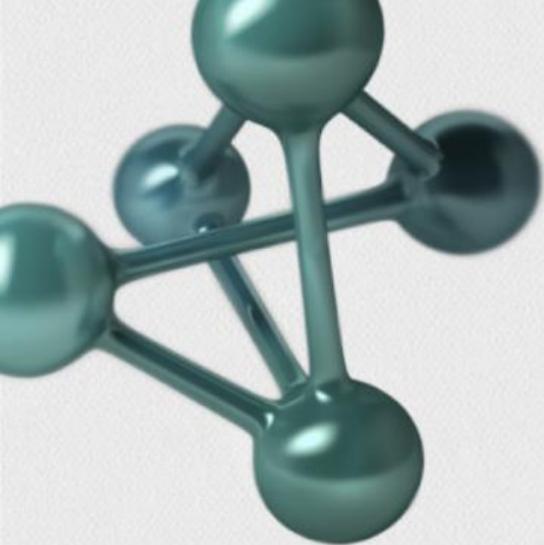


Webinar Presentation

1st quarter of 2016

June 8, 2016

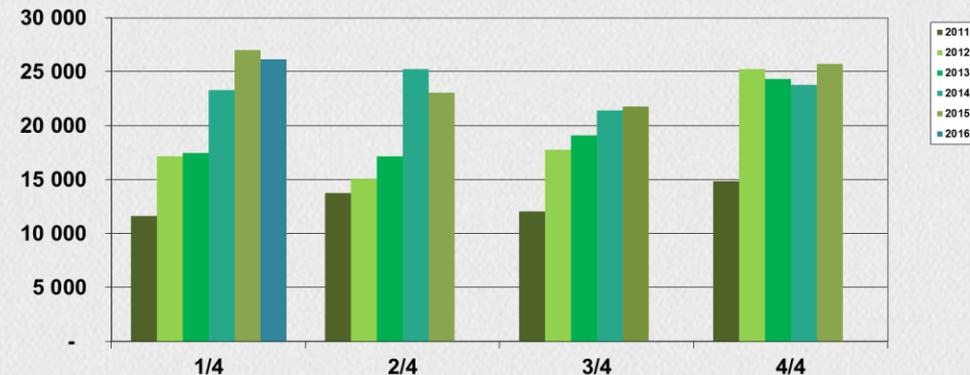


1st Quarter

Sales in 1st Quarter

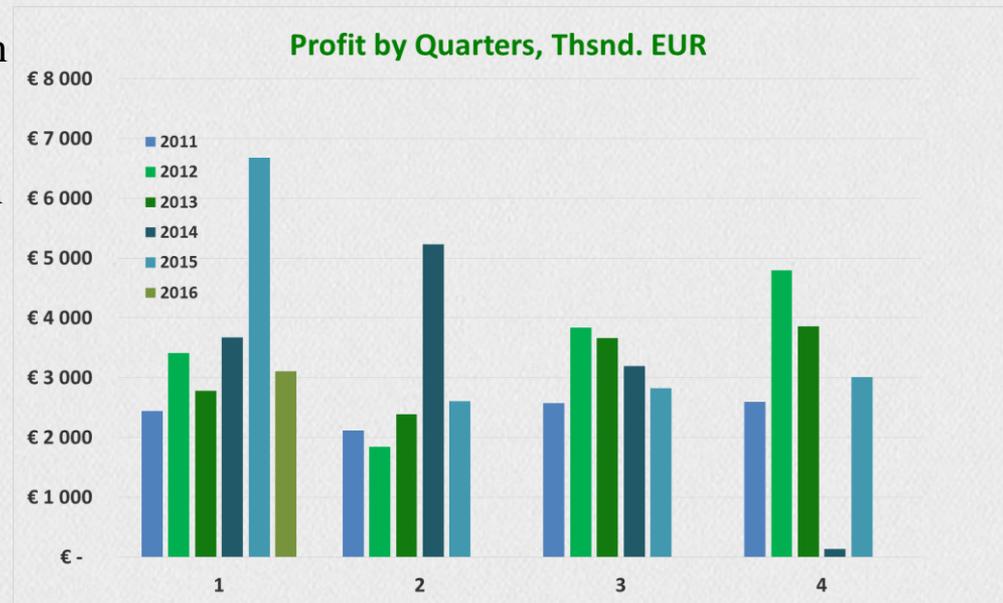
- Although sales shrinking slightly (by 3%) this was still the second best quarter in corporate history;
- Total consolidated sales during the first quarter were 26.1 million EUR;
- More than 5 million euros are sales by pharmacies, increase by almost 20%; about 1.2 million euros are sales by Silvanols, increase by 10%.

