



45
YEARS OF
PROVEN
VALUE



Webinar Presentation

3rd Quarter 2017

January 11,
2018

3rd Quarter

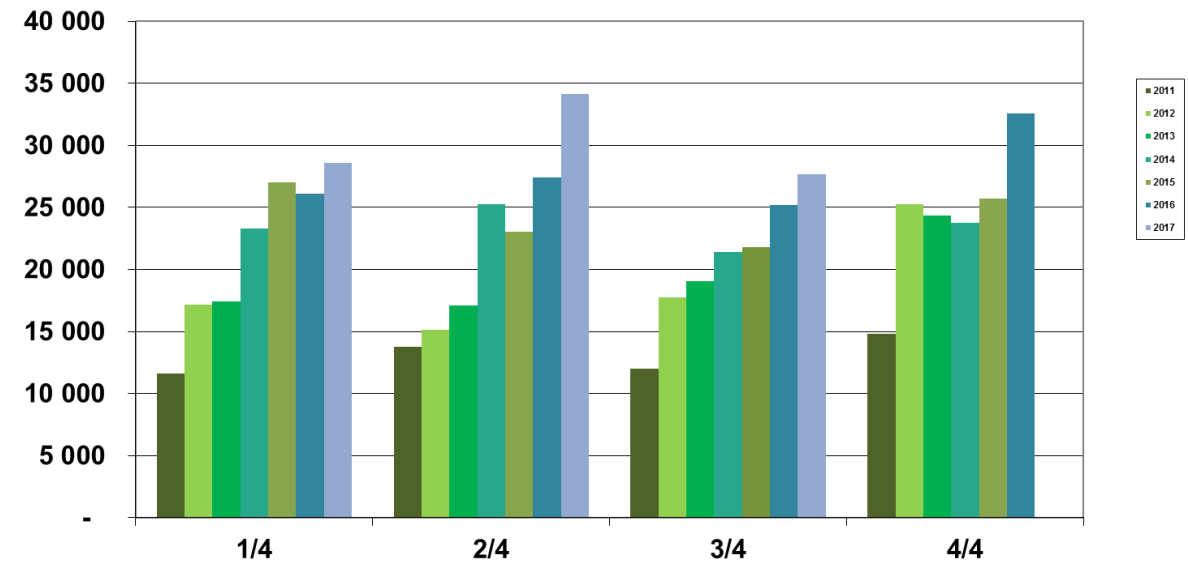
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Sales in 3rd Quarter

- Sales of 27.7 million euros; clearly the best third quarter in term of sales
- An increase by 10% compared to Q3 2016;
- Sales by pharmacies = 5.4 million gross, 2.7 million net;
- Sales by Silvanols = 1.2 million gross, 0.9 million net;
- Sales by Tonus Elast 2.3 million.

