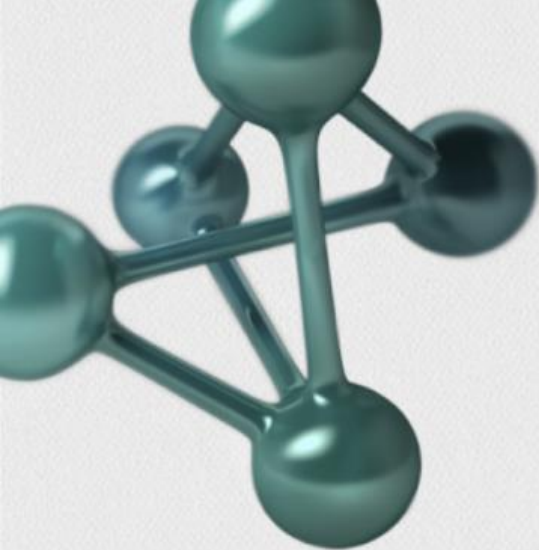




Webinar Presentation

2nd quarter and
6 months of 2015

September 9,
2015

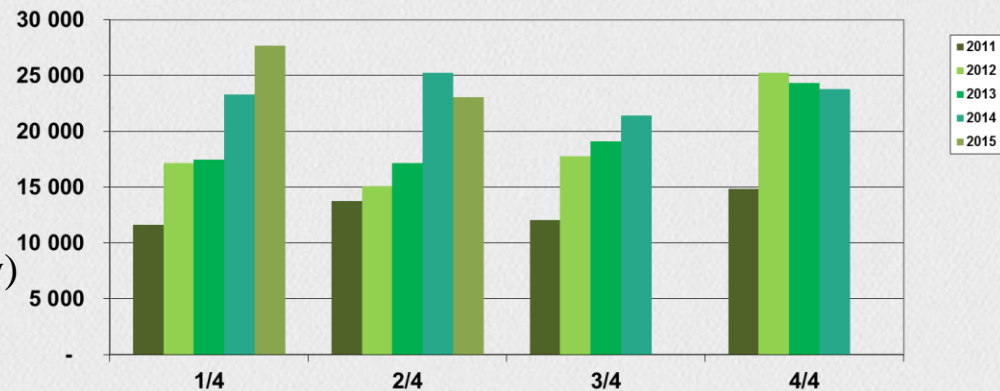


2nd Quarter

Sales in 2nd Quarter

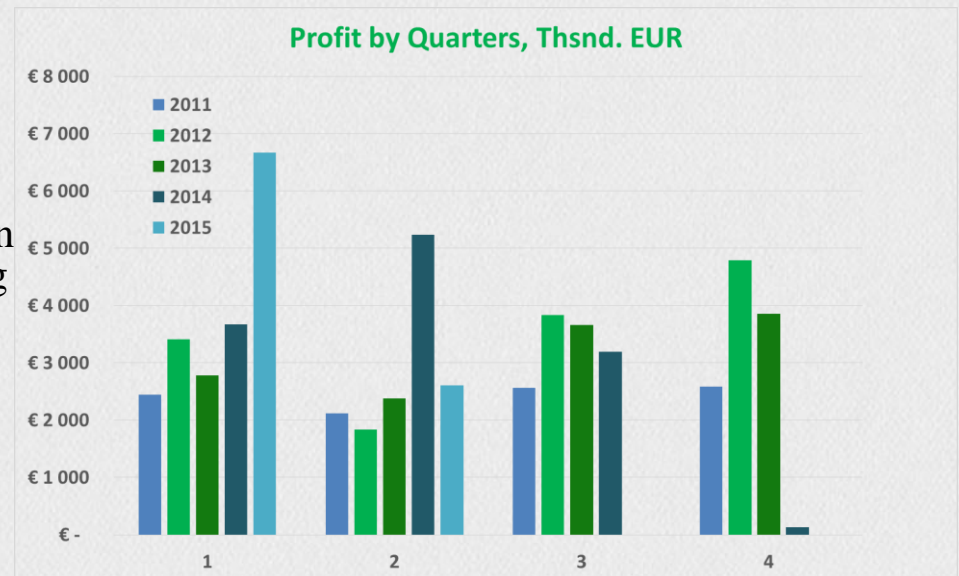
- Sales worth more than 23 million euros;
- Reduction by 9.6% YoY, compared to high base of 2014; still considerable increase to 2013;
- Six fold sales increase to WHO (The Netherlands) almost fully compensated for shrinking sales in Russia, Ukraine and Belarus (15, 40 and 13 per cent respectively)
- More than 4 million euros are sales by pharmacies, increase by 12%; more than 0.9 million euros were sold by Silvanols.