Sales by Quarters, Thsnd. EUR



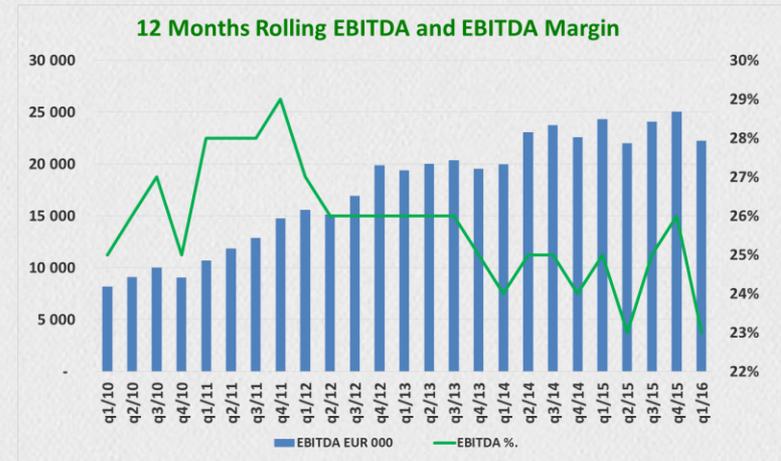
Profit of 1st Quarter

- Preliminary at 3.1 million euros, a reduction by 54% compared to Q1 2015;
- Almost 3 million positive forex influence in Q1 2015, amplified by very strong Russian sales;
- Net profit has been reduced through provisions for:
 - Ukrainian receivables (1 M EUR);
 - Illiquid chemical products produced for sale (0.2 M EUR)
- An annual profit target of 10 million EUR has been proposed to the AGM, 31% reached in Q1.



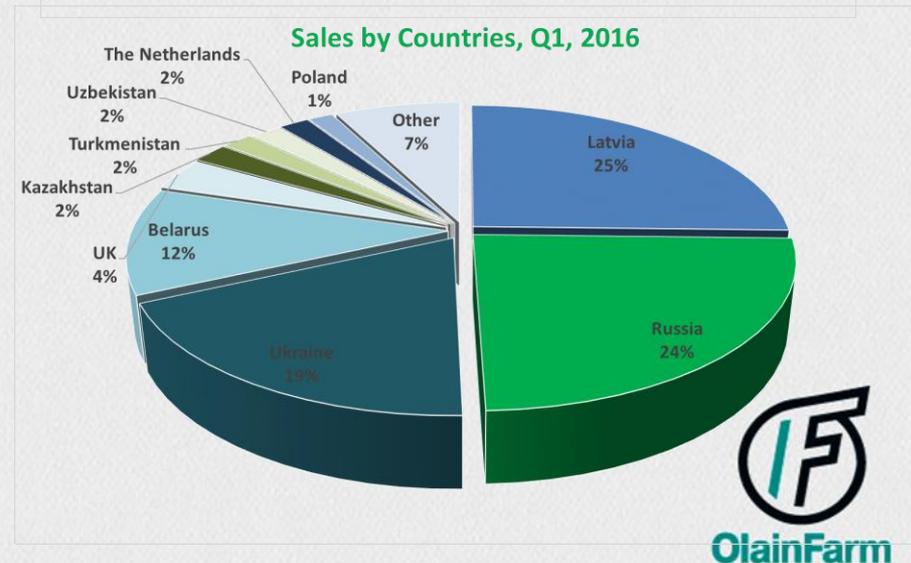
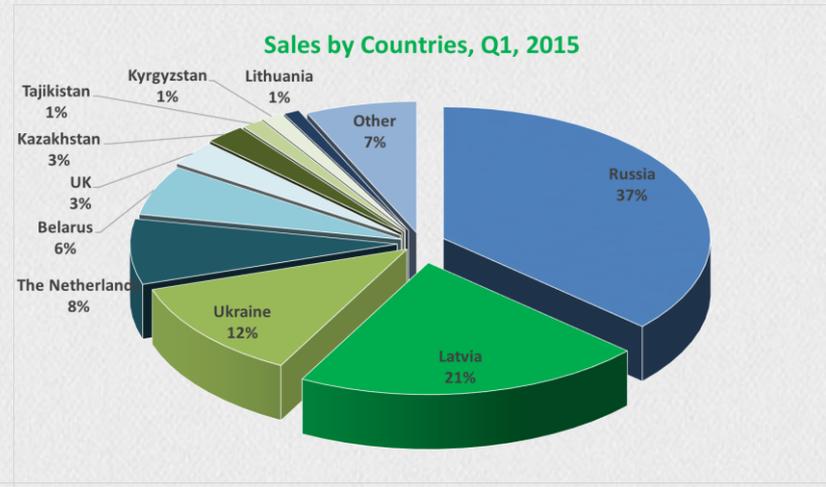
EBITDA and Margin

- Q1 EBITDA at 5.4 million, 2/3 of Q1 2015 12 months rolling at 22.2 million a reduction by 12% compared to Q4 2015;
- EBITDA margin down to 23% from 26 after Q4 2015;
- Numbers down as an outstanding Q1 of 2015 replaced by more modest Q1 2016;
- EBITDA target for 2016 is 20 million EUR, 27% achieved in Q1;



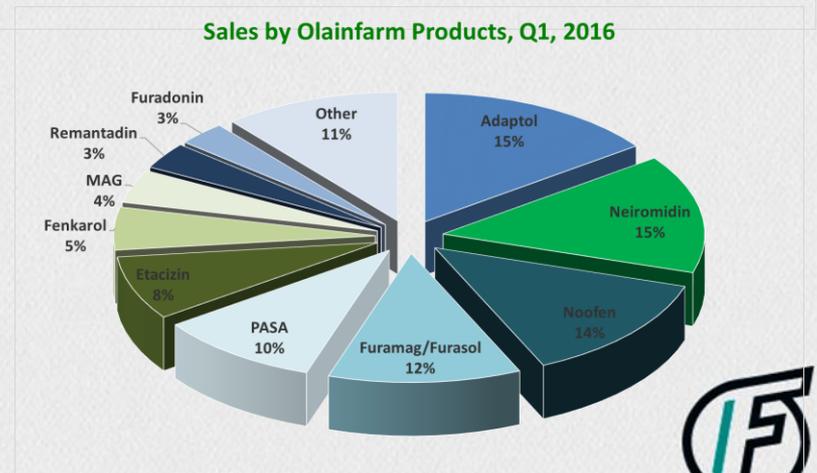
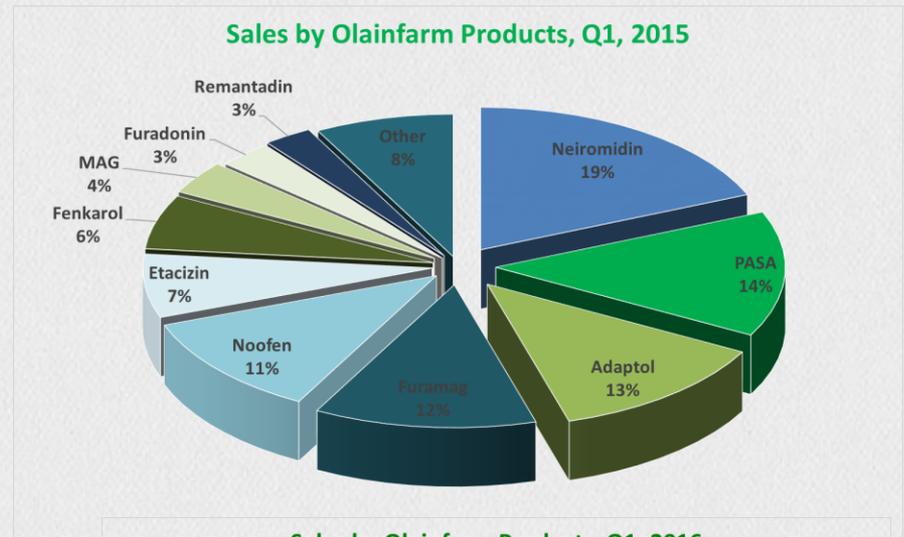
Sales By Countries, 1st Quarter