Sales By Quarters, Thsnd. EUR



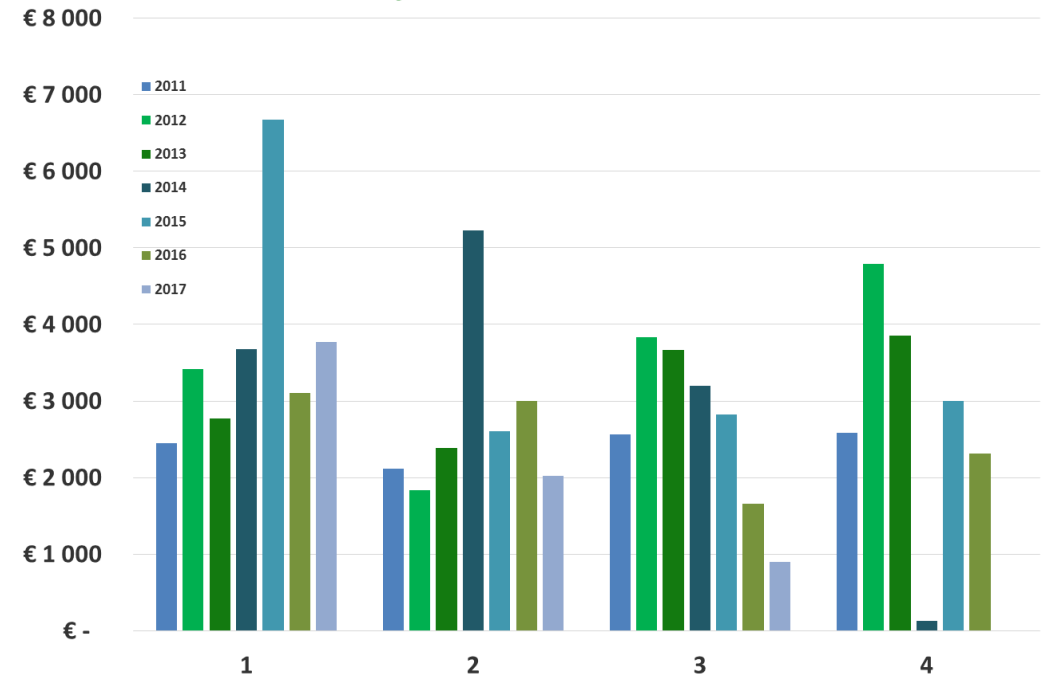
Profit of 3rd Quarter

- Preliminary at 0.9 million euros, a reduction by 46% compared to Q3 2016;
- Main operating factors influencing profit were: increased sales costs (+1.6 Mln) and administrative costs (+0.9 Mln);
- Main one-off factors impacting adversely were forex loss of approx. 0.5 mln and provisions of 0.9 mln for

In terms of profit – the weakest quarter since the end of 2014.

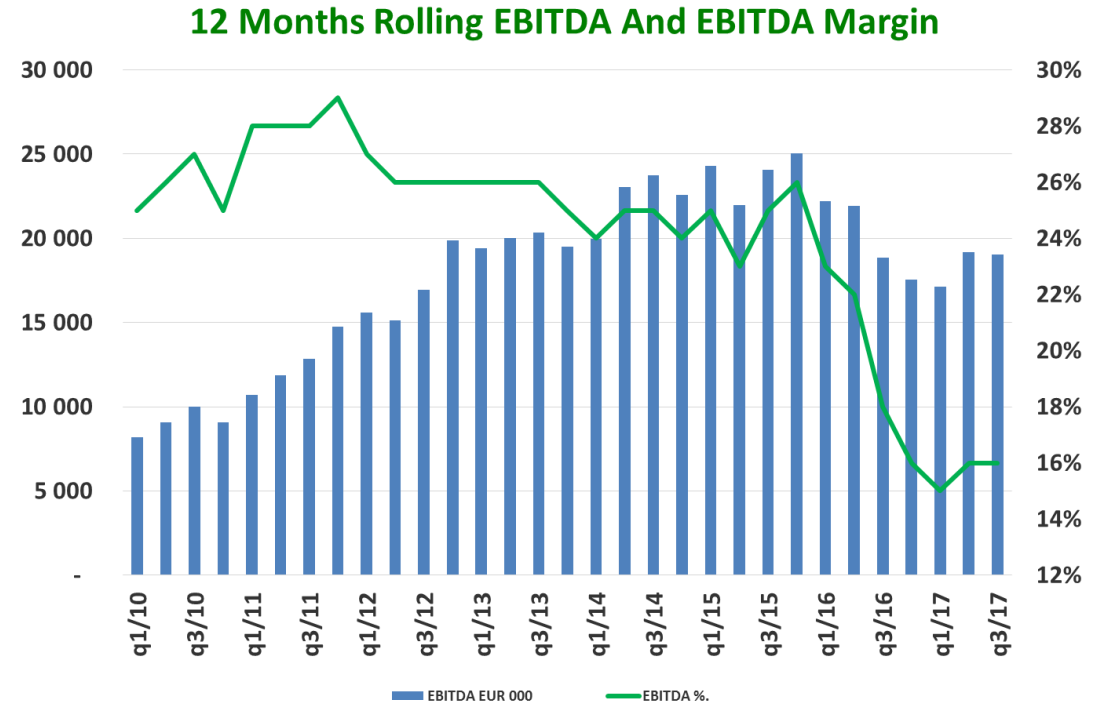


Profit By Quarters, Thsnd. EUR



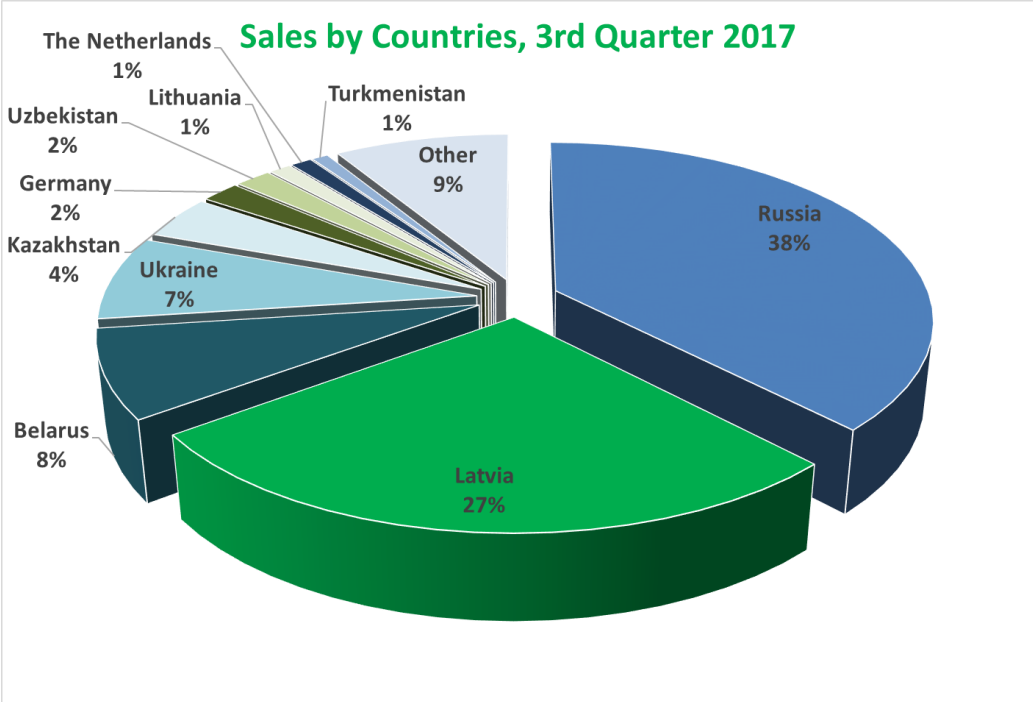
EBITDA and Margin

- 12 months EBITDA at 19 million, some stabilisation on lower level;
- EBITDA margin at 16%, also a slight stabilisation;



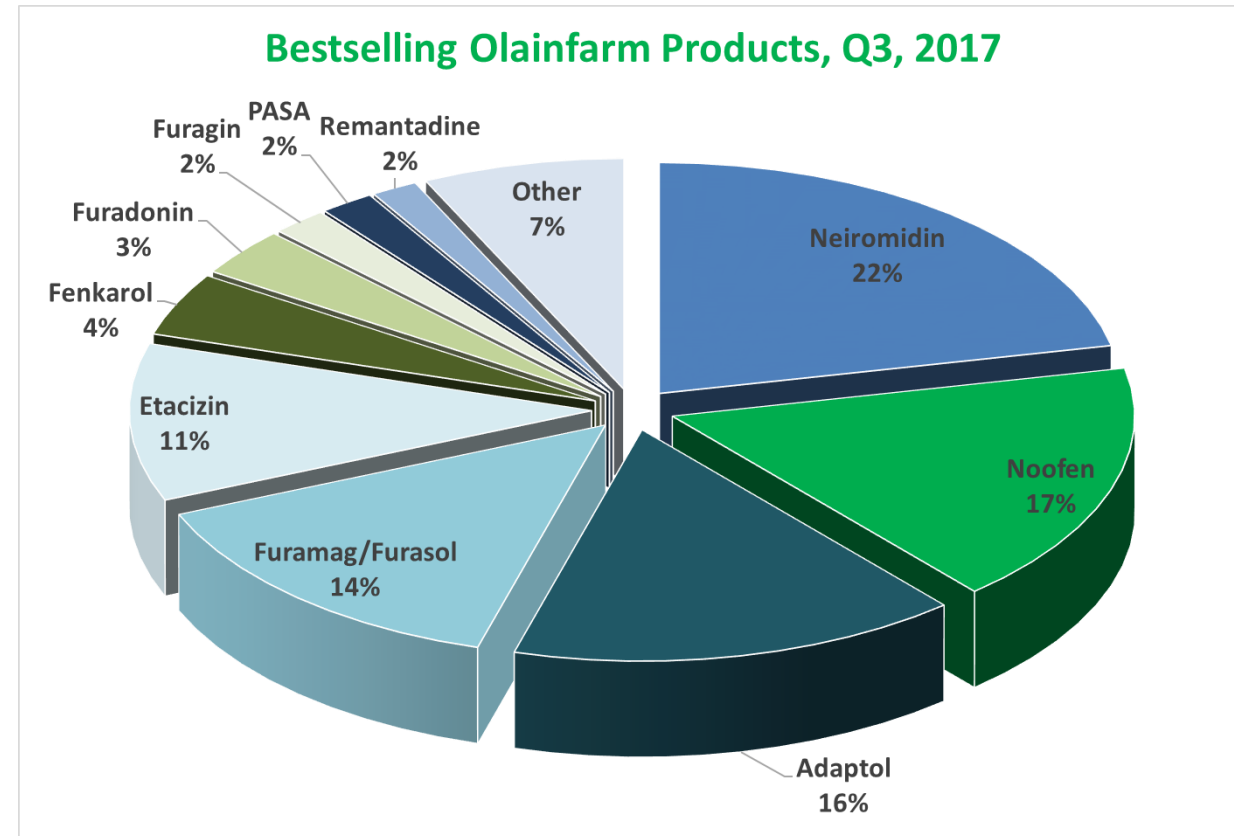
Sales by Countries, 3rd Quarter

- Much more concentration in Russia and Latvia, as both countries combined added 10% share in total sales;
- Ukraine down again from 11% to 7%;
- Poland and Italy replaced by Germany and Lithuania.



Sales by Products, 3rd Quarter

- Neiromidin increased to 22% and is again the best selling product;
- Noofen dropped from 20% to 17% and is now the second best selling product;
- Shares of Adaptol, Furamag/Furasol, Etacizin increased significantly, while PASA is seriously down;
- Remantadine replaced Memantine.



9 Months of 2017

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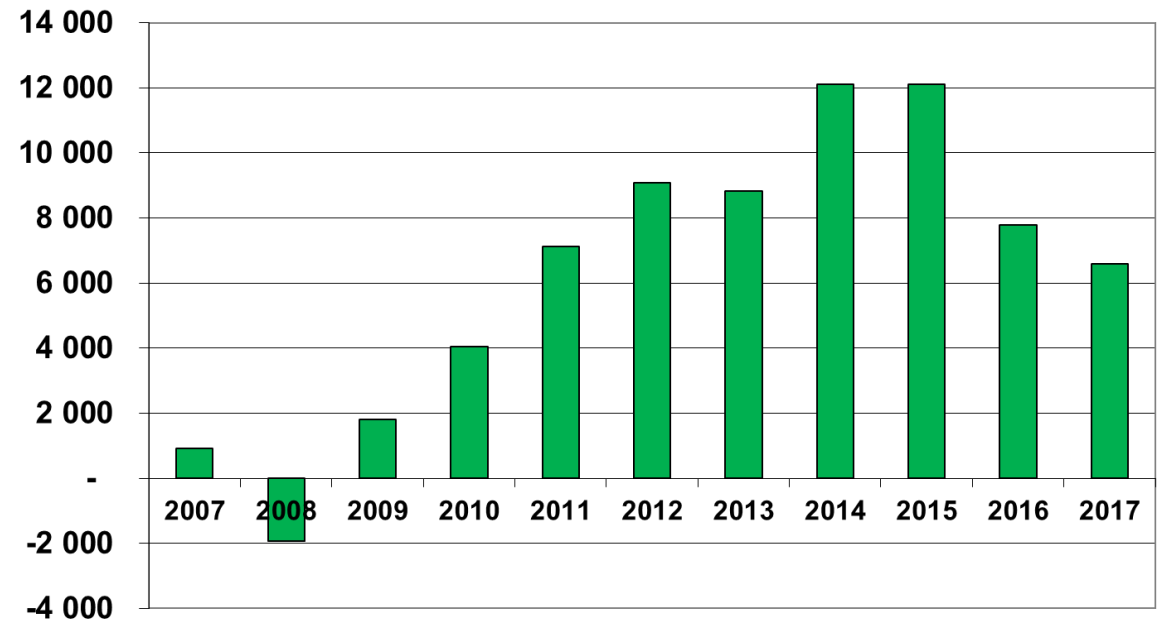
Sales in 9 months

