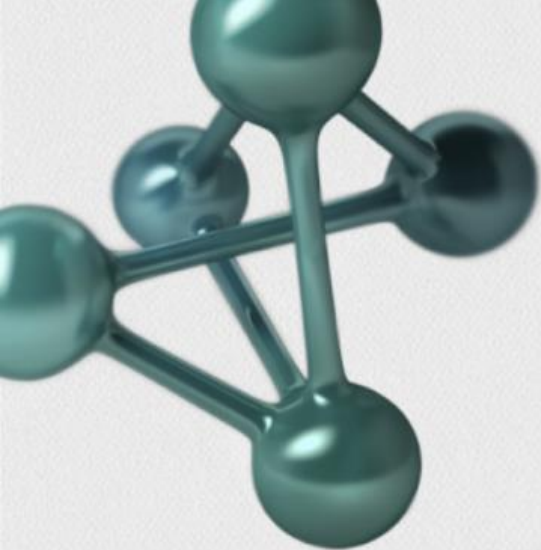
- Particularly strong growth by 4 leading products, these are the ones undersupplied to Ukraine in 2013.
- All but 2 products grow, including “others”, only Remantadin and Quinuclidinol are falling.



Growth Drivers: Countries

- Only Kazakhstan, Italy and Spain falling, KZ was expected to because of devaluation;
- Top 4 countries have grown by at least 1.3 million EUR each, Poland and The Netherlands by close to 1 million each;
- Top growers in nominal terms: Ukraine + 5.8M, Russia + 2.5M, Latvia + 1.9M.
- Top growers in %: Poland +4131%, Ukraine + 303%, The Netherlands +180%.

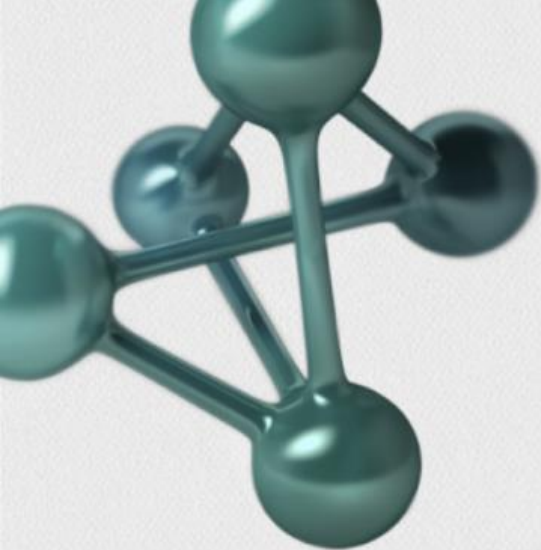




Update On Recent Events

Recent Events

- In July Olainfarm acquired another 25.8% of shares in SIA “Silvanols”, thus increasing its stake to 96.69%. Such a move was necessary before a full scale cooperation on distribution of Silvanols’s products is launched. The acquisition will be fully completed as a matter of days.
- Because of increasing tensions between Ukraine and Russia, and rather unclear political and economic outlook for these countries, the company has decided to make provisions on all receivables from these two countries. It has been decided that 4.5% of receivables outstanding as of reporting date or 1.076 million euros be provided.
- AS “SEB Banka” has issued a loan of 14 million EUR to AS “Olainfarm” to finance its CAPEX needs for 2014 and partially 2015.



