



Vistin Pharma - First quarter 2020

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VISTIN PHARMA

Agenda

Highlights

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MEP - Metformin expansion project

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First quarter 2020

- **Pharmaceuticals: 45% increase in revenue and a record quarterly result**
 - Revenue of NOK 61.4 million for the quarter vs. NOK 42.2 million in Q1 2019
 - Sales volumes 43% higher than Q1 2019, however less volume was available for sale in Q1-19, due to an extended stop in the metformin production for the installation of the new packaging line
 - EBITDA NOK 14.2 million in Q1 2020 vs negative NOK 1.5 in Q1 2019
- **Metformin Expansion Project (MEP) approved by the Board**
 - NOK 100 million investment to double the capacity to approx. 7000MT within 24 months
 - The investment will be financed through existing cash balance and future cash flow
- **Energy Trading: All positions closed as of 30 March**
 - The net financial Q1 loss from closing of the portfolio of oil derivatives approx. NOK 166 million
 - Total loss for Energy trading equals approx. NOK 184 million
 - No new positions will be taken and the Energy trading business is discontinued
 - Based on the closing and final settlement of the oil derivative positions, the Board will propose to pay a dividend of NOK 1 per shares to its shareholders. The dividend to be approved by the AGM
- **Other financials**
 - Cash balance as of 31 March of NOK 317* million, and no interest-bearing debt (excl. lease liabilities)

**Settlement for oil derivatives not completed before April (Q2) - settlement will decrease above cash balance with approx. NOK 179M*

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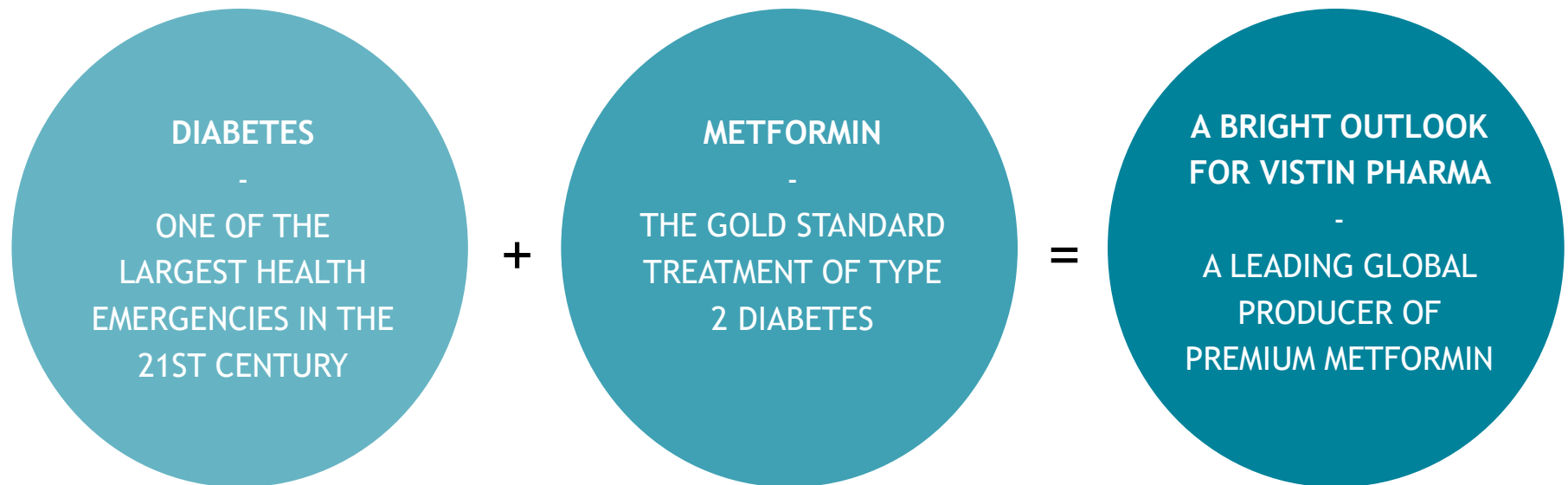
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Vistin Pharma a dedicated metformin producer with a bright outlook



Diabetes - A global emergency

- Diabetes in perspective:

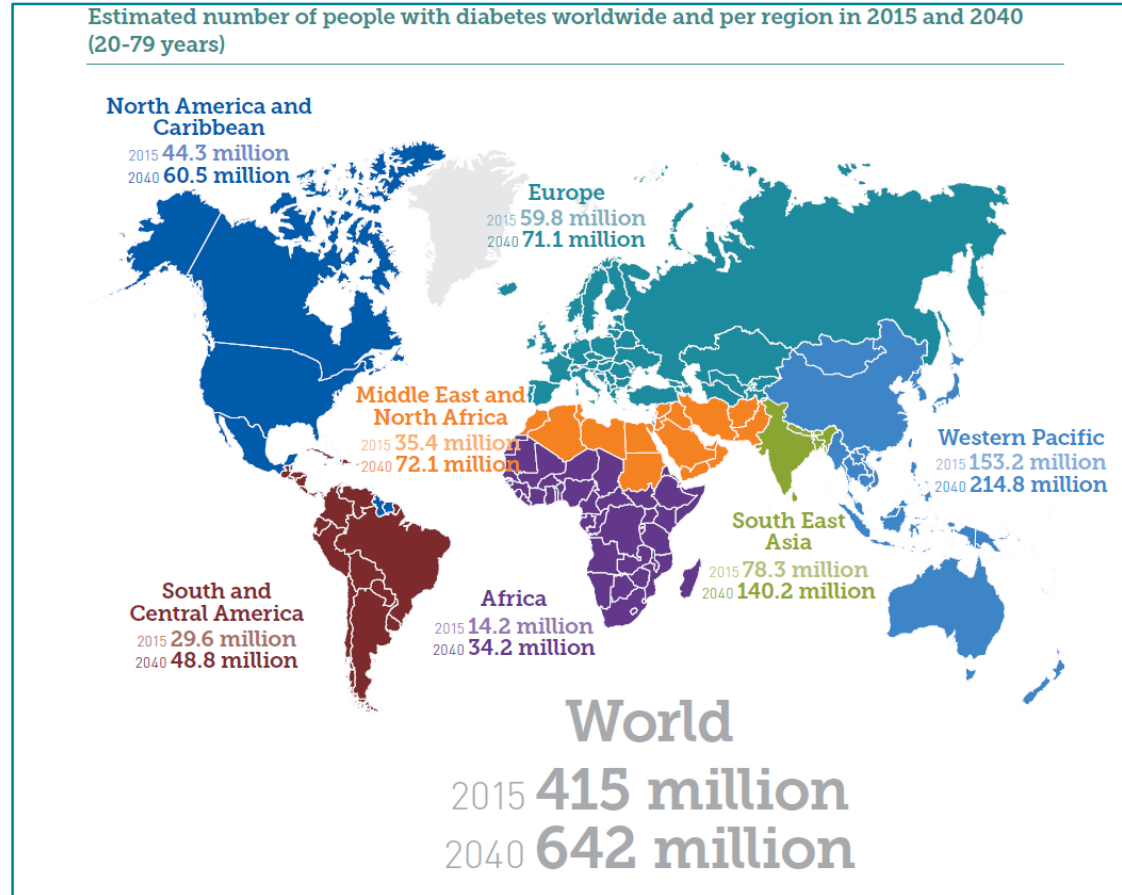
- 1 of 7 births is affected by gestational diabetes



- 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

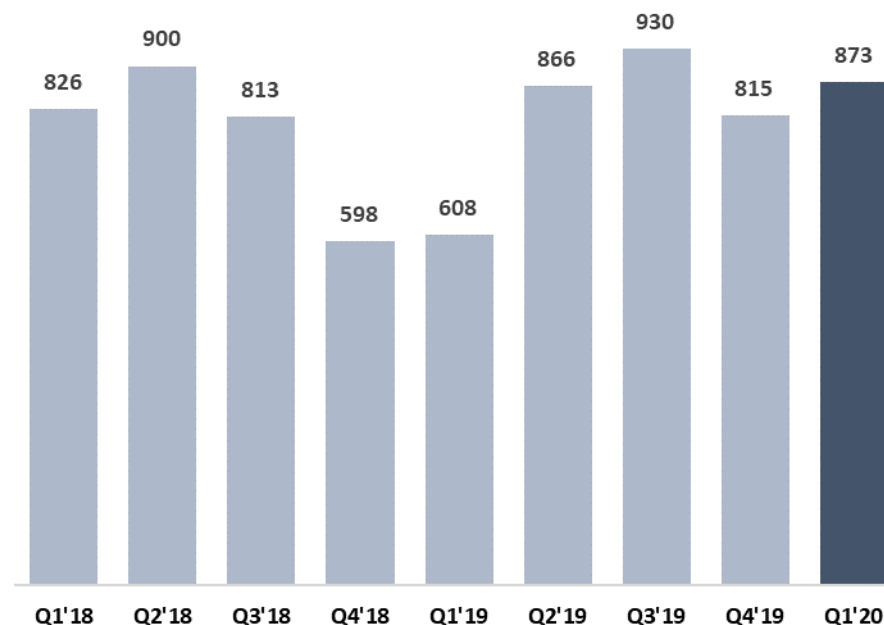
→ 12% of global health expenditure is spent on diabetes

43% increase in sales volume vs Q1-19

- Sales volume for the first quarter was 873MT (608MT Q1 2019)
- The production plant has been running at full capacity
- Sales volume for Q2 is confirmed at full capacity
- Efficiency programme to stretch production capacity to >3800MT is on track
 - A 2nd reactor will be installed during Q3 2020 which will increase the capacity by approx. 300MT measured on a yearly basis

Sales volume metformin (HCl & DC)

Metric tonnes per quarter



Business update and Corona virus epidemic consequences

- The Fikkjebakke plant is running at full capacity
 - Actions are taken to secure the supply of critical raw materials and to build security stocks
- There are no reported corona infected employees in Vistin Pharma as of today
 - The company are strictly following the guideliens from the authorities and have successfully taken active measures to reduce the risk of virus spread in the factory
- The demand in the market for metformin is still high and is not affected by the corona epidemic
- The vulnerability for drug supplies during the corona epidemic has been an 'eye opener' for the authorities and the need for 'short travelled medicines' will be high on the agenda going forward
 - Vistin is strategically positioned to benefit from expected increased demand from European metformin customers.

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Expansion of the manufacturing capacity to 7000MT approved by the Board

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Background

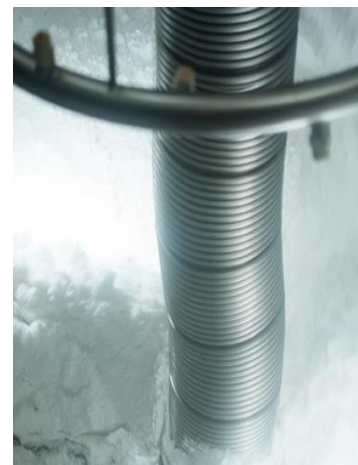
- Growing demand from existing customers will exceed Vistin's manufacturing capacity going forward
- Strong and stable underlying growth in the metformin market
- Strong demand for Vistin Pharma's premium products
- A detailed engineering study for building a 2nd production line to double the production capacity at the Fikkjebakke plant was carried out in 2017, but the project execution was put on hold in 2018 until sufficient volume was secured

Expected impact

- Production line expected to be fully operational for commercial production in 2022
- Total external capex estimated to NOK 100 million to be spent over 2020-22, financed through existing cash balance and future cash flow.

Current status

- Scope of delivery finalized
- The expansion project (MET) was approved by the Board on 22nd April
- Orders for key components to be placed in Q2-Q4 2020
- Plan to acquire new customers to fill the extra capacity developed



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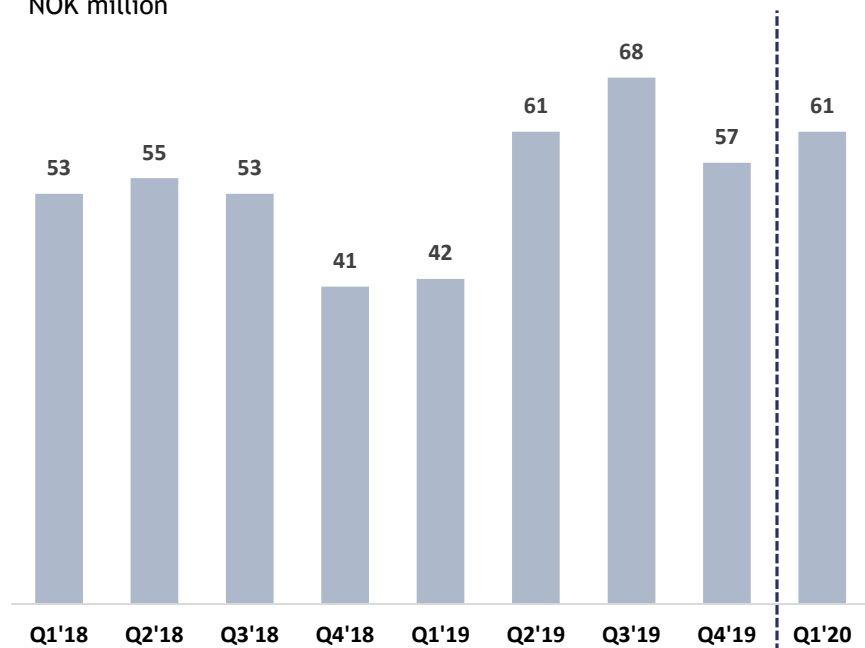
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Key quarterly figures for Vistin Pharma

(figures for continuing operations)

Revenue (pharmaceuticals)

NOK million



- NOK 19 million (+45%) higher revenue YoY - higher sales volume and favourable EUR/NOK exchange rate
 - Q1 19 was affected by an extended maintenance stop
 - 265 MT in volume increase for the quarter
- