

Vistin Pharma - First Quarter 2019



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25 April 2019

Agenda

Highlights

Operational review - pharmaceuticals

Operational review - energy trading

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First quarter 2019

- **Pharmaceuticals: Lower volume available for sale in the quarter**
 - Revenue of NOK 42.0 million for the quarter vs. NOK 52.6 million in Q1 2018
 - Sales volumes 26% lower than Q1 2018 volumes, as less volume was available for sale, due to an extended stop in the metformin production during the installation of the new packaging line
 - EBITDA negative NOK 1.5 million for Q1 vs. NOK 6.9 for Q1 2018

- **Energy Trading: Minor improvement in trading positions**
 - As previously announced, the Company decided to close down the Energy Trading business, but existing derivative volume maintained
 - EBITDA negative NOK 0.7 million for Q1 (including accruals for termination payments and a reversal of calculated share option costs from prior periods)
 - Unrealised financial gain on oil derivatives of NOK 6.4 million for Q1

- **Other financials**
 - Cash balance at of 31 December of NOK 299.6 million, and no interest-bearing debt (excluding lease liabilities)

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Operational review - pharmaceuticals

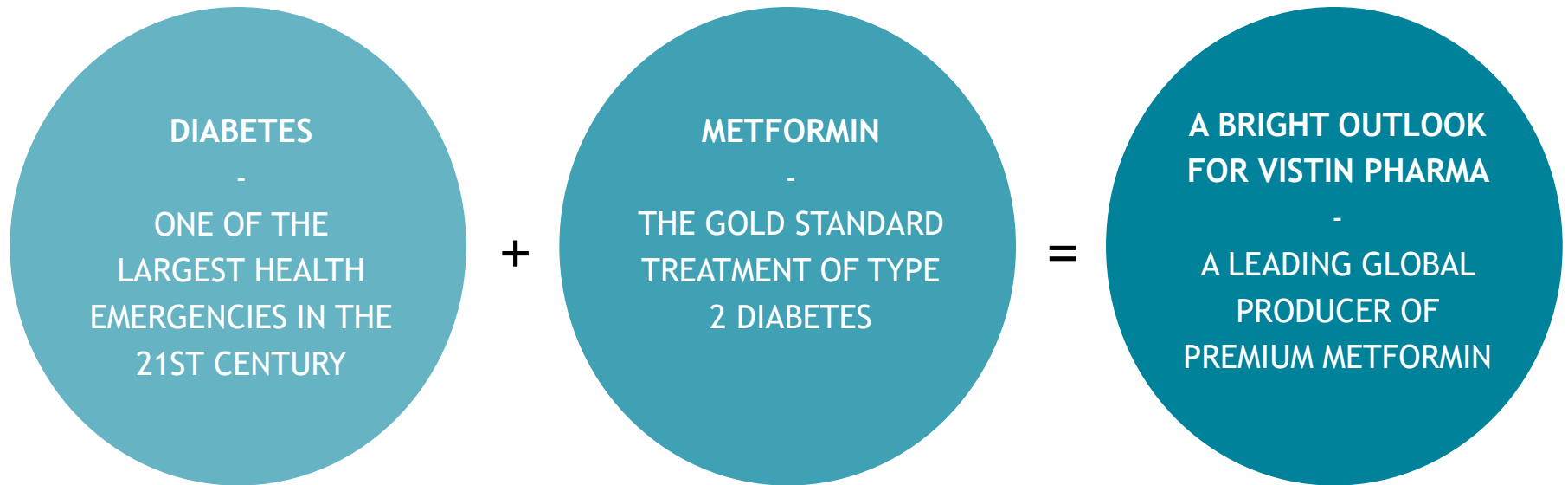
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Vistin Pharma a dedicated metformin producer with a bright outlook



Diabetes - A global emergency

- Diabetes in perspective:

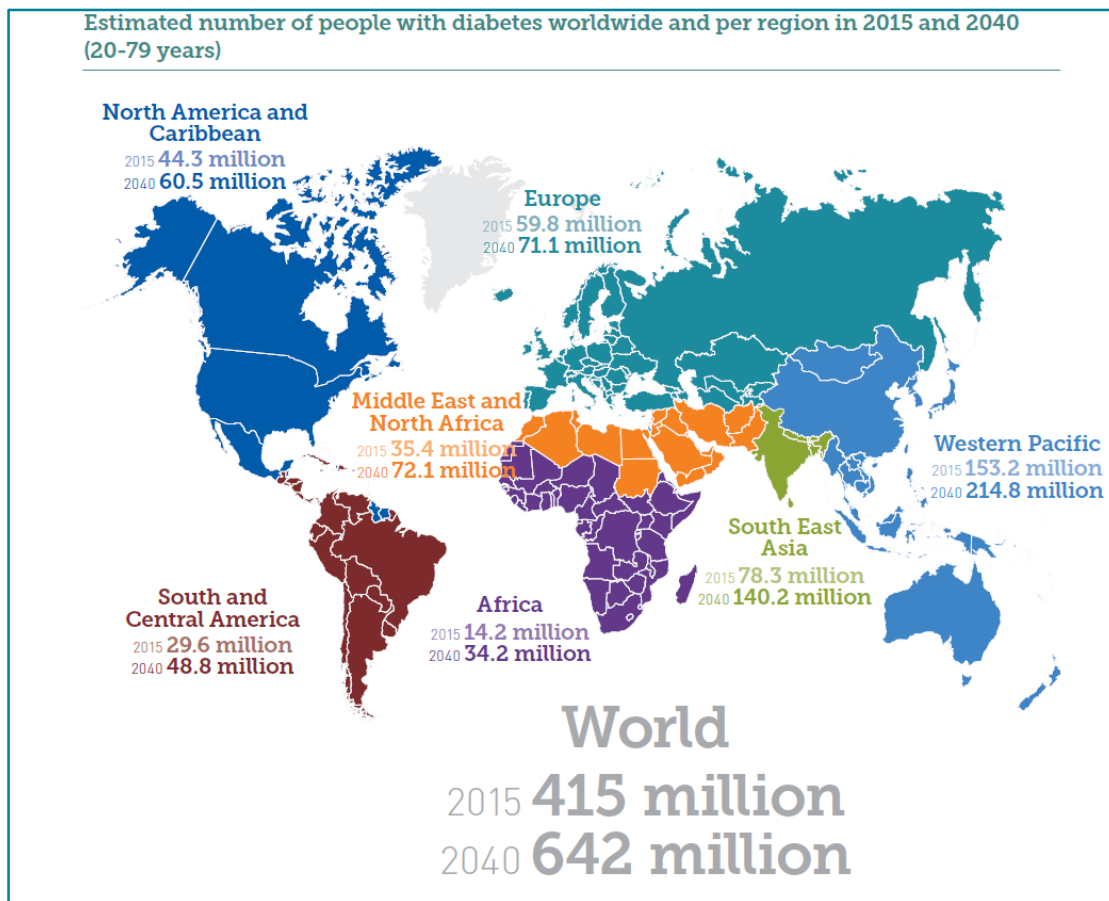
- 1 of 7 births is affected by gestational diabetes



- 1 in 11 adults has diabetes



- Every 6 seconds a person dies from diabetes



Number of people living with diabetes
 Source International Diabetes Federation, IDF Diabetes Atlas, seventh edition, 2015

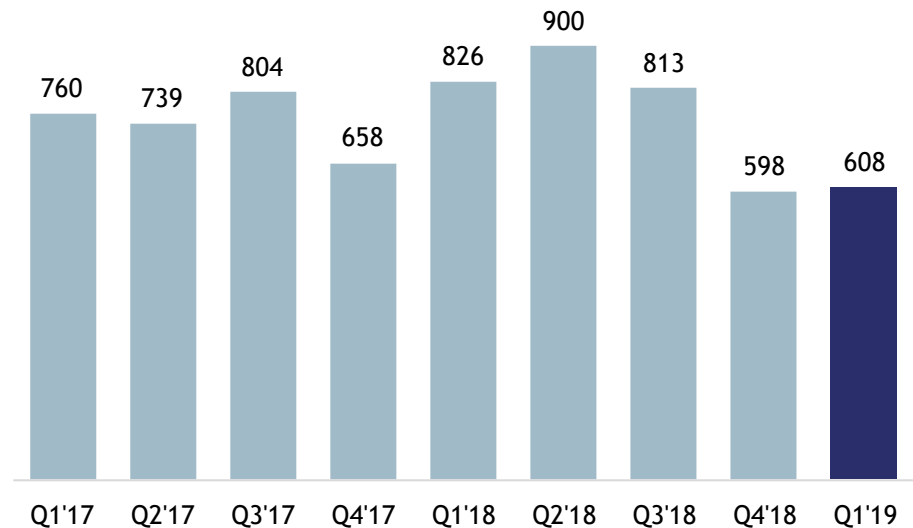
→ 12% of global health expenditure is spent on diabetes