In Focus : Russia



Russian Federation

- Population: approx. 146 mln. people;
- Major cities:
 - Moscow (capital) 11.5 million inhabitants;
 - St. Petersburg 5 million inhabitants;
 - Novosibirsk 1.5 million inhabitants;
 - Yekaterinburg 1.3 million inhabitants;
 - Nizhniy Novgorod 1.3 million inhabitants;
 - Samara 1.2 million inhabitants;
 - Omsk 1.2 million inhabitants;
 - Kazan 1.1 million inhabitants;
 - Chelyabinsk 1.1 million inhabitants;
 - Rostov on Don 1.1 million inhabitants;
 - Ufa 1.1 million inhabitants;
 - Volgograd 1 million inhabitants;
 - Perm 1 million inhabitants.
- GDP per capita: 14,800 \$ (2013)



Commercial Pharma Market of Russia

- Worth about 500 billion RUR p.a. (approx. 10 bn EUR), approximately 4 billion units were sold in 2013;
- Average end price of the unit of medicines is approx. 120 RUR, (~ 2.5 EUR);
- A little less than one half of all the units sold are in price range 3-10 EUR, sales in this segment have been growing for several years in a row;
- About 77% in terms of price and 44% in terms of units are imported medicines. In terms of units, share of Russian medicines is declining as their price tend to grow faster than that of imported ones.
- About 54% in terms of price and 31% in terms of units are prescription medicines. There are no major changes in this division.

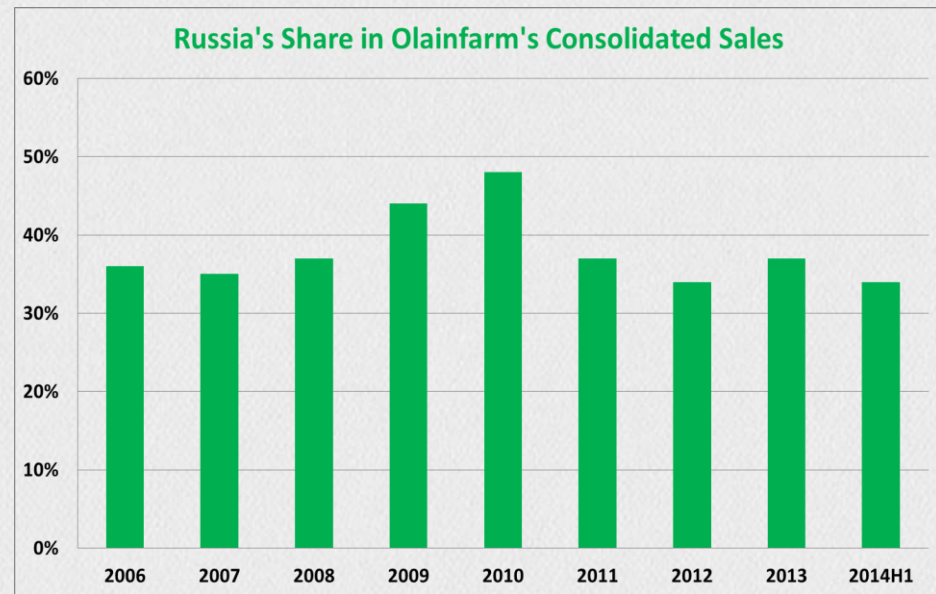
Olainfarm in Russia 1/2

- Has been the most important market since the company was created in early 1970s;
- Ever since the privatisation, Olainfarm has had a representative office in Russia, at some stage even the daughter company;
- Marketing activities of own representative office were ceased in 2008, and replaced by services of TTL.;
- Trading with Russia is traditionally accompanied by certain currency risks, that Olainfarm tries to price in;
- In 2014 Olainfarm ships its products to 8 leading Russian pharmaceutical wholesalers.