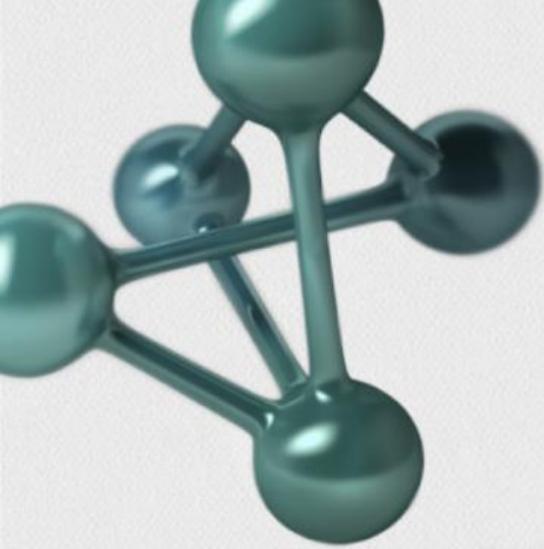
- Share of Russia down significantly;
- Since very long ago, Russia is not the leading country in an entire quarter;
- Share of Belarus surprisingly doubled;
- Significant PASA shipments have been made to Ukraine directly instead of shipping via WHO, which explains reduction in The Netherlands and increase in Ukraine.



Sales By Products, 1st Quarter

- Change of «leader» in products too as for the first time Neiromidin is not the best selling product in the entire quarter;
- As leader change is more because Neiromidin falling and not that much Adaptol increasing, overall product distribution is even more even;
- Shift of product leaders along with a shift of country leaders confirms shows that Neiromidin is more of a «Russian product» while Adaptol is more of «Ukraine and Belarus» product;
- List of top 10 products unchanged.





Change drivers Q1

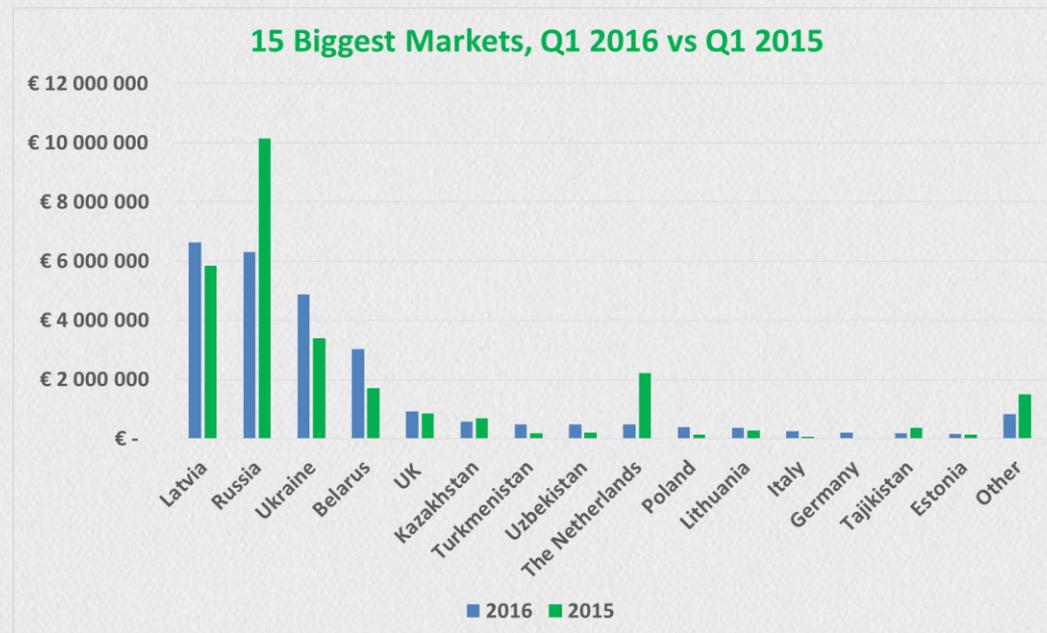
Products

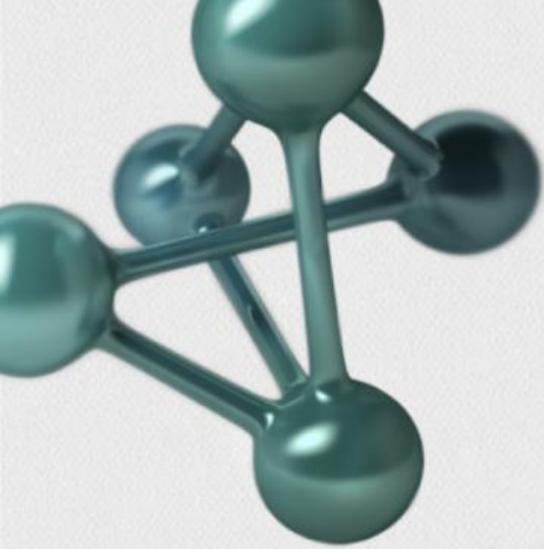
- 7 out of 15 are growing;
- Neiromidin and PASA combined lost 2.4 M EUR;
- Significant reduction also for Furamag/Furasol and Fenkarol;
- Biggest contributor was 3-Quinuclidinone, adding 0.2 M EUR



Countries

- Only 4 markets falling;
- Russia lost sales of 3.8 million, The Netherlands lost 1.7 million;
- Ukraine and Belarus combined added almost 2 million in sales;
- In terms of percentages, Germany added 2773%, The Netherlands shrunk by 79%;
- Estonia first time among 15 countries.





Update On Recent Events

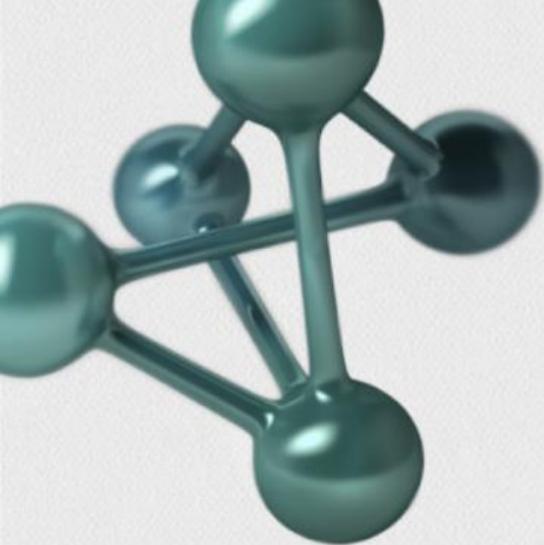
Recent Events - Targets

- Board prepared targets for 2016, general considerations:
 - 2015 taken as a baseline;
 - New acquisitions expected to compensate for loss of sales;
 - Trasta Komerbanka can no longer provide factorising, so 4.5 M EUR of new provisions included;
 - Upside possible if Ukrainian debt significantly reduced or if receivables can be factorised or insured

	Parent company		
	2016	2015	Changes
Sales, thsnd. EUR	86 000	84 746	1.5%
EBITDA, thsnd. EUR	20 000	23 548	-15.1%
Net profit, thsnd. EUR	9 000	14 566	-38.2%
EBITDA margin %	23.3%	27.8%	
Net margin %	10.5%	17.2%	
	Group		
	2016	2015	Changes
Sales, thsnd. EUR	100 000	97 392	2.7%
EBITDA, thsnd. EUR	21 600	24 884	-13.2%
Net profit, thsnd. EUR	10 000	14 566	-31.3%
EBITDA margin %	21.6%	25.6%	
Net margin %	10.0%	15.0%	

Recent Events - AGM

- An AGM was held on June 7, decisions include:
 - Approval of reports and budgets;
 - Approval of auditors and internal Auditing Committee;
 - Approval of dividends;
 - EUR 0.181 per share to be paid in dividends, representing 17.5% of Parent company's profit for 2015;
 - Initially proposed record date of September 14 and payment date of September 21 was declined;
 - A new record date of June 21 and payment date of June 27 was approved.
- Intention reiterated by the Council to avoid dividend holidays in future.



In Focus : Tonus Elast



News

- On May 12, Olainfarm acquired 100% shares in Tonus Elast, leading Latvian producer of elastic and compression medical products;
- The value of transaction was 14 000 000 EUR;
- The acquisition was 100% financed by ABLV, the second biggest bank in Latvia in terms of assets;
- Maturity of the loan is 10 years;



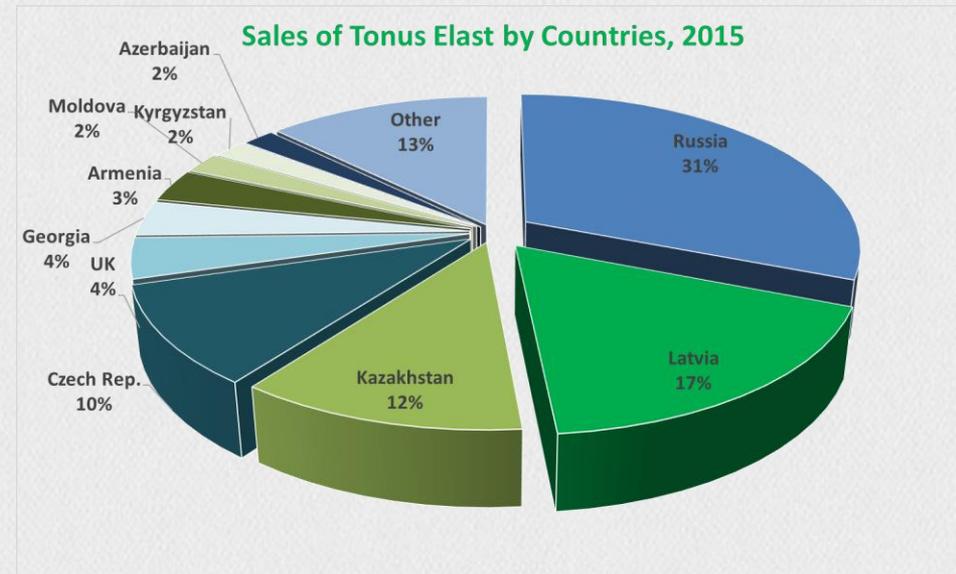
Facts

- Tonus Elast was established in 1995;
- Its sales in 2015 were 7.3 million EUR, net profit was 1.7 million EUR;
- Tonus Elast is debt free;
- Approx. 200 employees working on site in Nicas novads, about 3 km south of Liepaja;
- Exports to CIS, EU, Middle east.



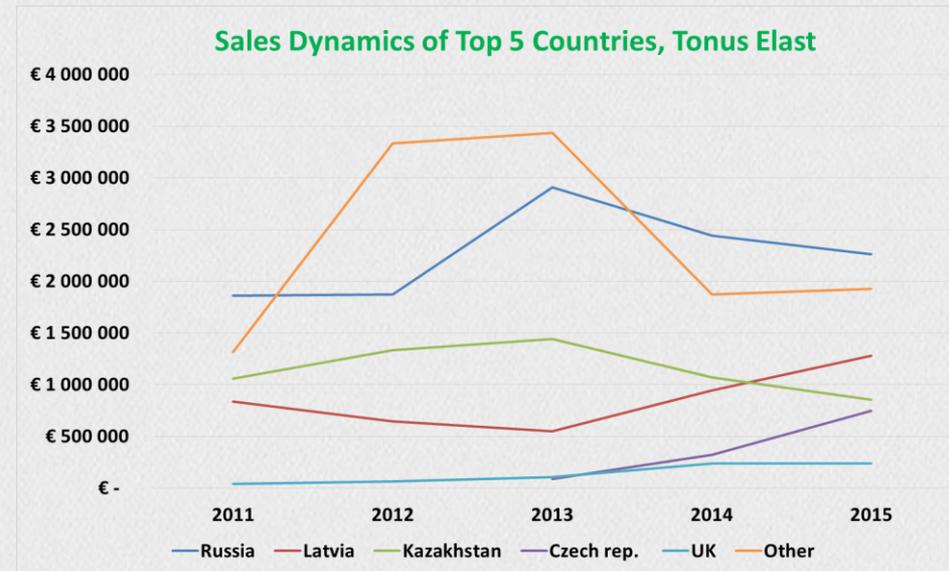
Countries

- Many similarities in top countries and even in top distributors;
- Full easily achievable potential in Russia is not reflected, as sales made there via related company that will not be acquired;
- So far Tonus Elast has little to no sales in Belarus, Ukraine, some Central Asian countries, Albania, Turkey, where Olainfarm already has presence.