Installation of the new packaging line resulted in lower volume available for sale in the quarter

- Sales volume fourth quarter 608MT (826MT Q1 2018)
- Sales volumes were negatively affected by the installation of the packaging line, which required an extended stop in the metformin production
- Inventory build-up at year-end 2018 only partly compensated for the reduced production volume during the installation period
- The new fully automated packaging line is an important step in the Company's strategy to strengthen its position as a premium supplier to the global metformin market
- The total remaining production volume for 2019 has been allocated to customers, at prices marginally higher compared to last year
 - High demand in the market for Vistin's products
- Efficiency programme to stretch production capacity up to 3500 - 3800MT ongoing (3.500MT capacity expected to be available by end-2019)

Sales volume metformin (HCl & DC)

Metric tonnes per quarter



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Minor improvements in IMO 2020 derivative positions

- As announced on 8 January the Energy Trading business was closed during the quarter
 - Termination agreements have been entered into with the employees affected
- IMO 2020 exposure maintained through the derivative contracts outstanding
 - Contracts for 150,000MT of the spread between the USD price for ICE Gasoil (low sulphur) and Sing380 (high sulphur), which originally expired in December 2020
 - To improve the maturity profile of the contracts, the expiry date for 75,000MT has been changed - 15,000MT will expire monthly from December 2019 to April 2020
 - The intension is to hold these contracts until maturity, unless the potential IMO 2020 effect should significantly impact the global oil markets at an earlier date, or there are other market developments which could justify an early exit
- Minor improvement in value of derivative contracts during the quarter
 - Unrealised gain of NOK 6.4 million during the first quarter
 - Accumulated unrealised loss of NOK 78.6 million as of 31 March 2019
- Negative performance to date mainly due to increased prices of heavy fuel oil (negative impact on the spread)
 - Forward prices for heavy fuel oil have increased significantly since the contracts were entered into in May 2018, while gas oil prices are approx. at the May 2018 level
 - Increased trading activity and market liquidity in the forward market expected as we move closer to the IMO 2020 implementation and the maturity dates of the contracts outstanding

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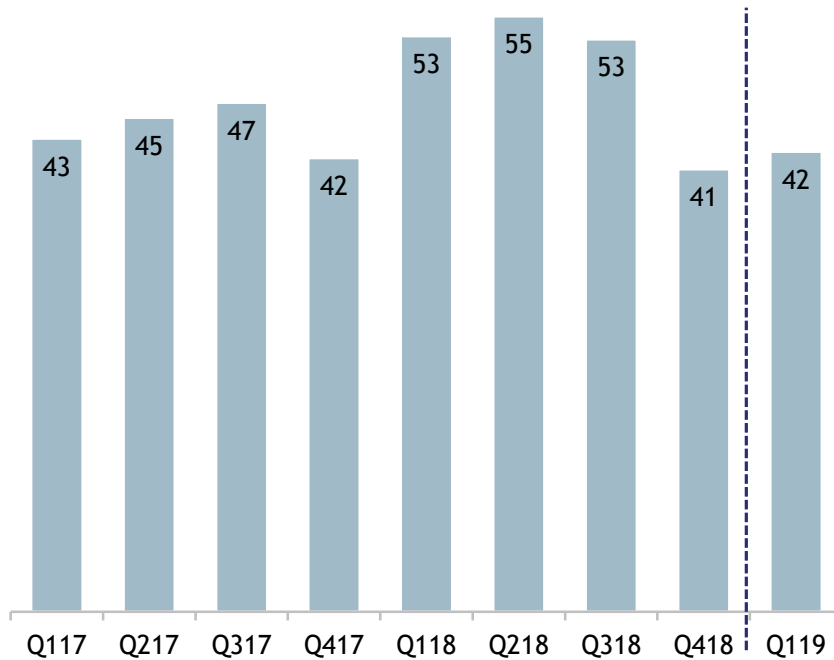
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Key quarterly figures for Vistin Pharma

(figures for continuing operations)

Revenue (pharmaceuticals)