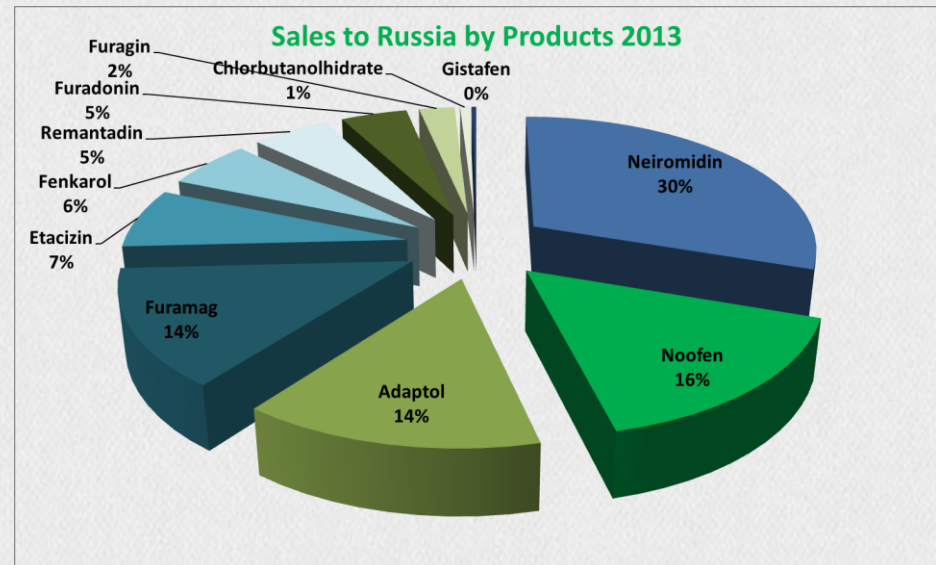
Olainfarm in Russia 2/2

- Immediately after privatisation, share of Russia in company's sales was close to 80%, sales clearly dominated by Remantadin;
- Dilution of exposure to Russia without losing the sales momentum in Russia, has always been a challenge for the management;
- Recent peak of 48% in 2010 was a result of marketing success;
- Dilution of Russia's share to recent 34% is a result of acquisition of pharmacies and Silvanols and of rather successful launches in new markets.



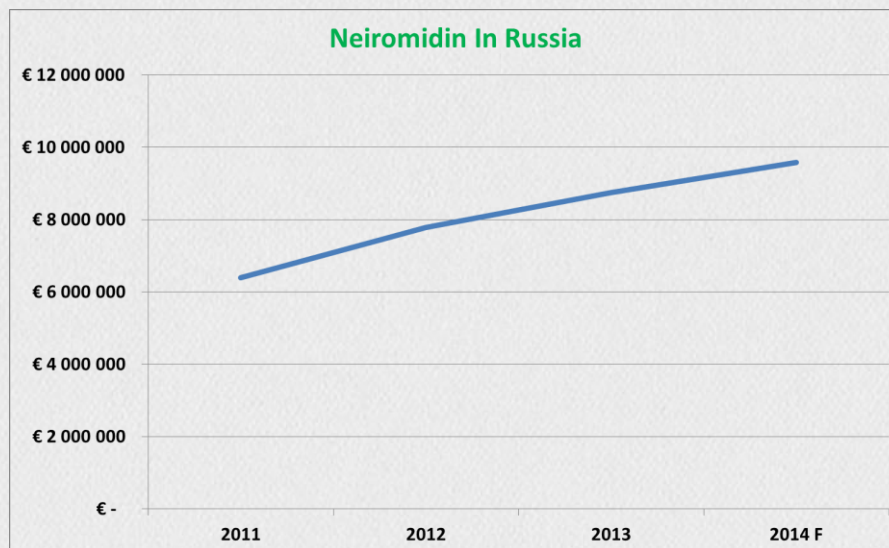
Olainfarm's Products in Russia

- In general, very similar distribution to overall products break-down;
- Neiromidin has much bigger share;
- Noofen in under re-branding from Fenibut;