Sales by Quarters, Thsnd. EUR



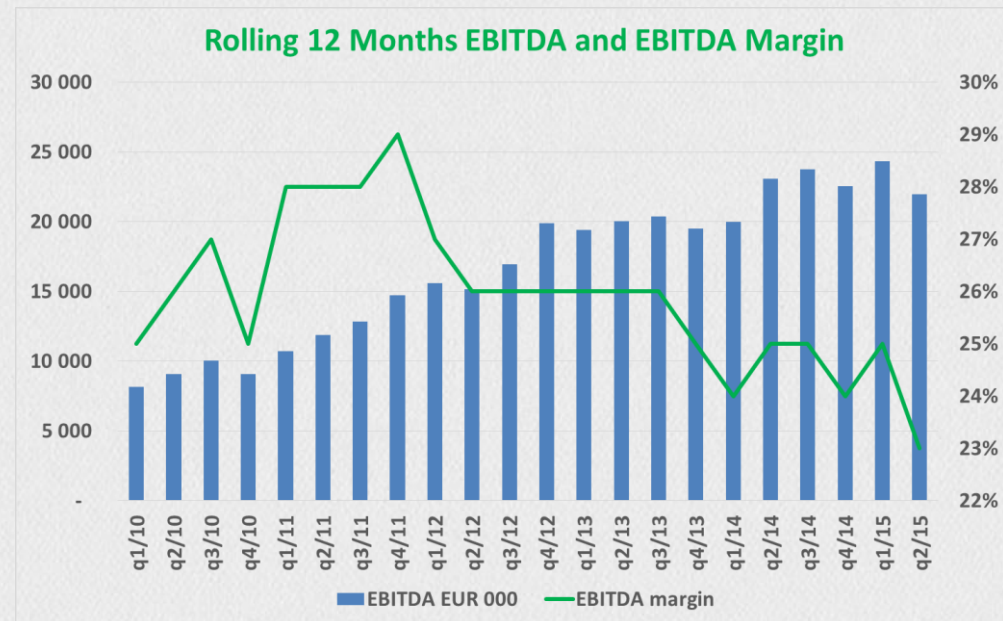
Profit of 2nd Quarter

- Preliminary at 2.6 million euros, reduction by 50% compared to Q2 2014, which was one of the best in corporate history;
- Again, influenced by provisions of more than 1.1 million EUR made to secure outstanding receivables from Russia and for expected foreign exchange loss in Q3;
- Only slightly positive forex impact in Q2 alone.



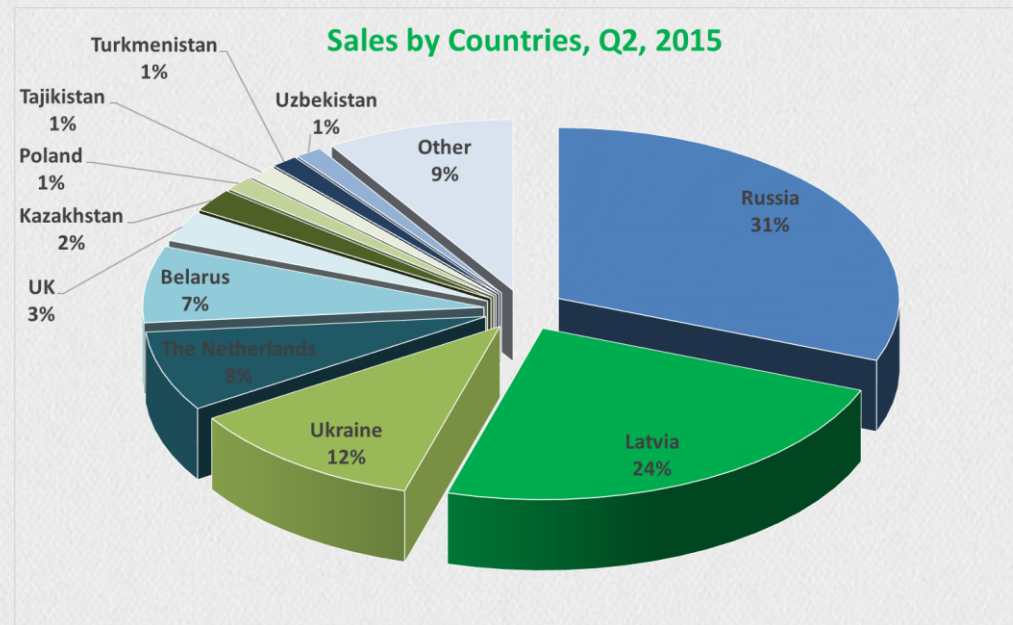
EBITDA and Margin

- Q2 EBITDA at 4.6 million, H1 EBITDA at 12.7 million, 12 months rolling at 22 million euros;
- Reduction in EBITDA and the margin mainly due to sales mix changing from top margin sales to CIS countries, to smaller margin sales of chemicals and sales to WHO.