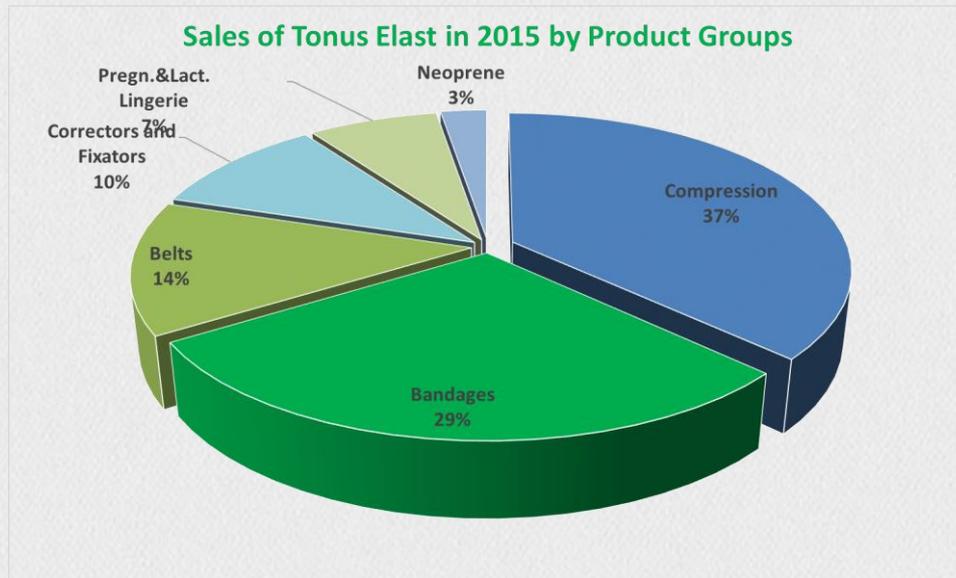
Dynamics of Countries

- Russia for a long time has been the biggest single market, with a certain potential for rapid growth;
- Latvian sales growing rapidly as in addition to 7 shops, Latvian sales also include sales via internet;
- Sales to Czech Republic represent contract manufacturing for worlds leading compression materials company;

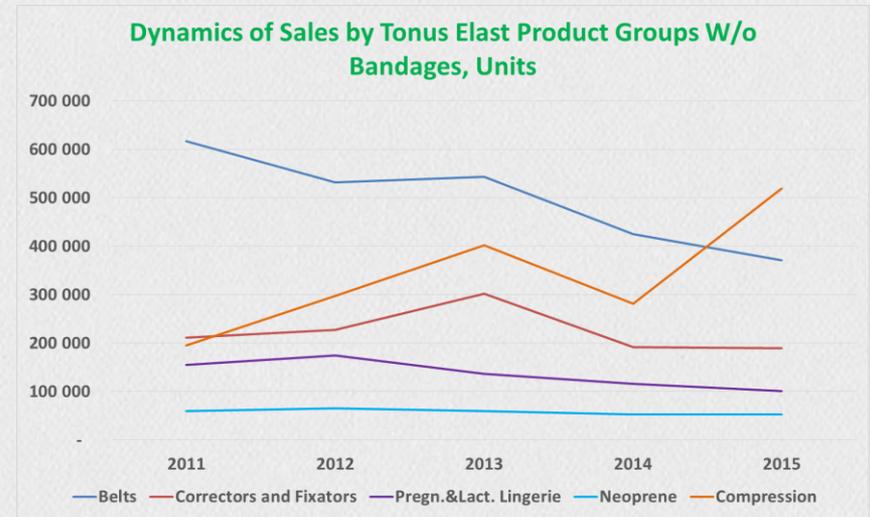
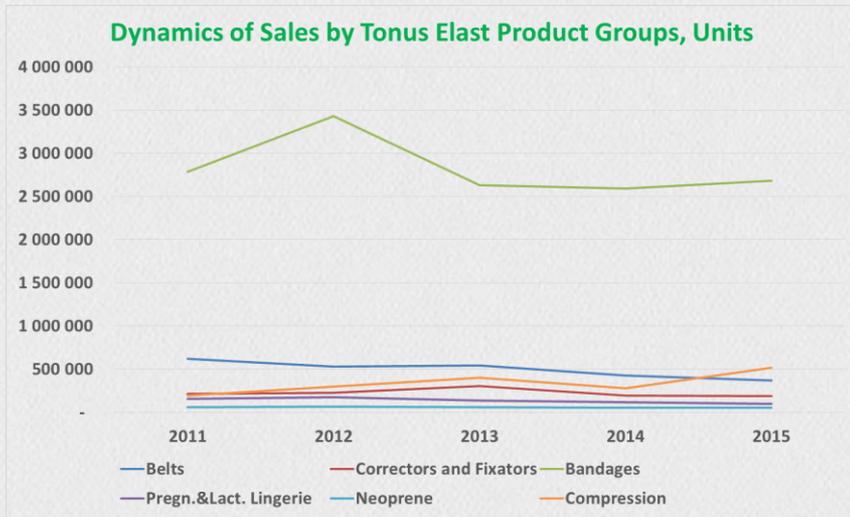


Products

- In total Tonus Elast produces more than 100 types of products, each in different size and colour;
- All products are divided into 6 product groups;
- Compression products is a rapidly increasing segment, as it is technically more sophisticated, difficult to produce, and therefore generally has higher margins;