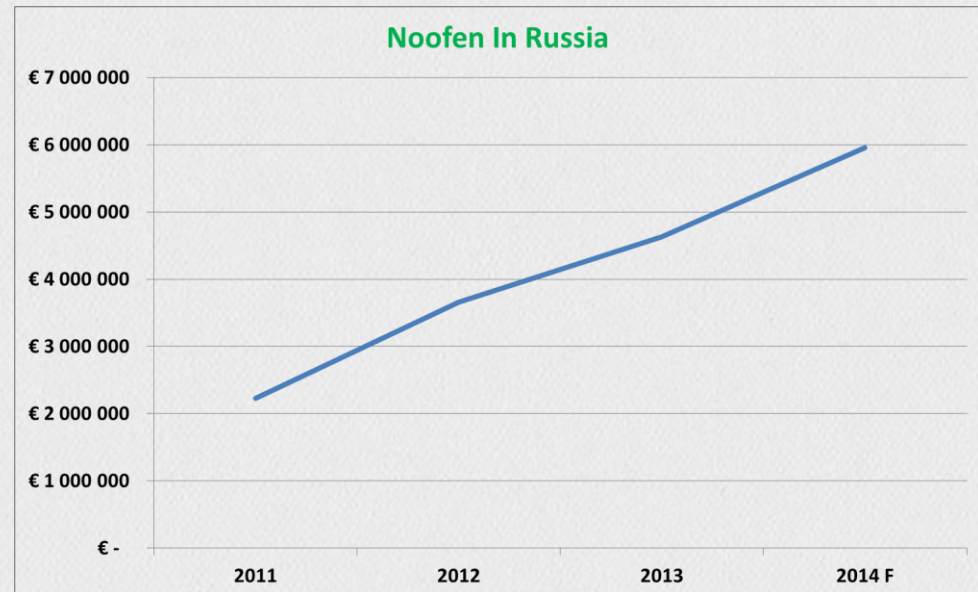
Neiromidin

- Makes up approx. 30% of our Russian sales promoted;
- 3 forms: Ampoules 0.5%, Ampoules 1.5%, Tablets 20 mg N50;
- All prescription;
- Retail price:
 - Ampoules 1.5% ~ 1120 RUR (~ 20 EUR);
 - Ampoules 0.5% ~ 640 RUR (~ 13 EUR);
 - Tablets 20mg N50 ~ 690 RUR (14 EUR).



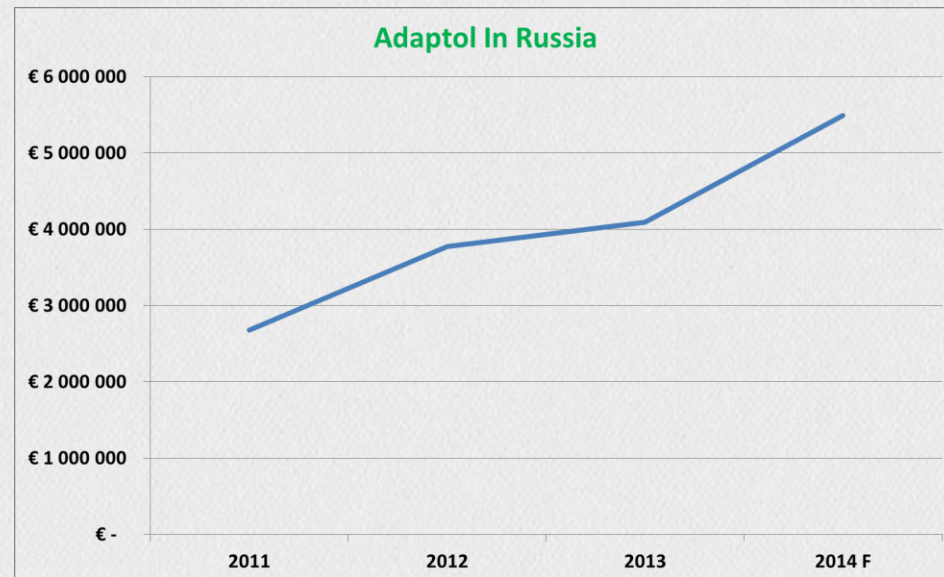
Noofen

- Second best selling product, makes up approx. 16% of our Russian sales, promoted;
- 2 forms:
 - Capsules 250 mg N20;
 - Tablets 250 mg N 20 (Fenibut)
- Undergoing rebranding from Fenibut, which was not being promoted;
- Prescription;
- Retail price: ~ 620 RUR (12 EUR)



