



Webinar Presentation

4th Quarter and Full 2018

March 5, 2019

4th Quarter

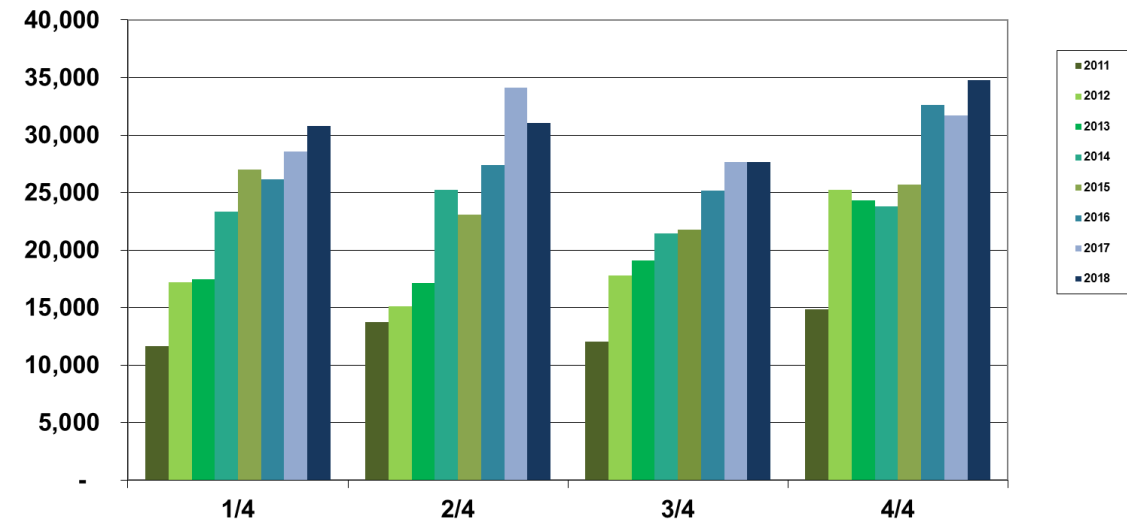
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Sales in 4th Quarter

- A new best quarter in corporate history;
- Sales in this quarter increased by 10% or by 3 million to almost 35 million;
- Sales by pharmacies = 6.3 million gross, 2.6 million net;
- Sales by Silvanols = 1.8 million gross, 1.5 million net;
- Sales by Tonus Elast and Elast Medical = 2.6 million net.

