

# WEBINAR PRESENTATION

QUARTER 4, 2019



# QUARTER 4

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# SALES IN Q4 2019

Sales reached

**EUR 38.5 million**

An increase by

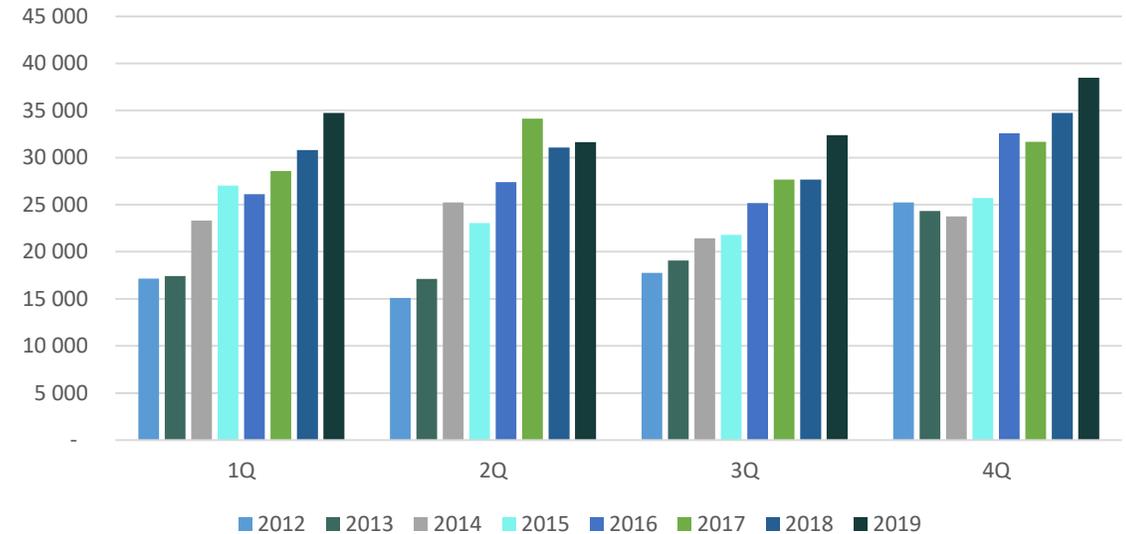
**11%**

y-o-y and **19%** q-o-q

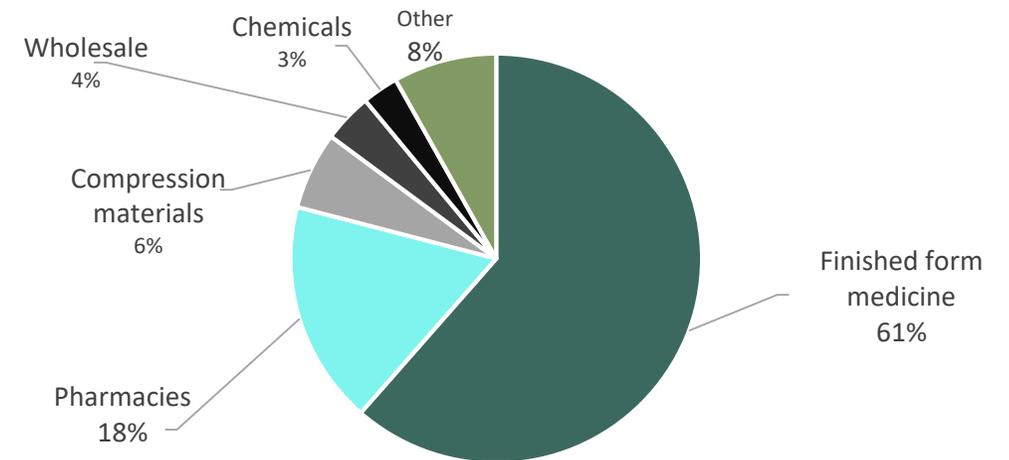
## Revenues of the main segments:

- **FDF** – EUR 23.6 million (+19% y-o-y; +28% q-o-q);
- **Pharmacies** – EUR 6.8 million (+6% y-o-y; +12% q-o-q);
- **Compression materials** – EUR 2.4 million (-13% y-o-y; +2% q-o-q);
- **Wholesale** – EUR 1.5 million (+11% y-o-y; -1% q-o-q);
- **Chemicals** – EUR 1.1 million (-20% y-o-y; -16% q-o-q);
- **Other** – EUR 3.1 million (+4% y-o-y; +16% q-o-q)