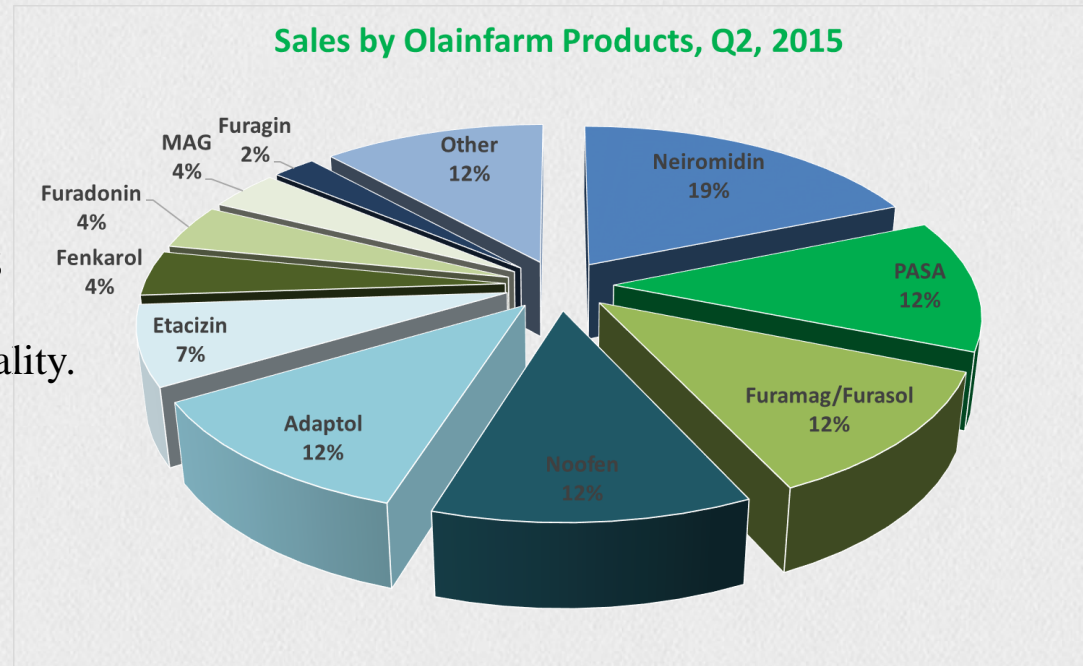
Sales By Countries, 2nd Quarter

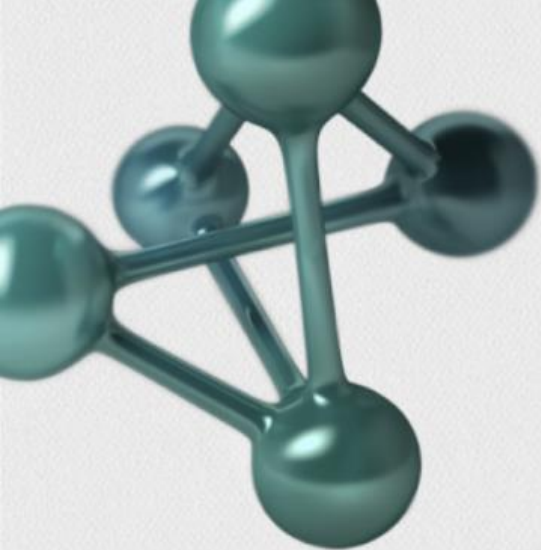
- Russia's share lowest since country pie charts are being prepared;
- Share of Latvia quite stable at 24%;
- Share of Ukraine still low, as is the share of Belarus, the latter losing its place to The Netherlands (WHO);
- Central Asian countries together now make up more than 5% of total sales.



Sales By Products, 2nd Quarter

- Neiromidin is still a clear leader;
- 4 products and «others» equally at 12%;
- Remantadin out of top 10 due to seasonality.



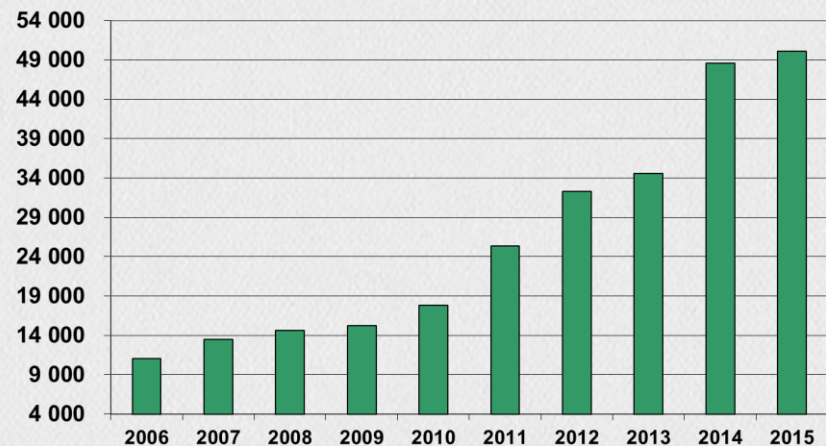


6 Months of 2015

Sales in 6 Months of 2015

- Sales worth almost precisely 50 million euros, or 50% of annual target of 100 million;
- Slight increase by 3%, mainly due to a very successful Q1;
- Good Q1 still made it the best H1 so far;
- About 8.2 million euro are gross sales by pharmacies, and about 4.2 million euro are net sales by pharmacies; Sales by Silvanols are 2 million euro.