- Sales at 90.4 mln, increase by 15% compared to 9 months of 2016;
- Sales by Tonus Elast = 6.2 million;
- Sales by pharmacies = 15.7 million gross, 7.6 million net;
- Sales by Silvanols = 3.9 million gross, 3.3 million net;

Profit in 9 Months

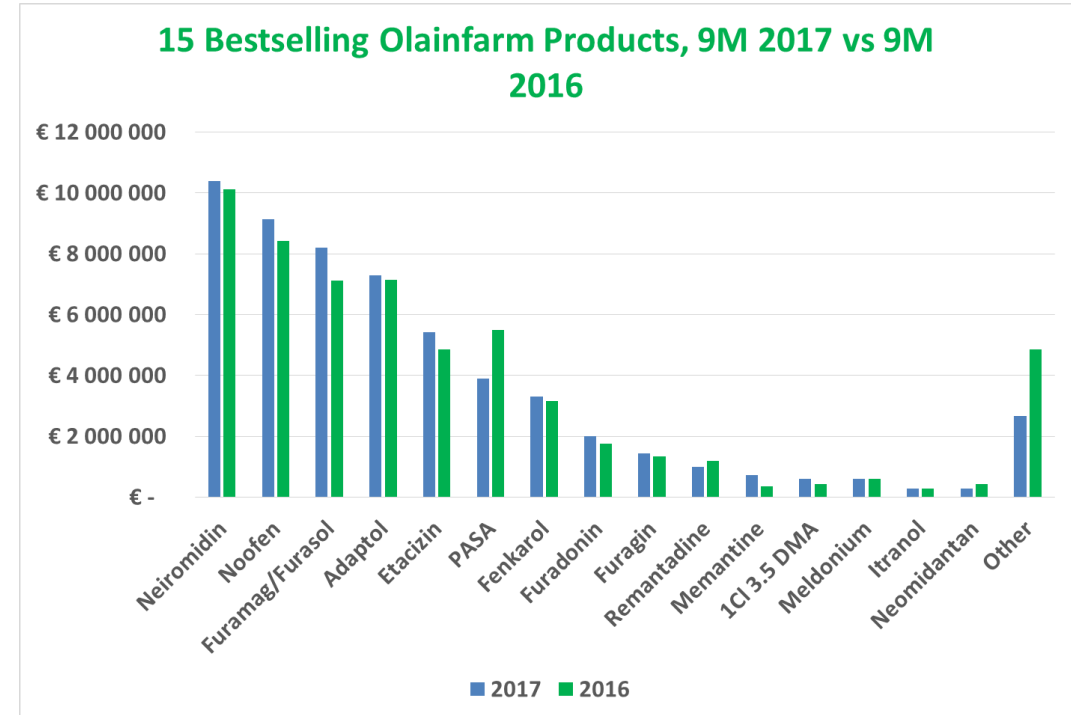
- Preliminary at 6.6 million euros, a reduction by 15% compared to 9 months of 2016;
- Main factors impacting adversely were forex loss of approx 2.5 mln and provisions of 1.3 mln for recently acquired daughter companies;
- In terms of profit the weakest 9 months since 2010;