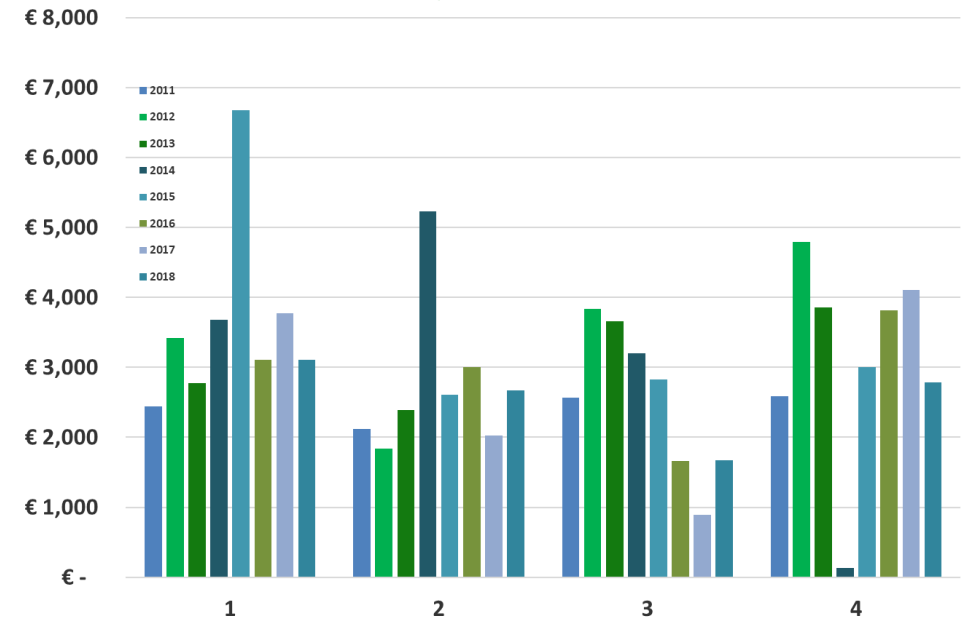
Sales by Quarters, Thsnd. EUR



Profit of 4th Quarter

- Preliminary at 2.0 million euros, a reduction by 30% compared to Q4 217;
- Smaller write offs (by about 1.8 mln) offset by absence of reversal of deferred CIT in 2018;
- Financial expense increased by 0.6 million, almost entirely representing increased forex loss;

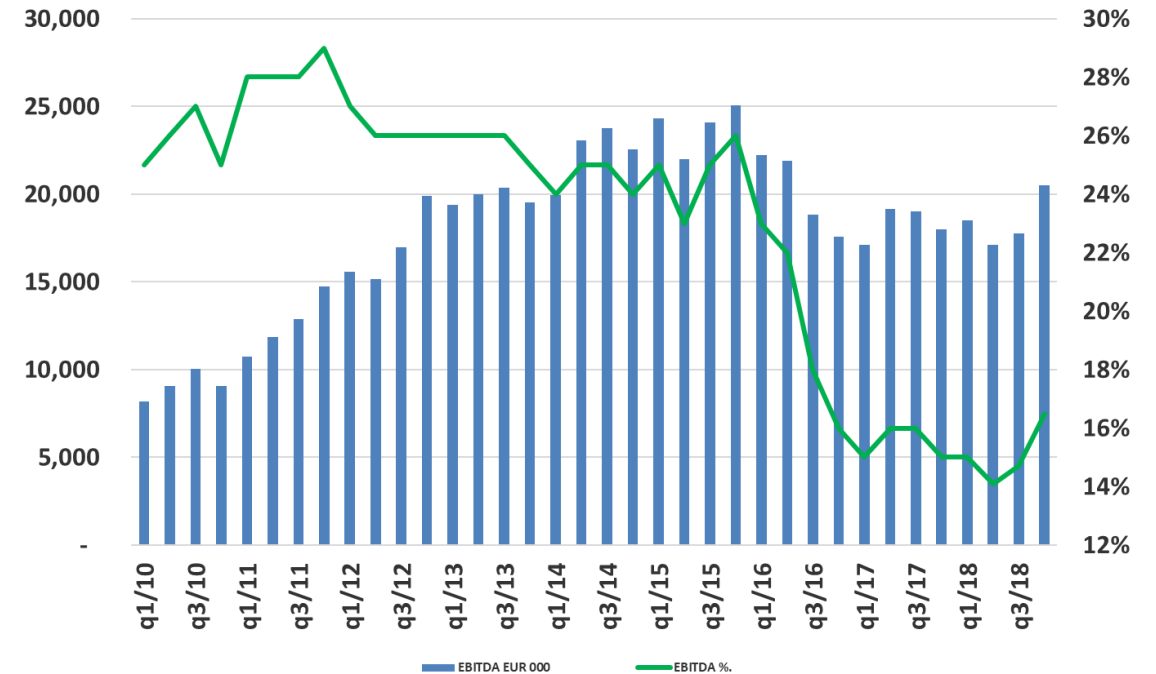
Porfit by Quarters, Thsnd.