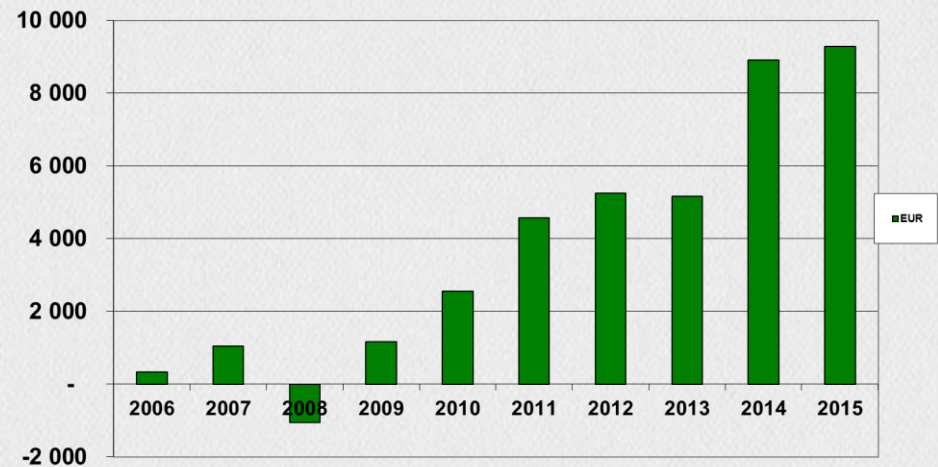
Six Months Sales, Thsnd. EUR



Profit of 6 Months of 2015

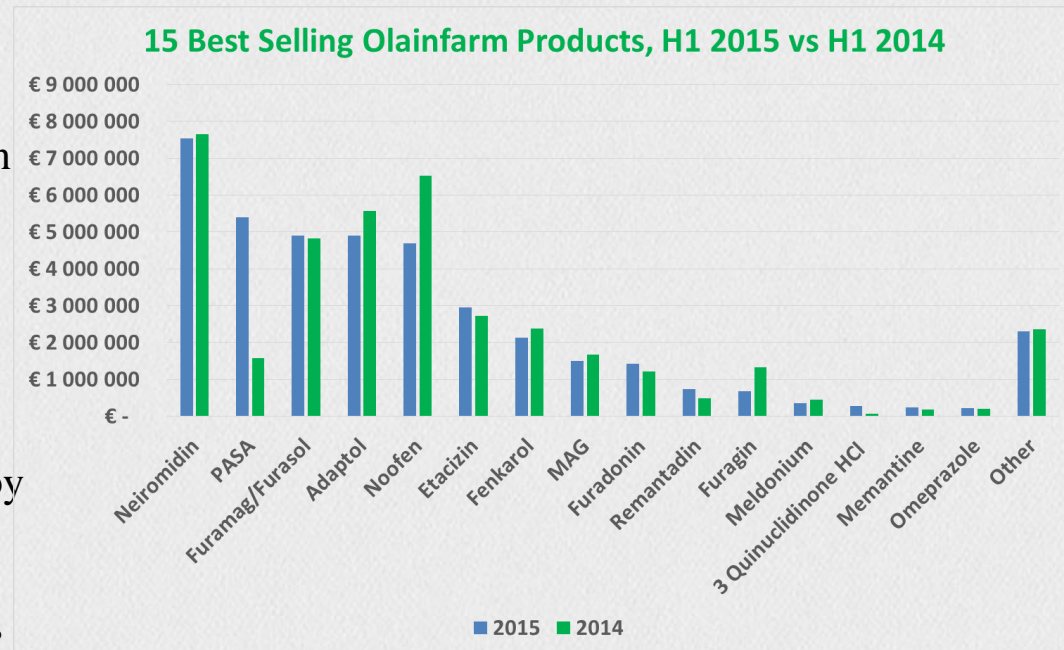
- Preliminary at 9.3 million euros, even after provisions of 1.5 million euros for receivables and expected foreign exchange loss.
- Increase by 4%, compared to 6 months of 2014;
- 62% of profit guidance for 2015 met; consolidated profit target being 15 million euros.

Six Months Profit, Thsnd.