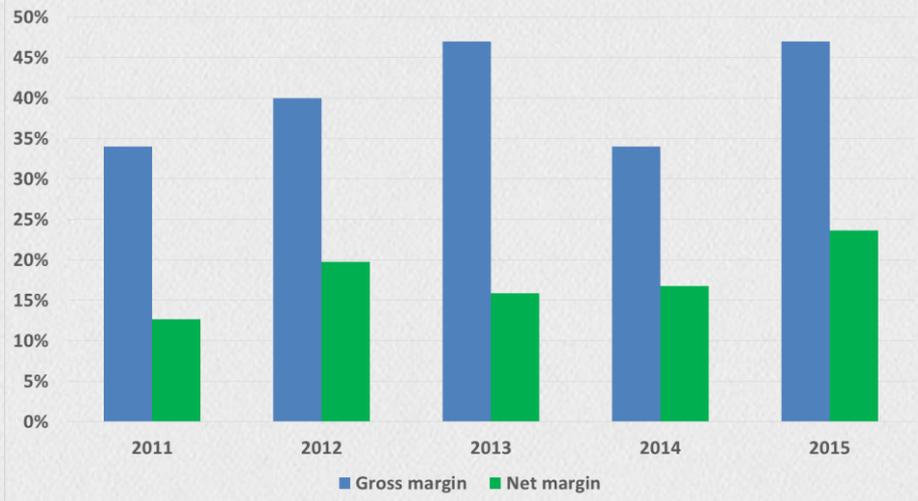
Dynamics of Product Sales



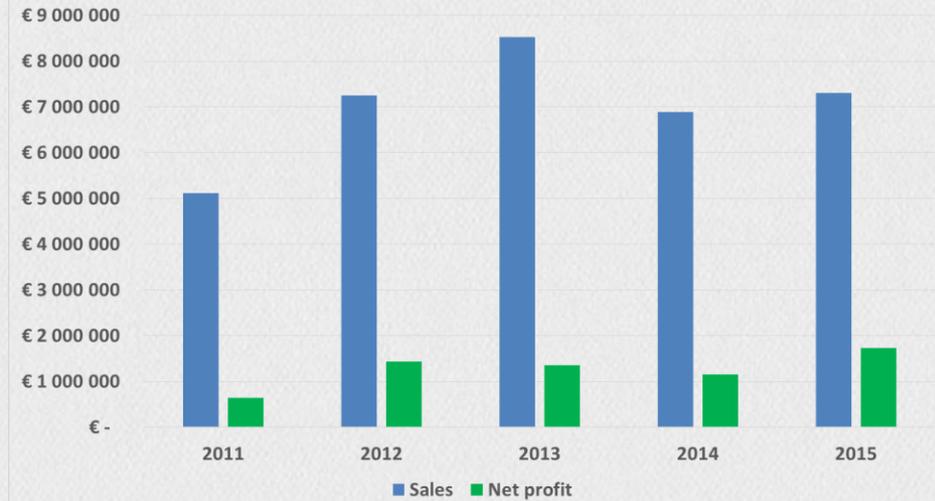
- Bangages, Neoprene and Correctors stable;
- Belts and lingerie for pregnant and breastfeeding women decreasing;
- Compression products increasing significantly, almost insufficient capacity.

Dynamics of Some Financials

Margins of Tonus Elast



Sales and Net Profit of Tonus Elast



- Since 2012, both products have grown threefold;
- Here and elsewhere, Furamag numbers also include sales of Furasol, the sachet form of the same molecule;
- Each product is sold in 4 different forms, including ampules of Fenkarol.

Tonus Elast – Balance Sheet

Assets '000 EUR	2011	2012	2013	2014	2015
Intangible assets	66	73	44	27	20
Fixed assets	1 270	1 260	1 232	1 667	1 394
LT Financial assets	8	27	39	0	0
Stock	1 151	1 423	1 653	1 583	1 996
Receivables	1 446	2 118	2 315	2 227	1 896
Cash	81	492	119	19	270
Total assets	4 022	5 393	5 402	5 523	5 576
Liabilities and SE '000 EUR	2011	2012	2013	2014	2015
Equity	1 464	2 792	3 624	3 776	4 512
LT liabilities	1 418	30	48	337	181
ST liabilities	1 140	2 571	1 730	1 410	883
Total liabilities and SE	4 022	5 393	5 402	5 523	5 576

Q&A Session

- In between webinars, please contact me at:
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Thank you!

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