EBITDA and Margin

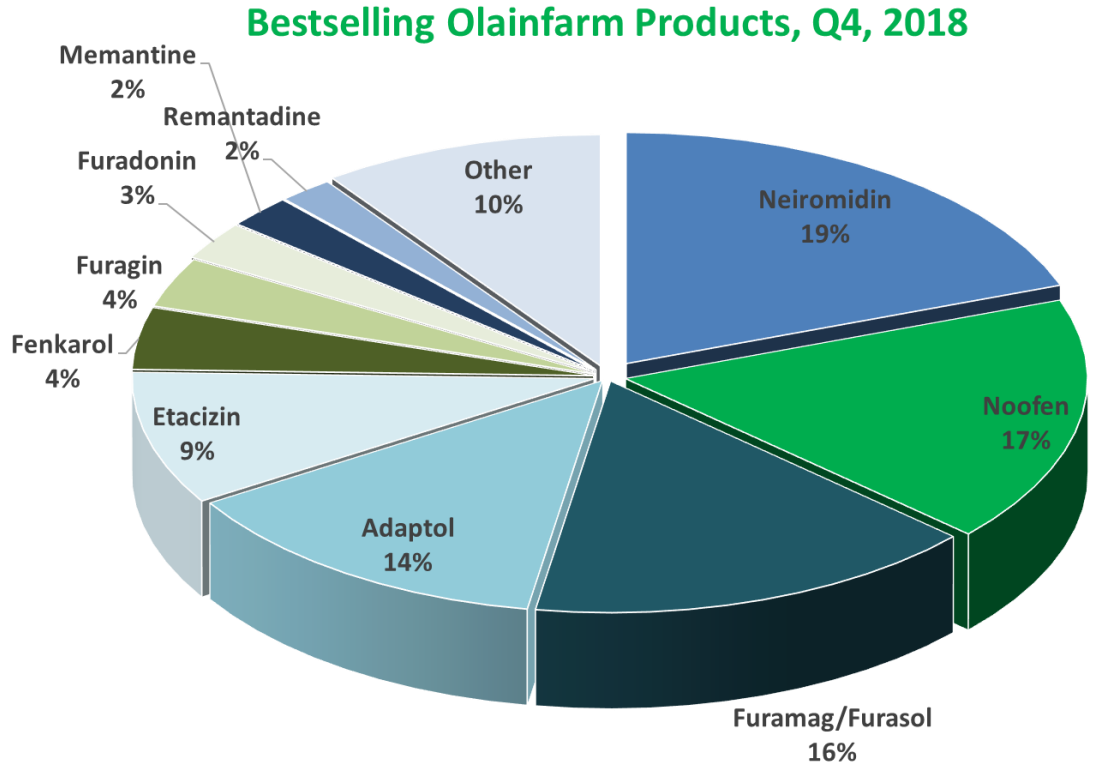
- 12 months EBITDA increased significantly to 20.5 million EUR, as write offs leave the trailing 12 months period;
- For same reasons margin up from 15% to 17%;
- Both, EBITDA and margin, are recovering for the second quarter in a row;
- Forex loss (deriving mainly from receivables) does not influence EBITDA;

TTM EBITDA and EBITDA Margin



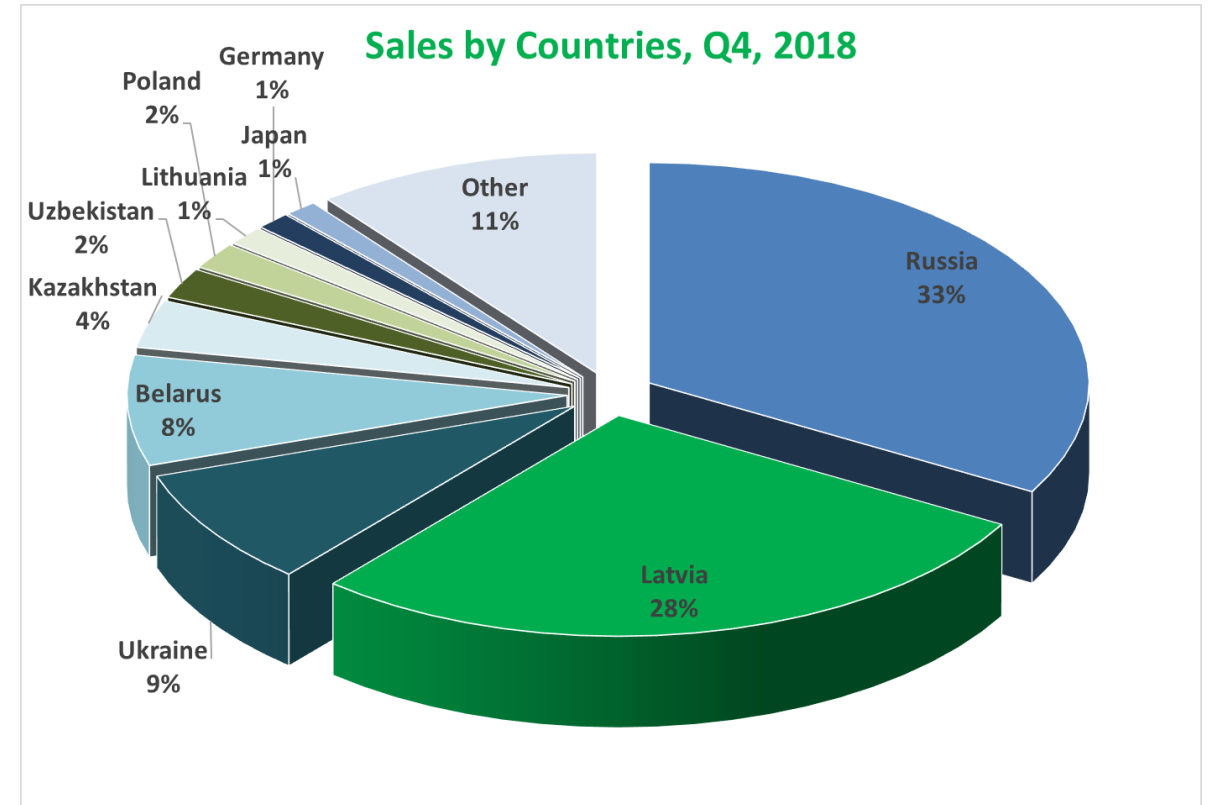
Sales by Products, 4th Quarter

- Compared to Q3 Neiromidin and Noofen switched positions again, as Noofen lost 3% in share;
- Adaptol, Remantadine improved, while Etacizin and Fenkarol shrunk;
- PASA replaced by Memantine;
- All others relatively stable.



Sales by Countries, 4th Quarter

- Compared to Q3: Latvia and Belarus each lost 2% share;
- Ukraine, Kazakhstan, Poland gained 1% share each;
- The Netherlands, Tajikistan and Kyrgyzstan replaced by Lithuania, Uzbekistan and Japan and .



Full Year 2018

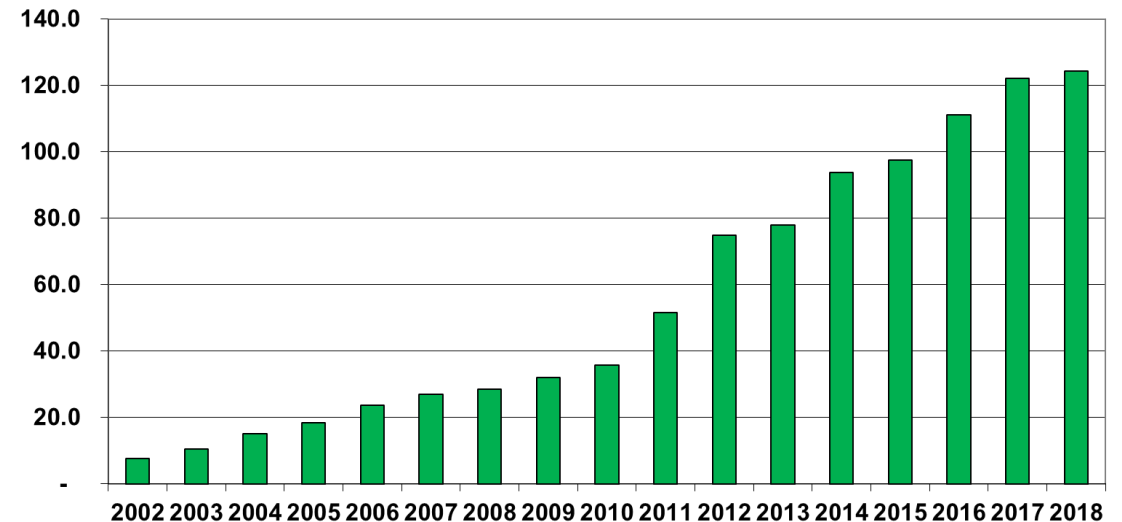
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Sales in 2018

- Sales worth slightly 124 million euros = new annual sales record
- An increase by almost 2% compared to 2017;
- The target of 130 million not attained mainly due to much worse sales of PASA to WHO;
- Sales by pharmacies = 23.5 million gross, 10.4 million net;
- Sales by Silvanols = 5.9 million gross, 4.5 million net;
- Combined sales by Tonus Elast and Elast Medical = 10.1 million net.

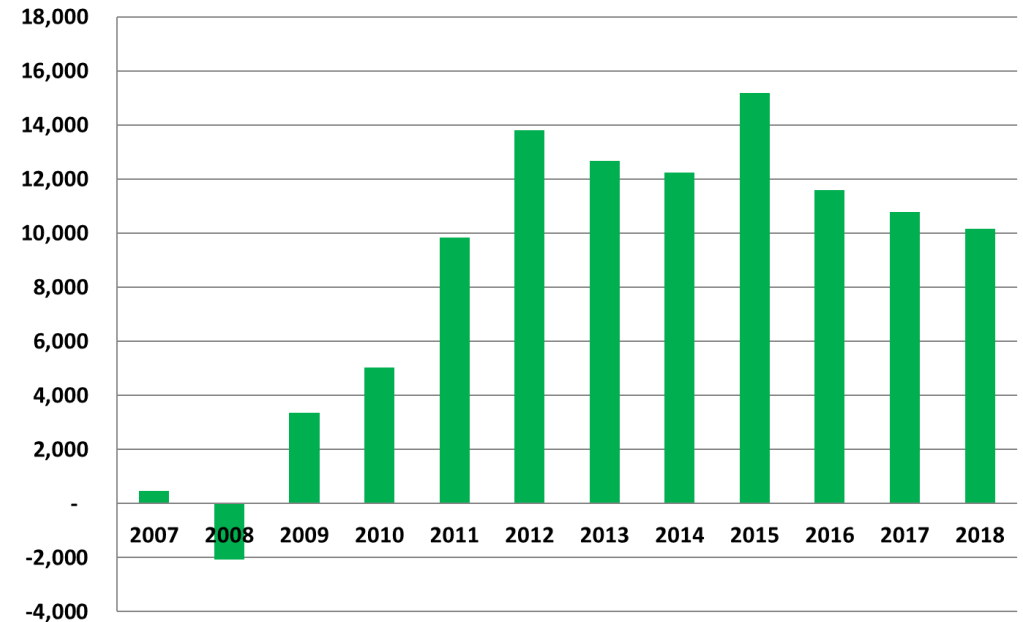
Consolidated Sales, Mln. EUR



Profit in 2018

- Preliminary at 10.3 million euros, a reduction by 5% compared to 2017;
- Positive contribution by less write offs, smaller selling expense and smaller corporate income tax;
- Negative contribution by 0.5 million larger forex loss and absence of effect of deferred tax reversal of 3.3 million.

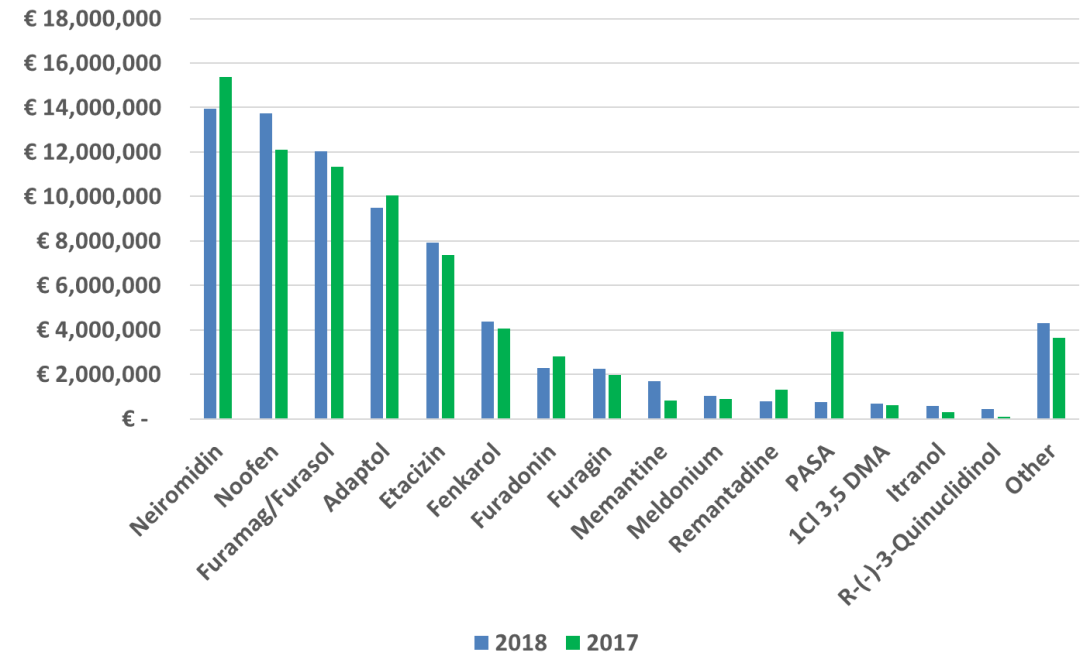
Consolidated Earnings, Thsnd. EUR



Growth Drivers: Products

- 11 out of 15 growing;
- Most growth in monetary terms added by Noofen (1.6 m) and Memantine (0.9 m);
- Most growth in relative terms provided by R(-) Quinuclidinol (331%) and Memantine (109%);
- Most loss in monetary terms comes from PASA (-3.2 m) and Neiromidin (-1.4 m);
- Most loss in relative terms also comes from PASA others (-81%) and Remantadin (-41%);