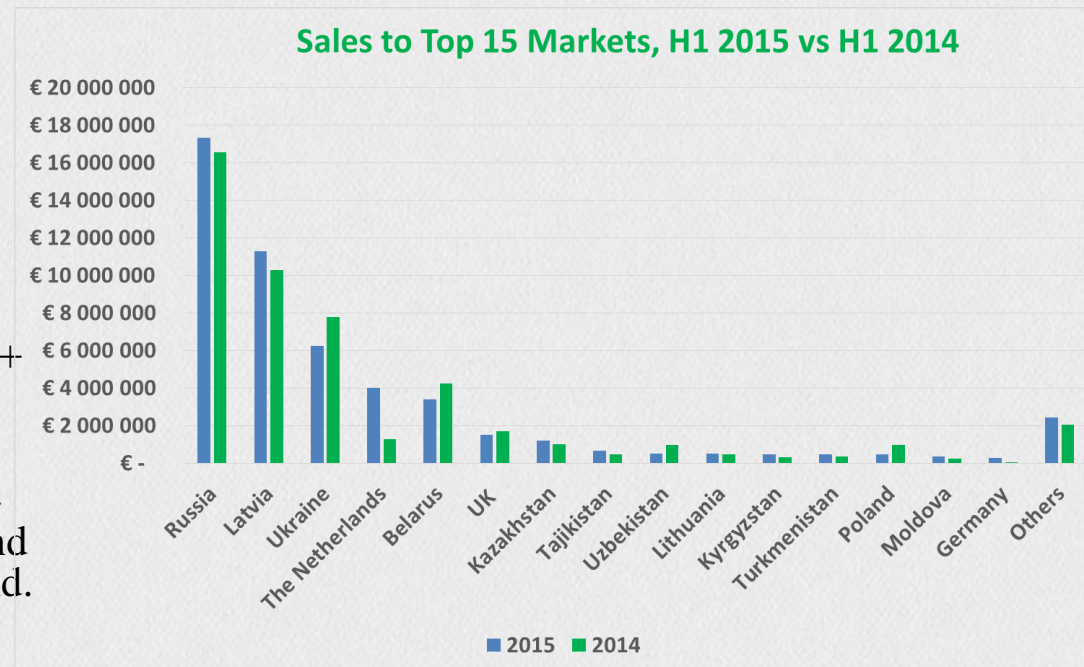
Growth Drivers: Products

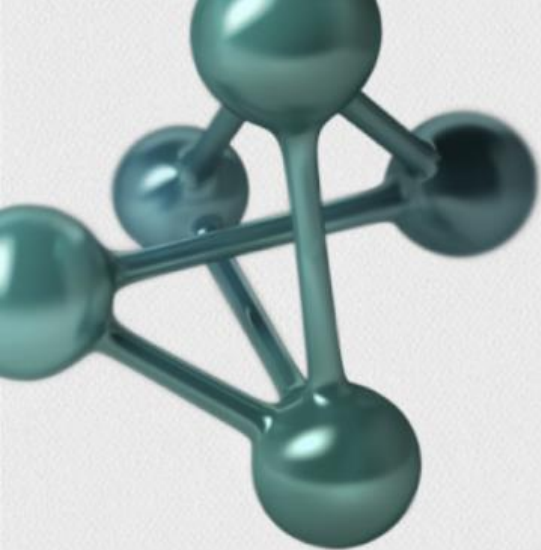
- 8 out of 15 growing;
- PASA a clear growth leader with 3.8 million euros more sales this year;
- Other growth leaders: Remantadin 254k, Etacizin 219k, and 3 Quinuclidinone HCl + 218 k EUR.;
- Noofen falls by 1.8 million EUR, Adaptol by 673k, Furagin by 646 k EUR.;
- Most of declines deriving from falling sales in Ukraine, Belarus and Poland



Growth Drivers: Countries

- 10 out of 15 countries growing;
- The falling ones are Ukraine, Belarus, UK, Uzbekistan and Poland;
- Top growers in nominal terms: The Netherlands + 2.7 million, Latvia + 1 million, Russia + 766 thousand, «Others» + 375 thousand;
- Top decliners in nominal terms: Ukraine – 1.5 million, Belarus – 866 thousand, Poland – 523 thousand, Uzbekistan – 473 thousand.

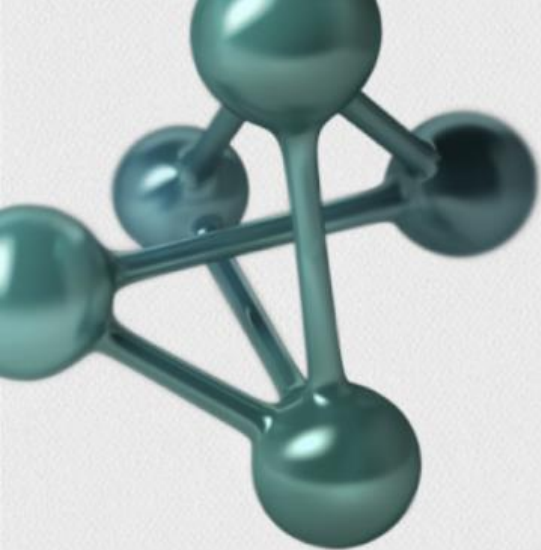




Update On Recent Events

Recent Events

- AGM held on June 11.; Among other things approved Groups sales target of 100 milion EUR and profit target of 15 million EUR;
- This year's Baltic – Nordic road show is tentatively scheduled for the last week of October, covering Tallinn, Helsinki, Stockholm and Vilnius. Please contact me to schedule a meeting.



In Focus : Latvijas Aptieka

Latvijas
ap*+*tieka

Background

- In November 2011, Olainfarm announced investing in pharmaceutical retails and first 18 pharmacies of Ilmas Aptiekas were acquired;
- In two years number of pharmacies grew to 48;
- In September 2015 the chain consists of 60 pharmacies in 28 cities and towns throughout Latvia;

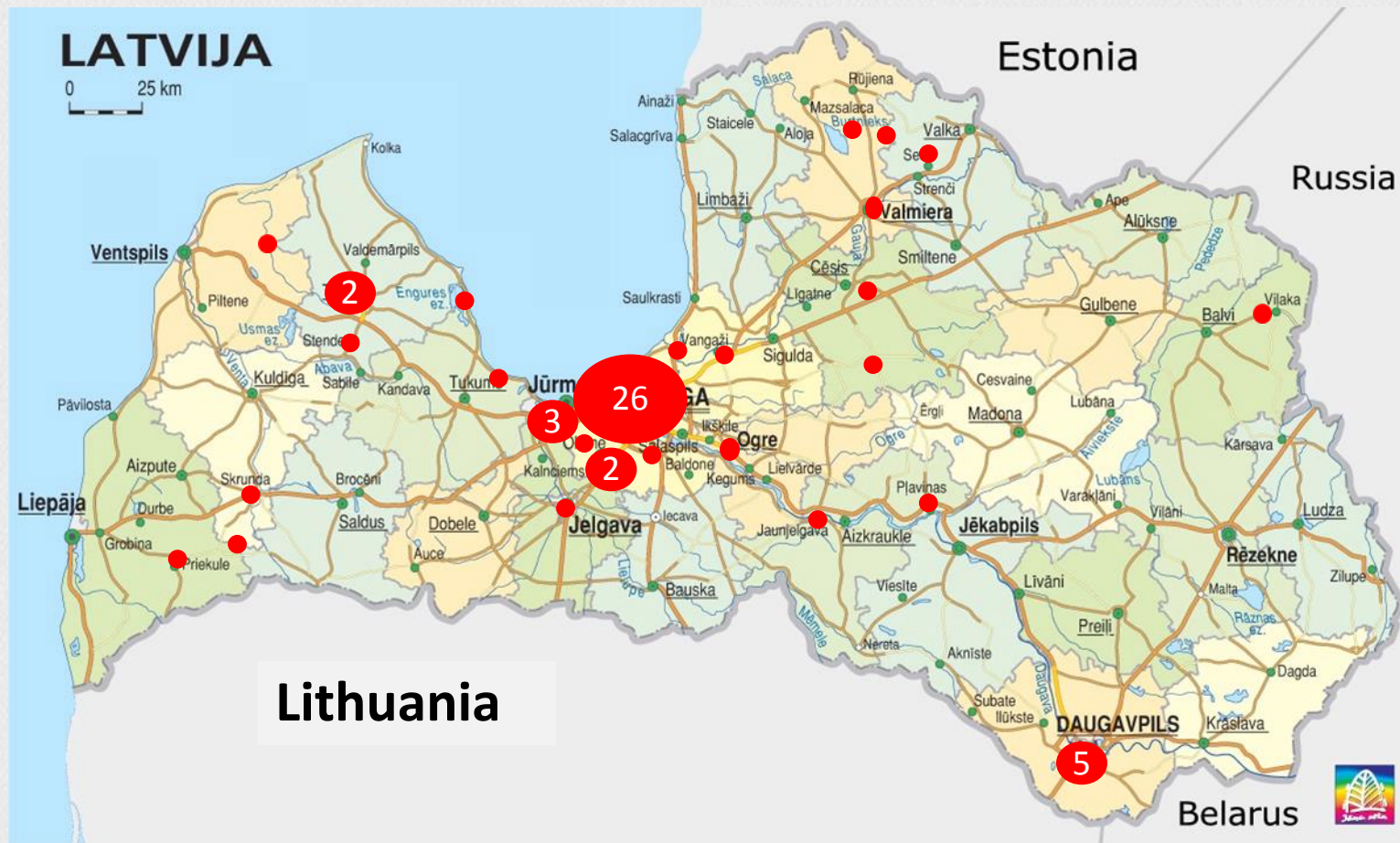


Overview

- Ownership of a pharmacy chain allowed the Group to boost its sales in Latvia, thus adding to less dependency on CIS markets, it also made a wholesaling function financially viable;
- In August 2015, Latvijas Aptiekas had 5% Latvian pharmaceutical market share;
- According to SoftDent, Latvian pharmaceutical retail market had YoY growth of 10.8%, while Latvijas Aptiekas grew by 12.4%;



Locations of Pharmacies, Sep. 2015



Balance Sheet

- As it were independent companies that were acquired in most cases, a process or reorganizing into one entity was necessary;
- Last parts of bigger merger were formally merged in at the end of 2014, therefore previous BS not comparable;
- BS over the last three quarters rather stable;
- Dividends of 300 000 EUR were proposed from the profits of 2014.