Net Profit In 9 Months, Thsnd. EUR



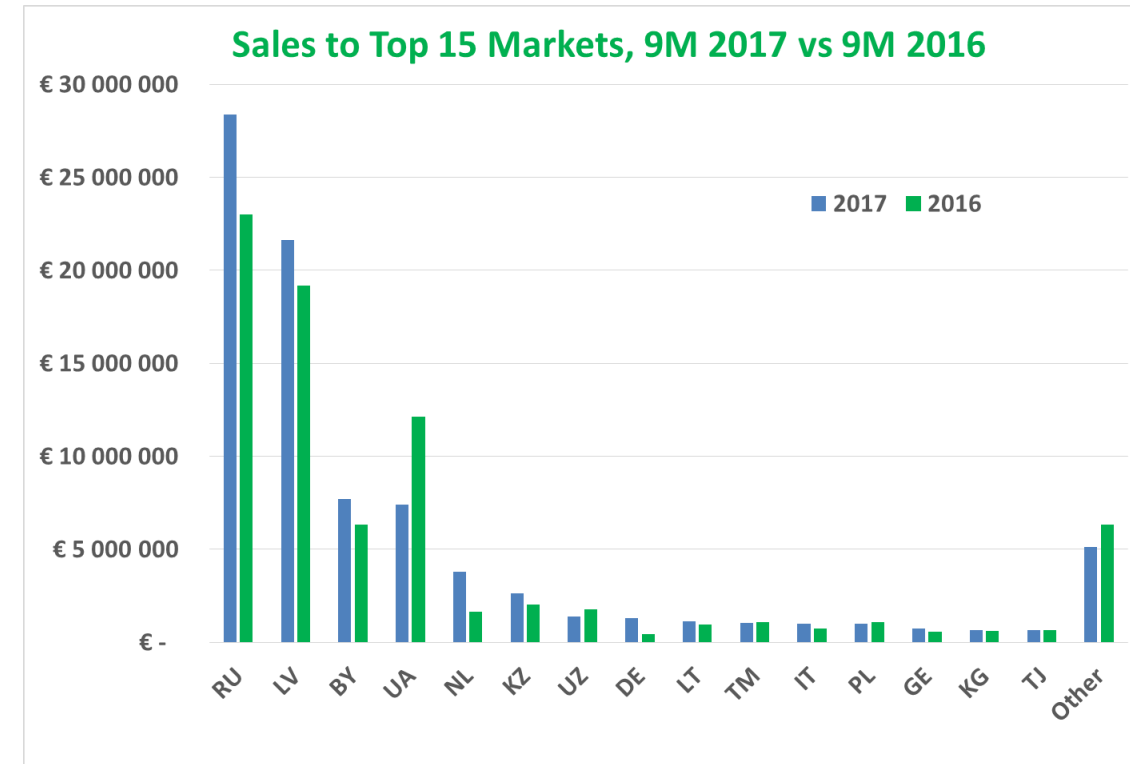
Growth Drivers: Products

- 11 out of 15 growing;
- Most growth in monetary terms added by Furamag/Furasol (1.1m), Noofen (0.7m), and Etacizin (0.6m);
- Most growth in relative terms provided by Memantine (101%), 1Cl 3.5 DMA (45%) and Furamag/Furasol (15%);
- Most loss in monetary terms comes from all others (-2.2m), PASA (-1.6 m) and Remantadine (-0.2m);
- Most loss in relative terms comes from all others (-45%), Neomidantan (-37%) and PASA(-29%);
- Total sales of Olainfarm products were 57.2 million, a reduction by 1%.



Growth Drivers: Countries

- 10 out of 15 growing;
- Most growth in monetary terms added by Russia (5.4 m), Latvia(2.4 m) and The Netherlands (2.2 m);
- Most growth in relative terms provided by Germany (200%), The Netherlands (133%), and Italy (40%);
- Most loss in monetary terms comes from Ukraine (-4.7 m) all others (-1.2 m) and Uzbekistan (-0.4m);
- Most loss in relative terms comes from Ukraine(-39%), Uzbekistan(-22%) and all others (-19%);



Performance of Key Daughter Companies

- Latvijas Aptieka
 - Sales: 15 m
 - Gross profit: 3.8 m ;
 - Net profit: 0.5m
- Tonus Elast + Elast Medical
 - Sales 9.3 m;
 - Gross profit: 3.5 m;
 - Net profit: 1 m.
- Silvanols
 - Sales: 3.4 m;
 - Gross profit: 1.8 m;
 - Net profit: 0.1 m

Poll Question

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Update on Recent Events

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Targets Changed, Again

- Profitability numbers after 9 months still behind schedule due to several factors, not least:
 - Higher than expected sales costs;
 - Higher than expected administrative costs;
 - Forex loss, primarily Russian ruble;
 - Previously nexpected provisions
- New projections for the remainder of the year produced, providing:
 - Standalone and consolidated net profit of 10 million EUR (previously after revision 11 and 13.5 million respectively), as deferred tax liability of approx. 1 mln will be reversed via P&L.

Poll Question

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Other Recent Events

- Baltic and Nordic road show organized in early december;

Warsaw, Stockholm, Helsinki and Tallinn visited;

In total more than a dozen meetings held;

- During the Road show, among other things, I announced my resignation, a decision that was later changed.

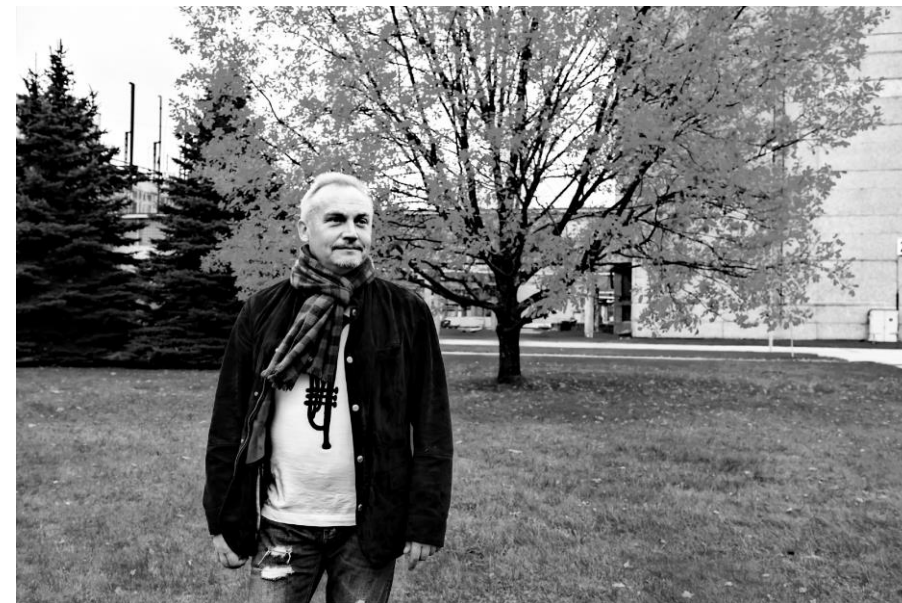
In Memoriam

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Valerijs Maligins

- Valerijs Maligins, a long term Chairman, main owner and visionary of Olainfarm, shockingly passed away on December 9;
- His personal input in developing the company from soviet-style factory of early nineties into a leading Baltic pharmaceutical company with highest standards in all its activities is impossible to overestimate;
- Mr. Maligins was also very well known as an opinion leader in several areas, philanthropist, a visionary and a daring businessman;
- He will be very greatly missed by thousands of his friends, relatives, colleagues, partners and public in general.



Current State of Affairs

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Management of the Company

- Board and Council demonstrated a great unity since immediately after the event;
- Both, Board and Council is dedicated and fully capable to run the company as smoothly as possible until the new owners get their rights;
- However, the management intends to refrain from any major investment, divestment or other significant decisions before such mandate is obtained from the new owners;
- All projects and investments that are already started (daughter companies, products, new markets) will continue as planned;

Inheritance

- Mr. Maligins himself owned 27% of AS Olainfarm;
- SIA Olmafarm, a company 100% owned by Mr. Maligins owned 40% of AS Olainfarm;
- According to public information, Mr. Maligins has left the testament, which will be made publicly open on January 16;
- Heirs named in the testament as well as possible limitations to operate with assets (if any) will be known upon making the testament public.

Further Activities

- Testament will be made public of January 16;
- The notary may decide on the time limit for any claims to be submitted regarding the inheritance;
- Before new owners are finally approved, a court may appoint a guardian of the inheritance, having similar rights to the actual owner;
- It is not expected that the ownership of assets, including ownership of majority shares of AS Olainfarm will be approved sooner than middle of 2018.

Outlook for 2018

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What to Expect

- Reacting to worsening margins, the company focuses on cost cutting and price increases;
- Growth via acquisitions is put on hold as consolidation of assets becomes a more important task for near future;
- There will be dividends paid in 2018, surely not as generous as in 2017;
- Price increases, organic growth and product launches in Turkey are expected to be the main growth drivers for the next few years;
- Budget is not finalized yet, but existing drafts demonstrate financial improvements;
- Longer term prospects depend on choices and decisions to be made by new owners.

Poll Question

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Q&A Session

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