NOK million



- NOK 10.6 million lower revenue YoY as a result of lower volume available for sale
- Gross margin of 56.4% vs. 63.7% principally due to a large reduction in inventory of finished goods and product mix (HCl vs. DC)

Consolidated income statement

(NOK 1 000)

Q1 2019 Q1 2018 FY 2018

	Q1 2019	Q1 2018	FY 2018
<i>Total revenue and income</i>			
Pharmaceuticals	42 234	52 803	200 512
Total revenue and income	42 234	52 803	200 512
<i>EBITDA</i>			
Pharmaceuticals	(1 542)	6 891	11 523
Energy Trading	(717)	-	(6 969)
HQ & other	(699)	(547)	(3 828)
EBITDA	(2 957)	6 344	726
Depreciation, amortisation and impairment	(1 894)	(1 248)	(5 333)
Net finance income/(expense)	7 398	2 669	(80 697)
Profit/(loss) before tax from continuing operations	2 547	7 765	(85 305)
Profit/(loss) from continuing operations	1 986	5 979	(68 957)
Profit/(loss) for the period	1 986	5 838	(73 625)

- EBITDA from pharmaceuticals NOK -1.5 million (NOK 6.9 million)
 - EBITDA impacted by negative gross profit effect of NOK 10.6 million lower sales and release of finished good inventory (higher cost of goods sold)
- EBITDA from Energy Trading NOK -0.7 million
 - Including accruals for termination payments and a reversal of calculated share option costs from prior periods of NOK 2.8 million
- Net finance income of NOK 7.4 million, incl. unrealised gain of NOK 6.4 million on energy derivatives

Financial position

(NOK 1 000)	31.03.2019	31.03.2018	31.12.2018
Property, plant & equipment	94 526	73 241	88 550
Inventory	27 090	19 593	29 071
Trade receivables	22 032	44 342	27 363
Cash & cash equivalents	299 550	59 385	320 733
Other	38 607	20 408	34 346
Total Assets	481 804	216 968	500 062
Total equity	348 062	125 996	348 852
Total liabilities	133 745	90 972	151 210
Total Equity and Liabilities	481 804	216 968	500 062

- Cash balance at 31 March of NOK 299.6 million (including NOK 158.9 million in margin calls relating to energy derivatives)
- No interest-bearing debt other than lease liability recognised under IFRS 16 of NOK 3.5 million

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Summary & outlook

- Metformin market expected to continue to grow
 - Diabetes is one of the largest health crises of the 21st century
 - Metformin is expected to maintain its position as the Gold Standard treatment for T2D for the foreseeable future
- Attractive growth potential from existing customer base and expansion into new markets and customer segments
 - Short/Medium term growth from 300-500MT stretch capacity initiatives
 - Long term growth from +3,000MT in a new production line - start of execution when sufficient volume is secured
- Energy trading positions to be managed going forward to maximise shareholder value
 - No new energy trading investments will be made



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Top 20 shareholders as of 10 April 2019

NAME	SHAREHOLDING	% SHARE
SAGA TANKERS ASA	6 284 280	14,17 %
PACTUM AS	2 678 572	6,04 %
HOLMEN SPESIALFOND	2 000 000	4,51 %
AWILCO AS	1 785 714	4,03 %
MP PENSJON PK	1 770 727	3,99 %
FERNCLIFF LISTED DAI AS*	1 764 424	3,98 %
STATE STREET BANK AND TRUST COMP	1 682 320	3,79 %
SUNDT AS	1 632 416	3,68 %
SOLAN CAPITAL AS	1 600 000	3,61 %
APOLLO ASSET LIMITED	1 600 000	3,61 %
TVENGE	1 232 268	2,78 %
CAMACA AS	930 447	2,10 %
NORDA ASA	880 000	1,98 %
KM HOLDING AS	669 642	1,51 %
BERGEN KOMMUNALE PENSJONSKASSE	495 000	1,12 %
GRANT INVEST AS	474 585	1,07 %
STORFJELL AS	461 499	1,04 %
CIPRIANO AS	450 000	1,01 %
NETFONDS LIVSFORSIKRING AS	412 202	0,93 %
HJELLEGJERDE INVEST AS	400 000	0,90 %
Total 20 largest shareholders	29 204 096	65,9%
Other shareholders	15 140 496	34,1%
Total number of shares	44 344 592	100,0%

* Board members of Vistin Pharma, or companies controlled by Board members

Thank you for your attention!

www.vistin.com