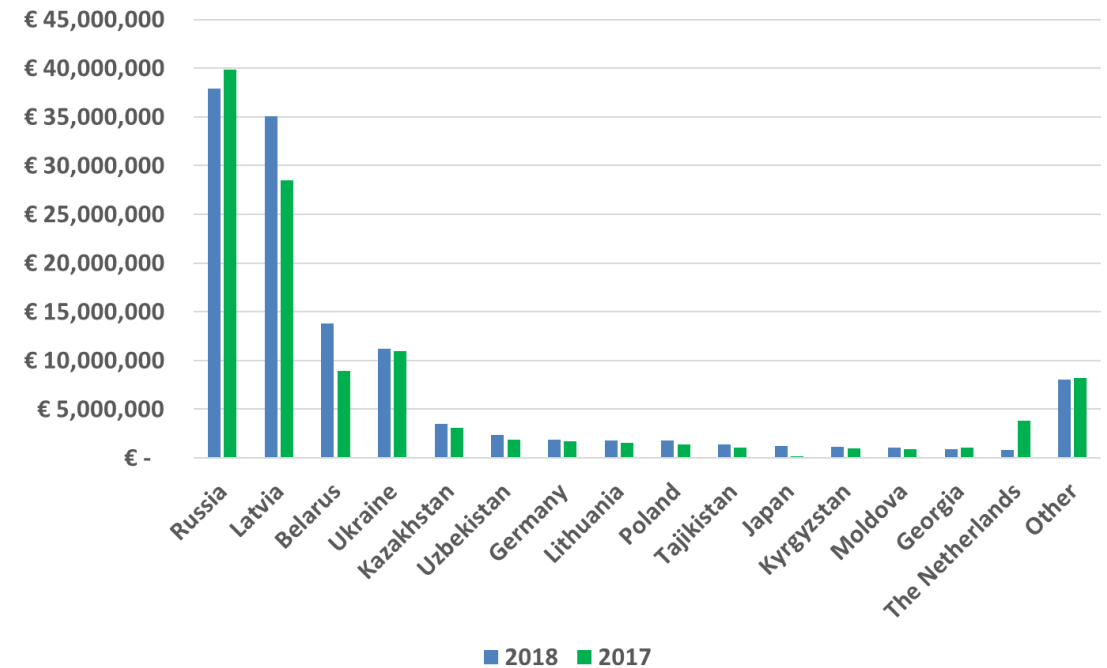
Bestselling Products, 2018 vs 2017



Growth Drivers: Countries

- 13 out of 15 growing;
- Most growth in monetary terms added by Latvia (6.5 m) and Belarus(4.8 m);
- Most growth in relative terms provided by Japan (540%) and Belarus (54%);
- Most loss in monetary terms comes from The Netherlands (-3.0 m) and Russia (-2 m);
- Most loss in relative terms also comes from The Netherlands (-79%) and Georgia (-18%);

Top 15 Markets 2018 vs 2017



Poll Question

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Update on Recent Events

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Yet Another EGM

- Nika Saveljeva and Anna Emilija Maligina, jointly representing more than 15% of the share capital have requested that the EGM be convened;
- The Board convened an EGM on April 1st;
- The proposed agenda includes electing new Council and Auditing Committee, an agenda very similar to that of the previous EGM;
- No candidates have been disclosed so far.

Poll Question

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Dividends

- Although the previously announced elaboration of dividend policy is not completed yet, the Board decided to stick to the concepts discussed;
- The concept was, that up to a certain level of profit the pay-out ratio is 15%, and for anything above, the pay-out ratio increases significantly (e.g. to 50%);
- The level of such threshold was assumed at 10 million euros, and the dividends are paid from the profits of a parent company.
- According to preliminary numbers, the profit of the parent company in 2018 reached 8.9 million euros, the Board is about to propose a dividend of:

1,408,508.7 EUR or 0.10 EUR per share

Outlook for 2019

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Selected Figures from Budgets of 2019

Income statement EUR '000	Olainfarm	Latvijas Aptieka	Tonus Elast	Elast Medical	Silvanols	Clinics	Biotest	Other	Consolidated
Net revenues	98,636	26,227	8,777	4,326	6,386	2,795	2,729	1,505	133,343
COGS	(38,613)	(19,208)	(4,873)	(3,034)	(3,022)	(1,971)	(2,231)	1,223	(56,237)
Gross Profit	60,023	7,019	3,904	1,292	3,364	824	498	2,728	77,106
Earnings for the period	8,767	951	598	121	678	(25)	43	(32)	10,002

Assumptions & Targets

- Olainfarm: Revenues of 98.6 million, (10.1% of annual target attained in January), net earnings of 8.8 million;
- Group: Revenues of 133.3 million (9.3% of annual target attained in January), net earnings of 10 million;
- Rate of Russian Ruble, used for budgeting, was 78 RUR per EUR (today's rate ~ 74.5);

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Main Priority

- As Russia and several other countries are tightening their requirements towards dossiers of medicines, it is of the utmost importance, that Olainfarm conducts a necessary studies to bring its dossiers up to date;
- Total investment in research in 2019 is estimated at 7.5 million EUR, with another 9 million scheduled for 2020;
- Upgraded dossiers will not only safeguard and improve our positions in existing key markets, but make an entry to new markets more easy and realistic;
- Necessity to upgrade dossiers applies to all key products, including Neiromidin, Noofen, Adaptol, Nitrofuranes, Fenkarol and Etacizin.

Poll Question

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Q&A Session

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