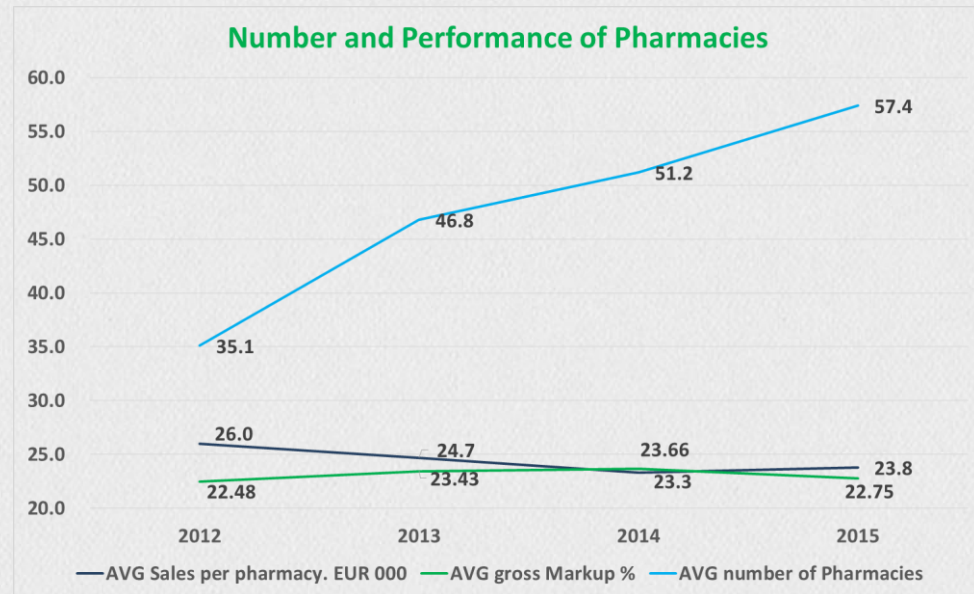
Balance Sheet, EUR '000				
		June 30, 2015	March 31, 2015	December 31, 2014
Assets				
	Intangible Assets	1 944	1 955	1 945
	Fixed assets	806	774	802
Total LT Assets		2 750	2 718	2 747
Current Assets				
	Stock	1 234	1 193	1 148
	Receivables	584	687	393
	Cash	402	405	237
Total Current Assets		2 220	2 285	1 778
Total Assets		4 970	5 003	4 525
Equity				
	Capital	16	16	16
	Retained Earnings	1 069	1 243	1 073
Total Equity		1 095	1 261	1 091
Liabilities				
	LT Liabilities	18	24	25
	Current liabilities	3 867	3 718	3 409
Total Liabilities		3 885	3 742	3 434
Total Liabilities and SE		4 970	5 003	4 525

Profit and Loss Statement

P&L EUR '000								
	2015 Q2	2015 Q1	2014 Q4		2015 M6	2015 M3	2014 M12	2014 M9
	EUR '000	EUR '000	EUR '000		EUR '000	EUR '000	EUR '000	EUR '000
Net sales	3 931	4 206	4 115		8 137	4 206	14 777	10 662
COGS	(2 942)	(3 153)	(3 037)		(6 095)	(3 153)	(11 087)	(8 050)
Gross Profit	989	1 053	1 078		2 042	1 053	3 690	2 612
Selling costs	(780)	(802)	(821)		(1 582)	(802)	(3 043)	(2 222)
Administrative costs	(135)	(146)	(132)		(281)	(146)	(521)	(389)
Other operating income	96	96	122		192	96	356	234
Other operating costs	(9)	(8)	(27)		(17)	(8)	(46)	(19)
Financial revenues	-	-	4		-	-	16	12
Financial costs	(3)	(2)	(3)		(5)	(2)	(9)	(6)
Profit before tax	158	191	221		349	191	443	222
Corporate income tax	(39)	(23)	19		(62)	(23)	(16)	(35)
Deferred CIT	5	2	(18)		7	2	(10)	8
Net profit for the period	124	170	222		294	170	417	195

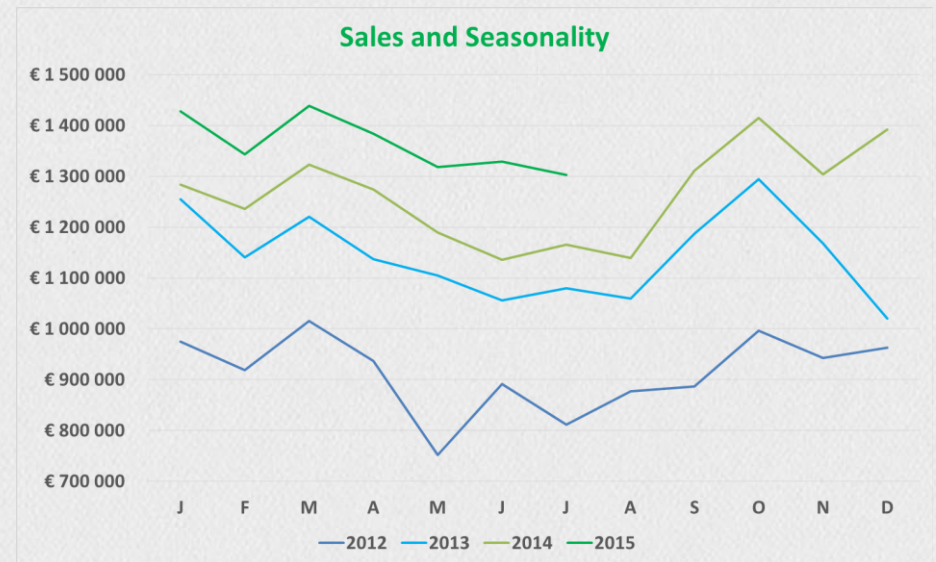
Performance

- Number of overall sales crucial for capitalizing on wholesalign function;
- Pricing of medicines is strictly regulated by the government; food supplements, medical devices, cosmetics, etc., however, can be priced freely;
- Increasign share of compensated medicines puts a downward pressure of gross markup;
- Gross markup can be lifted by increasing share of sales of unregulated price products;
- Average sales per pharmacy remains a challenging indicator, as many rural areas become increasingly depopulated.



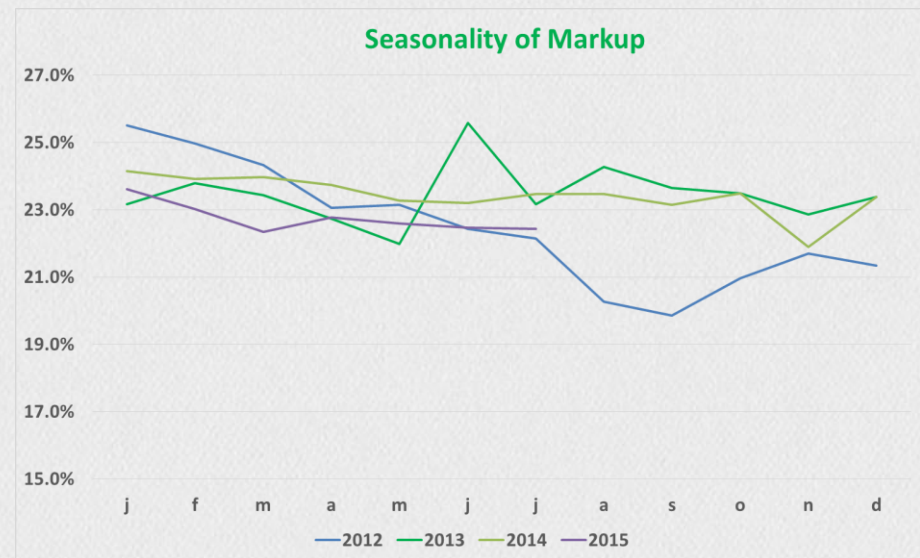
Seasonality Factor

- Clear seasonality as January, March and October of each year seem to be months with highest sales;
- Summer months of June, July and August normally are the months with poorest sales;
- Difference between the best and worst months can be as high as 40%



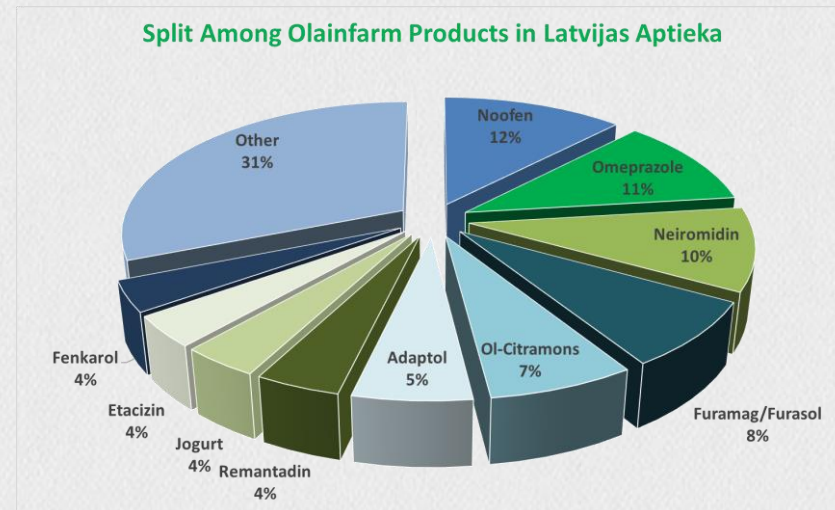
Seasonality of Margins

- No clear seasonality, except some markup reduction in summer months;
- Normally a year starts with higher markup than the previous one has ended;
- During the last two years markup has increased by approx 2 pp.



Olainfarm in Latvijas Aptieka

- Data for 7 months of 2015;
- Olainfarm's share in sales of Latvijas Aptieka is significantly larger than in Latvian pharmaceutical retail market overall;
- Split among Olainfarm's products in Latvijas Aptieka is somewhat different from overall product split;
- Much larger share to «others», much bigger influence of typical generics, including Omeprazole, Citramon and pro-biotic Jogurt.



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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