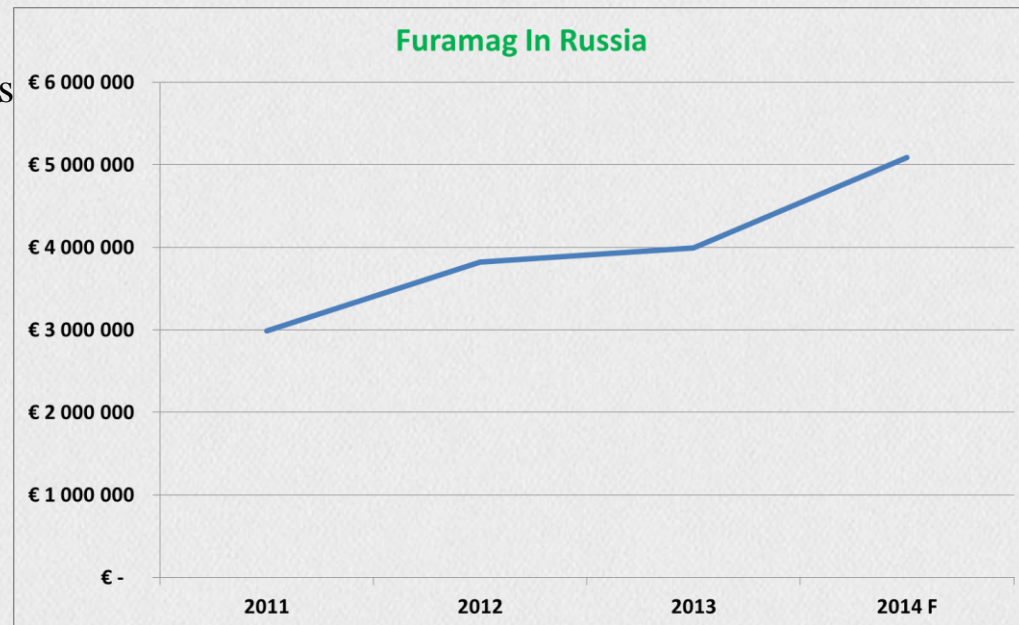
Adaptol

- A third best selling product, makes up approx. 14% of our Russian sales, promoted;
- 1 form: Tablets 500 mg N 20;
- Prescription;
- Retail price: ~ 420 RUR (8.5 EUR)



Furamag

- A fourth best selling product, makes up approx. 14% of our Russian sales, in volumes equal to Adaptol, promoted;
- 3 forms:
 - Capsules 50 mg N 30;
 - Capsules 25 mg, N 30;
 - Sachets, 1g N 15 (Furasol)
- Prescription;
- Retail price:
 - Capsules 50 mg N 30 ~ 400 RUR (8 EUR)
 - Capsules 25 mg N 30 ~ 290 RUR (6 EUR)
 - Sachets 1g N 15 ~ 320 RUR (6.4 EUR).



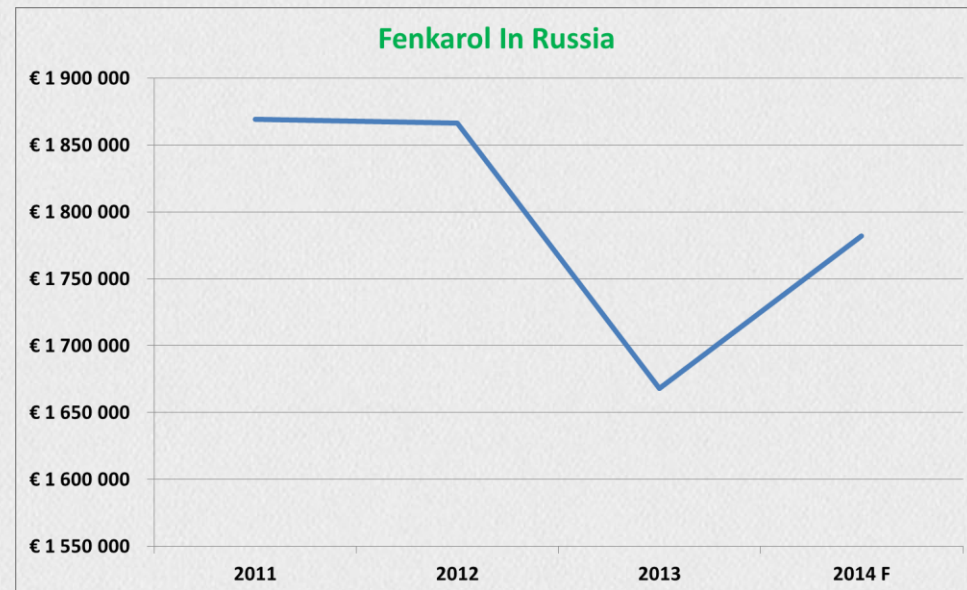
Etacizin

- Fifth best selling product, makes up approx. 7% of our Russian sales, promoted;
- 1 form: Coated Tablets, 50 mg, N 50
- Prescription;
- Retail price: 800 RUR (~ 16 EUR)



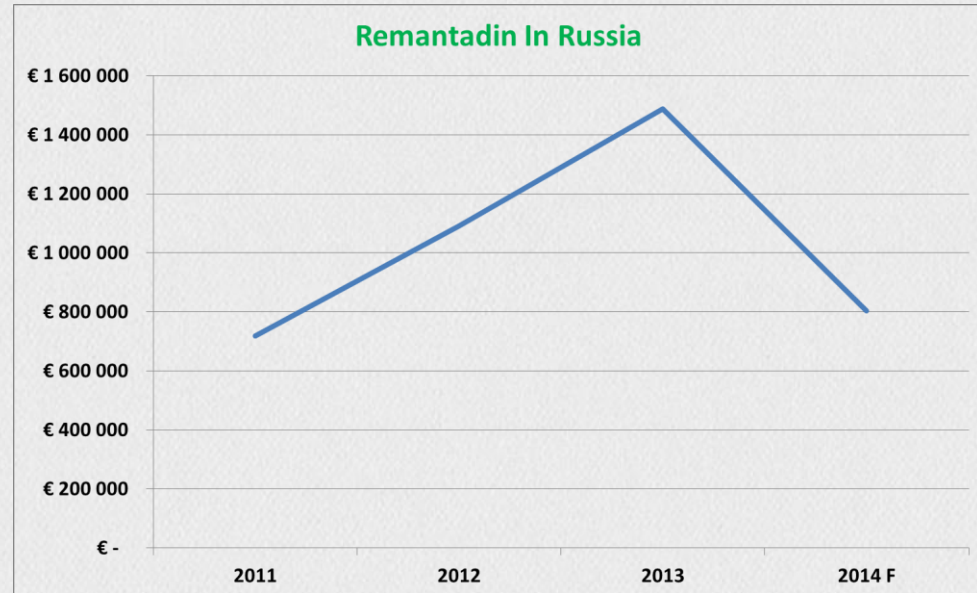
Fenkarol

- Sixth best selling product, makes up approx. 6% of our Russian sales, promoted;
- 2 forms:
 - Tablets 10 mg, N 20
 - Tablets 25 mg N 20
- OTC;
- Retail price:
 - Tablets 10 mg N 20 160 RUR (~ 3.5 EUR);
 - Tablets 25 mg N 20 230 RUR (~ 4.6 EUR)



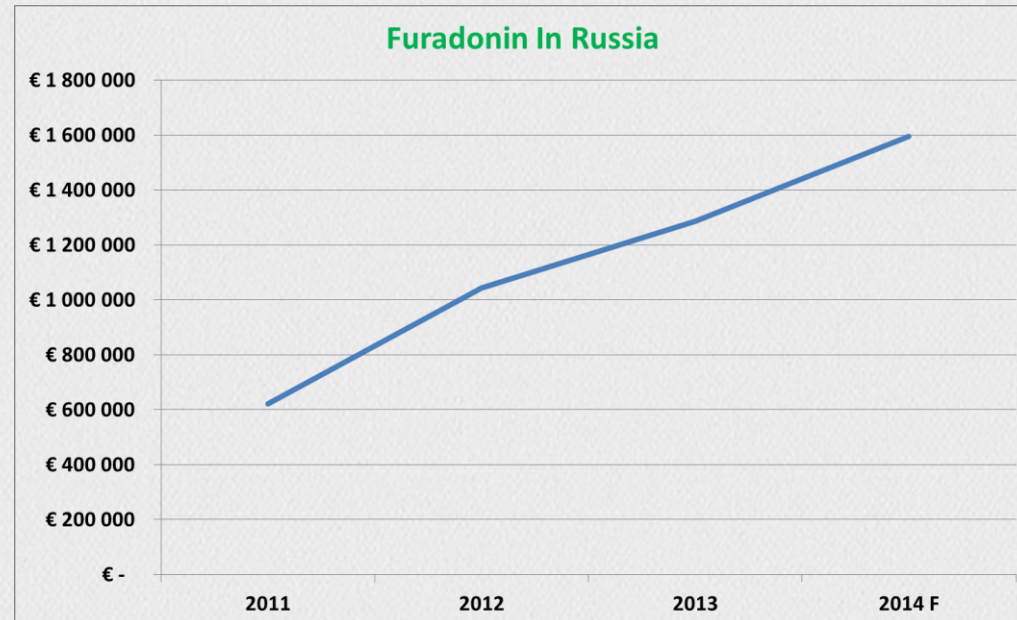
Remantadin

- Seventh best selling product, makes up approx. 5% of our Russian sales, generic, not promoted;
- 1 form: tablets 50 mg N 20
- OTC;
- Retail price: ~ 210 RUR (4.2 EUR).



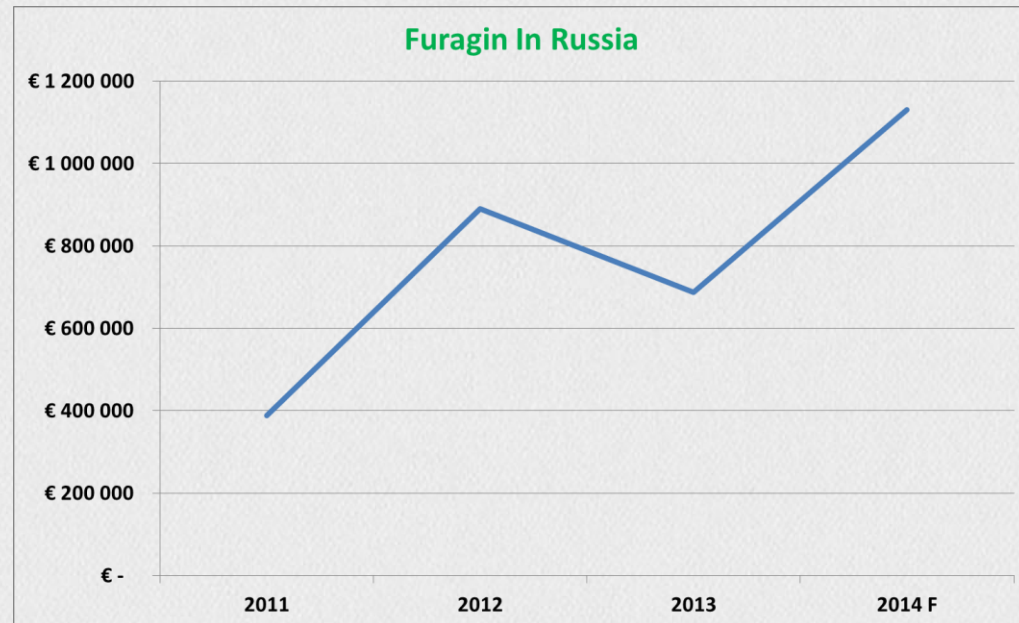
Furadonin

- Eight best selling product, makes up approx. 5% of our Russian sales, generic, not promoted;
- 1 form: tablets 100 mg N 20
- Prescription
- Retail price: ~ 150 RUR (3 EUR).