Sales breakdown by quarter, EUR '000



Segment breakdown, Q4, 2019



# SALES IN 2019

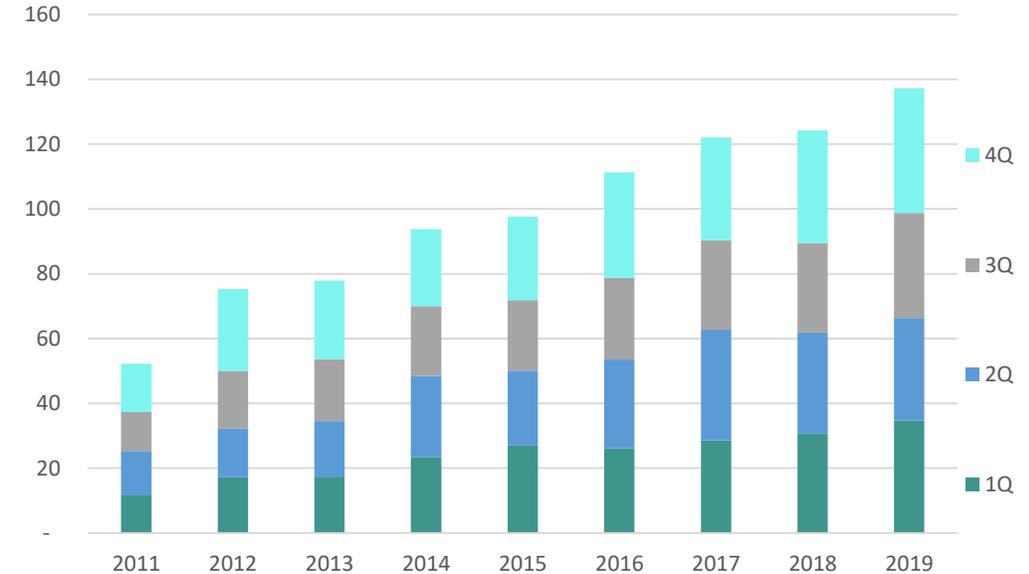
Sales reached **EUR 137.3 million**

An increase by **10%** or EUR 13 million compared to 2018, ~EUR 6 million due to extra build up of inventory

## Revenues of the main segments:

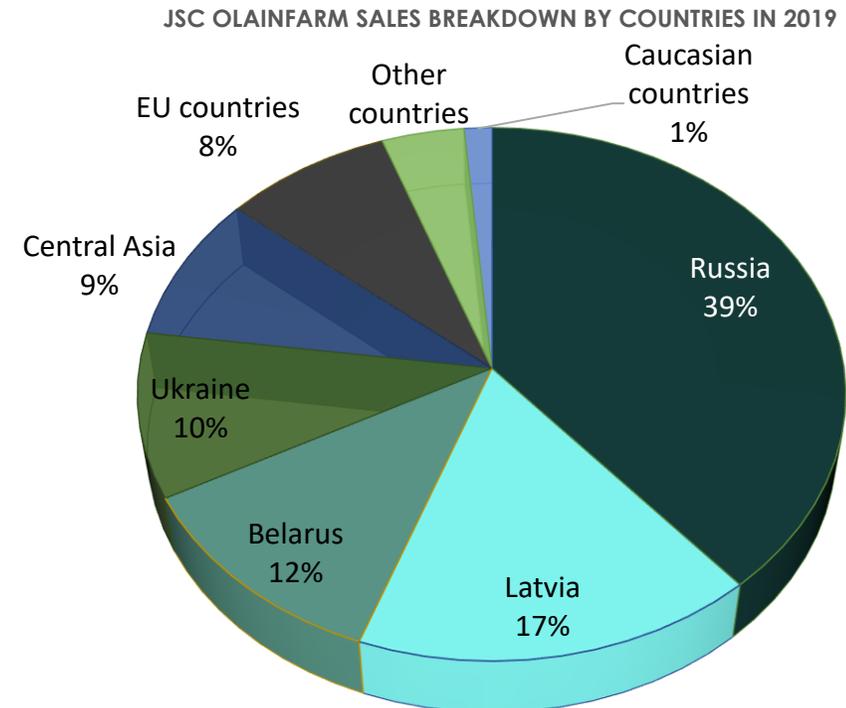
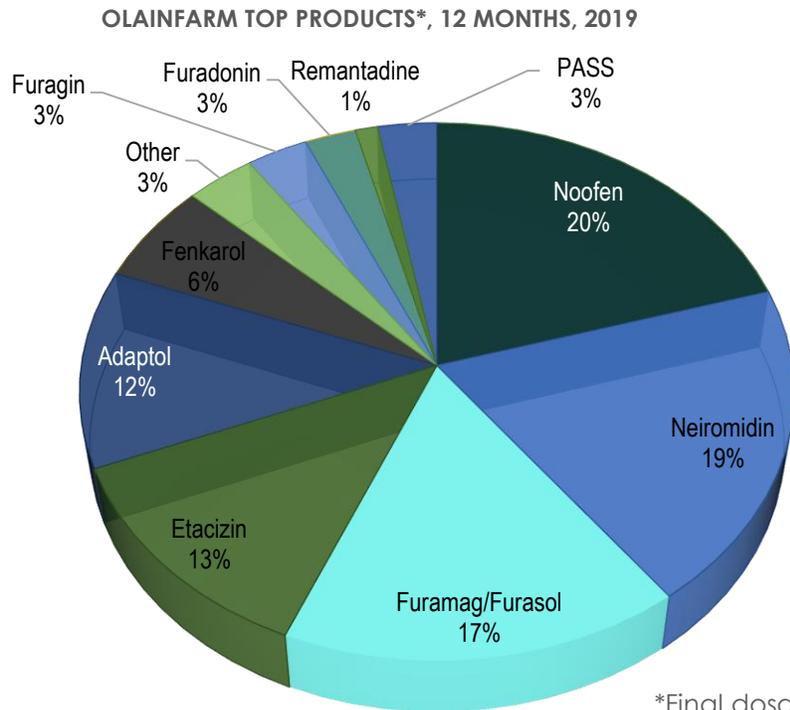
- **FDF** – EUR 81.0 million (+14% or EUR 10 million);
- **Pharmacies** – EUR 25.4 million (+7% y-o-y or EUR 1.6 million);
- **Compression materials** – EUR 8.8 million (-8% y-o-y or EUR 0.7 million);
- **Wholesale** – EUR 5.4 million (-2% y-o-y or EUR 0.1 million);
- **Chemicals** – EUR 5.1 million (+16% y-o-y or EUR 0.7 million);
- **Other** – EUR 11.6 million (+15% y-o-y or EUR 1.5 million)

Annual sales by quarters, EUR mil.



# SALES BY PRODUCTS AND GEOGRAPHIES

- During 2019 **Noofen's share rose by 1pp y-o-y to 20%**, Neiromidin and Furamag/Furasol share was flat, Etacizin share increased by 2pp y-o-y to 13%. Overall the Top 5 products delivered 81% of FDF revenues;
- In Q4, 2019 due to extra sales to Russia, the **share of the Top 5 products increased to 85%**;
- Throughout 2019 the share of **Russian market increased by 3pp to 39%**, Latvian and Ukrainian shares declined by 1pp and 2pp, respectively, the share of Belarus and other markets was flat;
- In Q4, 2019 the **main four markets contributed 81% of total Parent sales**, that is by 5pp more y-o-y.



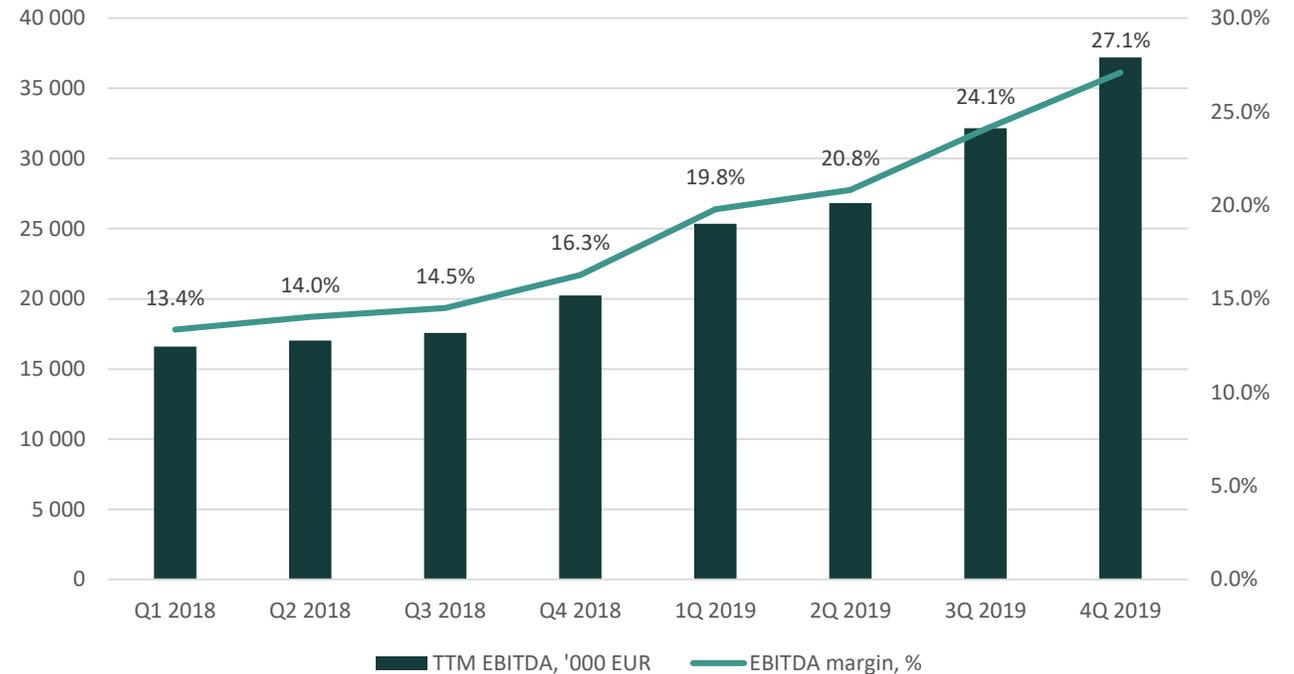
# CONTINUING GROWTH OF EBITDA AND MARGIN

EBITDA in Q4 reached **+85%** y-o-y **EUR 10.9 million** and +17% q-o-q;

EBITDA in 2019 reached **EUR 37.2 million** increasing by **85%**;

TTM EBITDA margin further improved to **27.1%** from 24.1% in comparison to the last quarter.

Group's TTM EBITDA and EBITDA margin



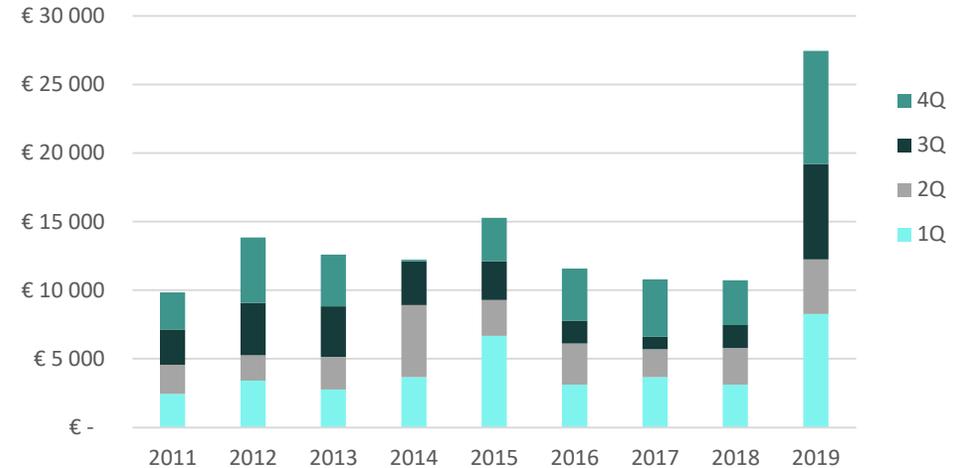
# STRONG NET PROFIT IN Q4, 2019

Net profit of EUR 8.3 million, which is an increase by **317% y-o-y**

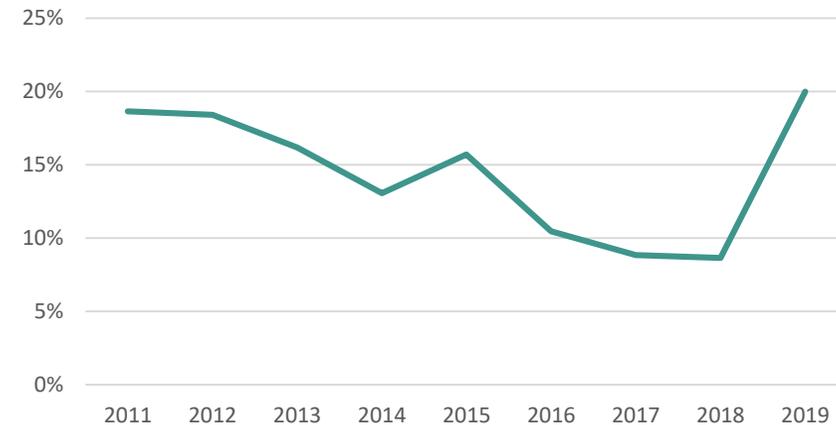
Net profit in 2019 was **EUR 27.4 million** (+156% y-o-y), the largest in Group's history so far;

Net profit margin for 2019 broke its downward trend and jumped to 20%.

Group's annual net profit, EUR '000

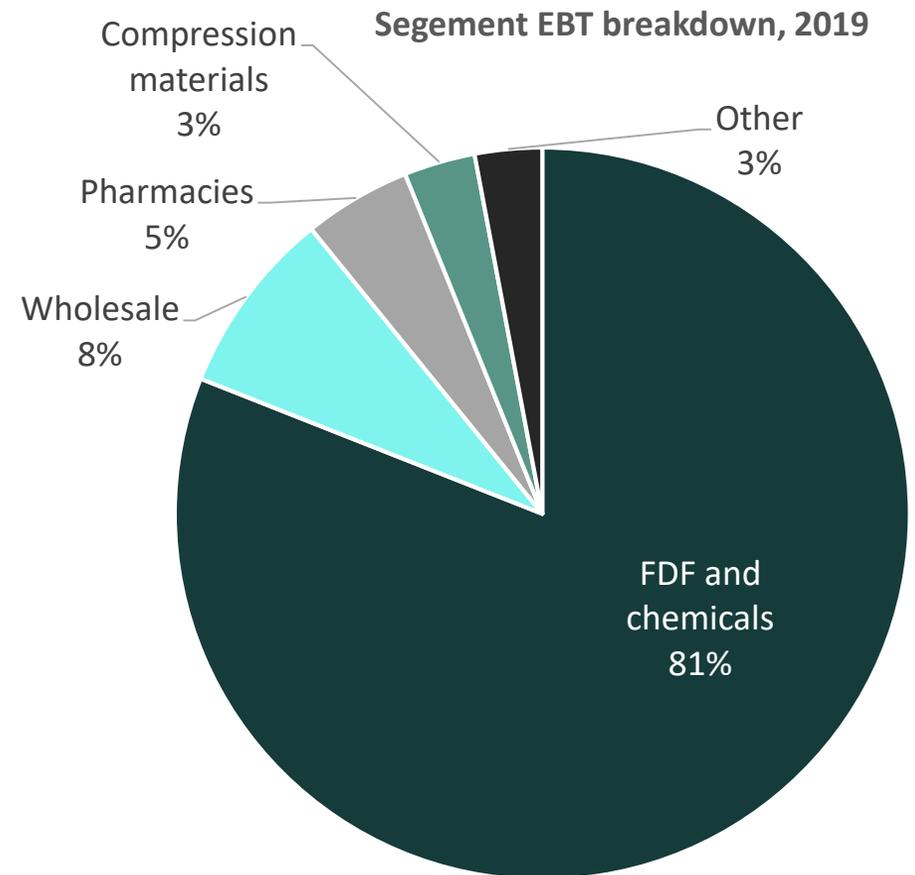


Net profit margin



# SEGMENT PROFIT BEFORE TAX

- In 2019 final dosage form and chemical segment contributed a total of **EUR 19.4 million**, an **increase by 103%** y-o-y, and is 81% of total allocated profit before tax;
- Wholesale segment made **EUR 2.0 million** (+38% y-o-y) and its share is 8% of EBT;
- Pharmacy segment generated **EUR 1.1 million** (+9% y-o-y) with a 5% share;
- Compression material segment's EBT **was EUR 0.8 million** (-60% y-o-y), 3% of EBT share.



# FACTORS AFFECTING NET PROFIT

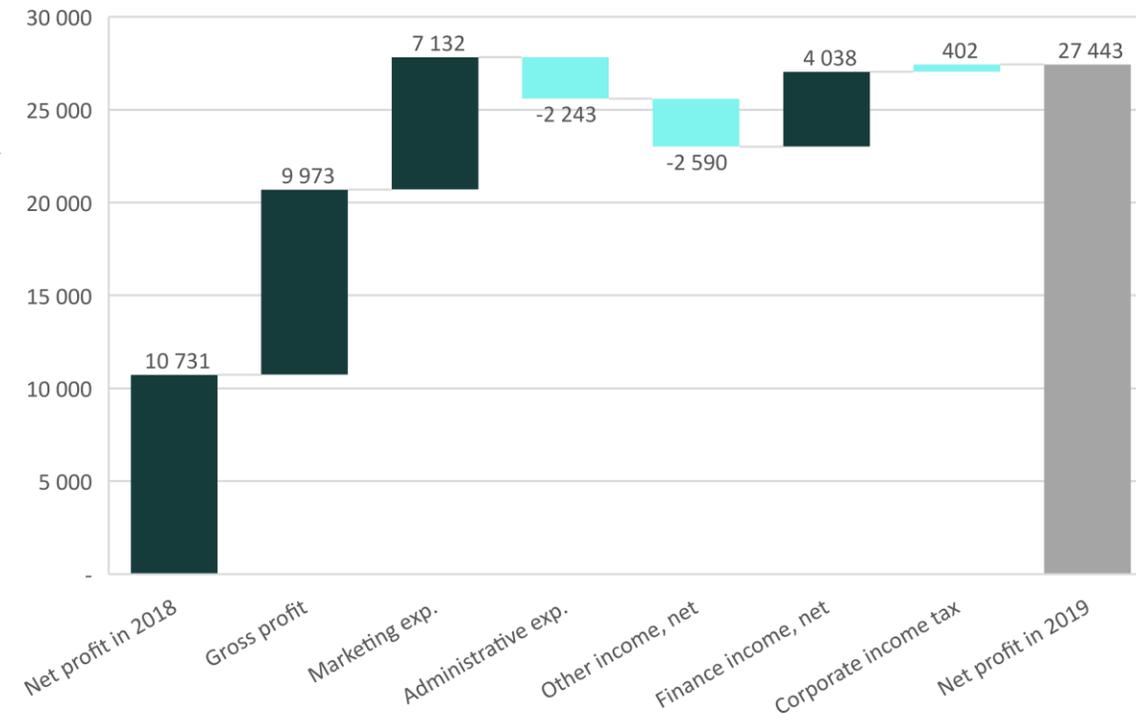
## Main factors contributing to the increase of the net profit:

- Strong improvement in gross profit due to higher gross margin (**63.7% vs. 60.9% y-o-y**), incl. ~ EUR 4.8 million due to additional deliveries of major products before year end;
- Decline in marketing expenses (from EUR **37.3** to **30.2** million) after review of previous partners;
- Gains from favourable changes in Russian rouble rate (~EUR **4.6** million).

## Net profit was negatively affected by:

- Increase in administrative expenses from EUR 24.4 to 26.7 million was related to a rise in salaries.
- Other operating expenses increased from EUR 1.7 to 4.1 million largely due to impairment on a non-current asset and by increased allowances of doubtful receivables, incl. that are related to subsidiary First Class Lounge (Samui) Co. Ltd.

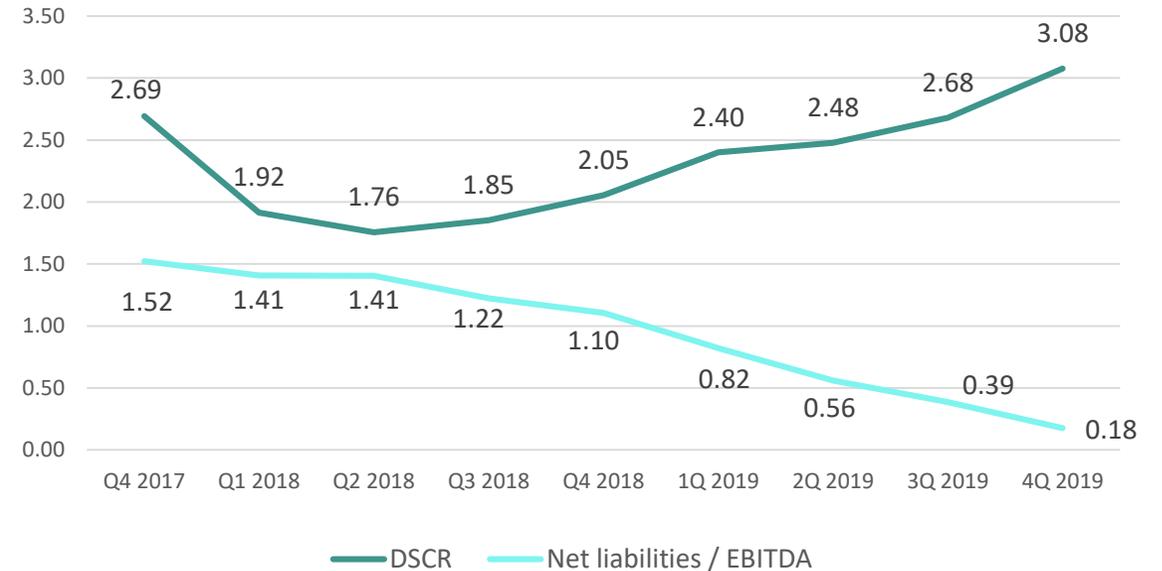
Net profit bridge 2018 to 2019, EUR '000



# BORROWINGS

- Leverage ratio continued to decline in Q4, 2019;
- **Main** contributing **factors** were:
  - Improvement of TTM EBITDA by EUR 5.0m;
  - Increase in cash position by EUR 3.8m;
  - Decline in interest bearing liabilities by EUR 2.1m;
- Strong financial positions will help fund future R&D and dividends.

Group's DSCR and Net liabilities / EBITDA



# POLL QUESTION

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# UPDATE ON RECENT EVENTS

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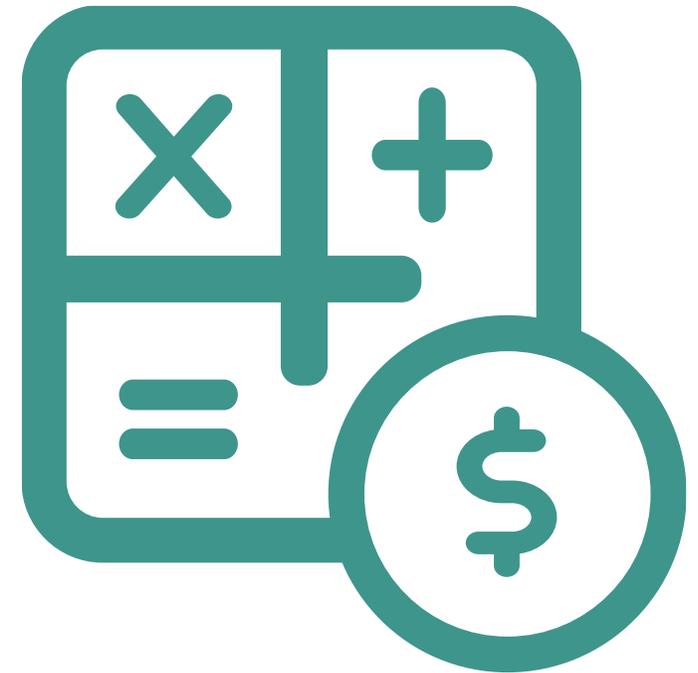
# EGM ON 24 JANUARY, 2020

- Extraordinary general meeting planned on 24 January this year **did not convene due to a lack of quorum.**
- According to the Articles of Association, the meeting cannot be held if more than 50% of paid capital with voting rights is not represented.



# ESTIMATES FOR 2020

- Group estimates revenues **to be EUR 135.5 million** and a **net profit of EUR 14.2 million**, as well as EPS of 1 euro;
- Olainfarm (Parent) forecasts revenues in the amount of **EUR 97.3 million** and a net profit of **EUR 13.4 million**;
- CAPEX is planned in the amount of **EUR 19.5 million**, incl. EUR 9.4 million in product development.



# NEW STRATEGY TO BE APPROVED SOON

## Mission

We **improve** customers' **lives** and **create value** to our organization by providing sustainable healthcare products and services leveraging on our manufacturing and commercial expertise.

## Vision

By the year 2025 we are the **Top 10 CEE manufacturing company** sustainably delivering healthcare products and services in specific therapeutic areas in CEE, CIS and beyond.