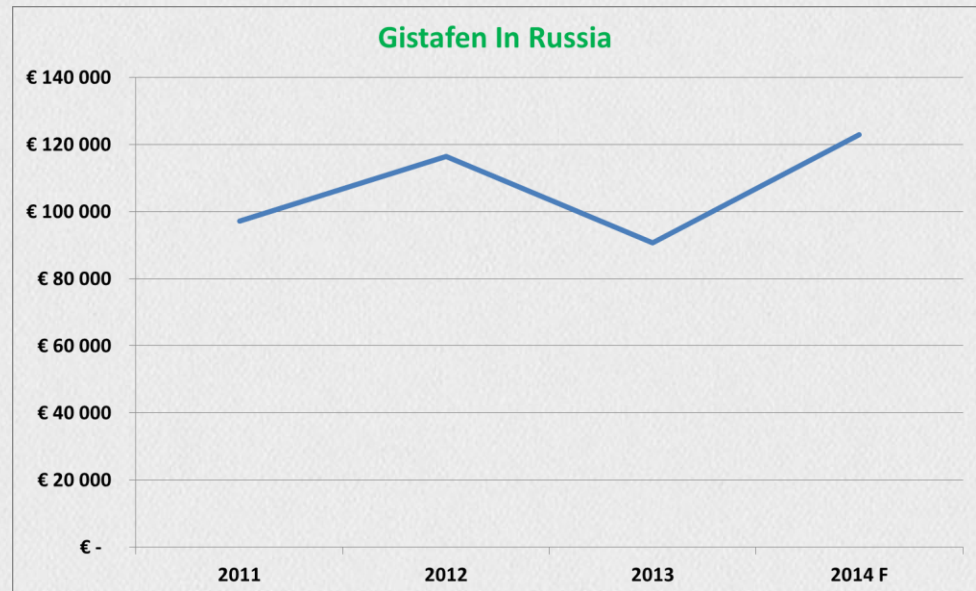
Furagin

- Ninth best selling product, makes up approx. 2% of our Russian sales, generic, not promoted;
- 1 form: tablets 50 mg N 30
- Prescription
- Retail price: ~ 190 RUR (3.8 EUR).



Gistafen

- Eleventh best selling product, makes up less than 1% of our Russian sales, promoted;
- 1 form: tablets 50 mg N 20
- Prescription
- Retail price: ~ 430 RUR (8.6 EUR).



Olainfarm in Russia – Wrap Up

- Vast majority of products fits in 3-10 EUR price range, a group with a clear trend to grow;
- 89% of Russian sales are prescription, fitting well into the overall distribution between RX and OTC in Russian market;
- Like with overall Olainfarm's sales, leading products in terms of volumes and margins are the promoted ones.
- Increase in price of locally produced products in Russia increases the possibility to raise the sales of non promoted products like Furadonin and Furagin, that are more sensitive to price.

Olainfarm in Russia – Future Outlook

- Because Ukraine – Russia crisis and related events have been developing rather rapidly, any speculations about the future outlook could soon become irrelevant;
- Still, Russia for the nearest future is expected to remain our key market;
- Sanctions adopted to far do not have any direct influence on our business in Russia, most likely indirect impact may occur should sanctions be applied to bank payment infrastructure in Russia;
- The only reported countermeasure by Russia that partially applies to pharmaceutical industry is locally strongly opposed suggestion to limit the imports of OTC products having similar INN product made in Russia. In our case this would impact sales of Remantadin and Fenkarol, which equals 11% of our Russian sales.

Q&A Session

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

Thank you!

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