## Key therapeutic areas



Neurology/ psychiatry



Cardiology

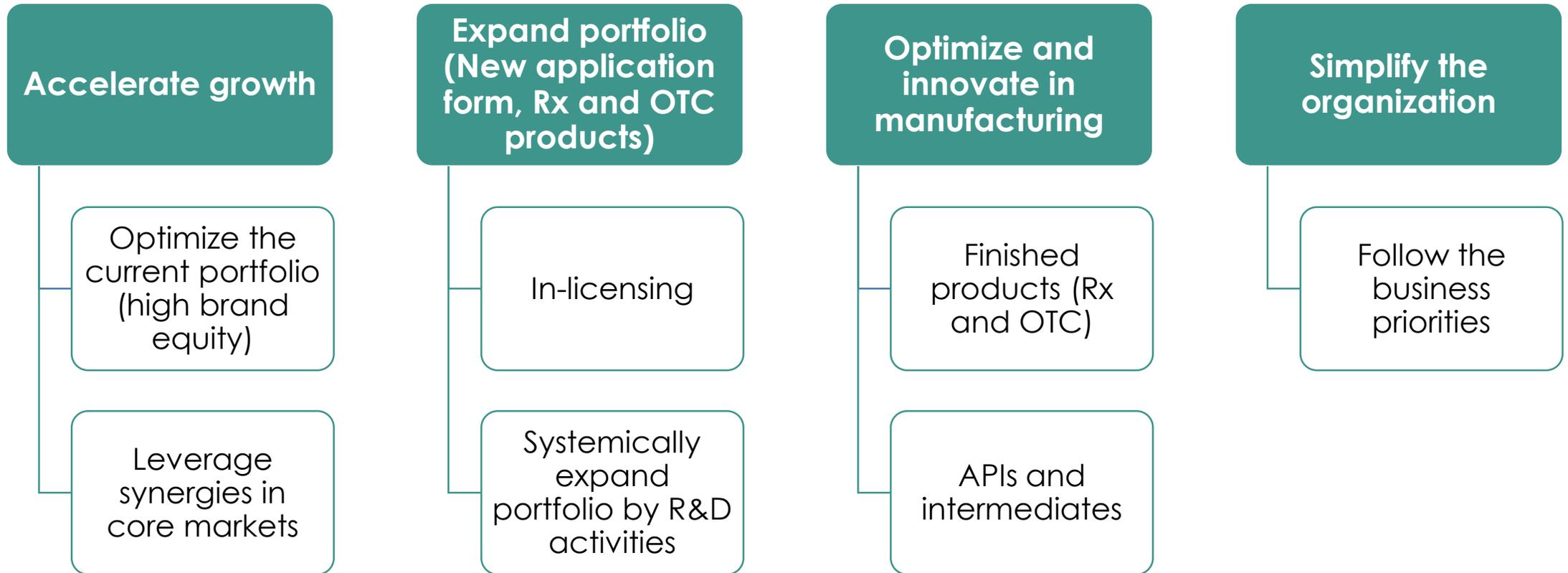


Alimentary / Diabetis



Urinary / urinary tract infections

# 2020 STRATEGIC ROADMAP – 4 PILLARS



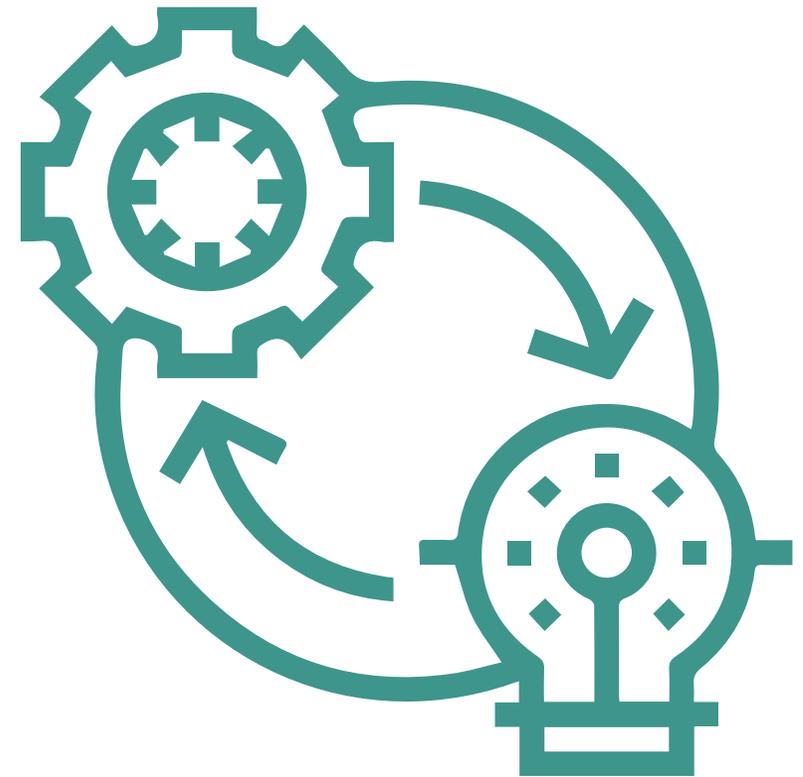
# INVESTMENTS IN R&D

- Throughout 2019 five Phase 1 clinical trials (pharmakinetics and bioavailability) were started with completion of trial planning, drafting required documentation and issue of permits. Trials are set to close, and final reports to be received in Q1 – Q3, 2020;
- At the same time, in 2019 planning and preparation stage began for Phase 3 clinical trials for two final dosage forms with a plan to start trials in 2020. Implementation of clinical trials for peripheral nervous system diseases is planned for Q1, 2020.
- During 2020, substantial investments are allocated for planning clinical trials in order to start one Phase 1 clinical trial and three Phase 3 clinical trials in Q4, 2020 – Q1, 2021.

Five products	Phase 1	Final reports: Q1-Q3, 2020
Two FDF	Phase 3	Trials to start in 2020
Product for peripheral nervous system diseases	Phase 3	Clinical trials in 1Q, 2020
One product	Phase 1	Clinical trials in Q4, 2020-1Q, 2021
Three products	Phase 3	Clinical trials in Q4, 2020-1Q, 2021.

# NEW APPROACH FOR DISTRIBUTION AND MARKETING

- Attain business with largest and most stable Tier1 wholesalers;
- Improve financial terms of the Group;
- Systematic control of accounts receivables and any late payments;
- Evening out historical price differences of final dosage forms in key markets;
- In February, 2020 the Group established a subsidiary in Russia with the aim to facilitate promotion and distribution of products, market research and to increase commercial presence, which previously was provided by third parties.



# CHANGES IN INVESTOR COMMUNICATION

- Monthly indicative revenue announcements will be substituted for sales quarterly figures:
  - the last monthly data for March will be disclosed in mid-April;
  - the first quarterly data will be announced in mid-July for Q2, 2020.



# Q&A SESSION

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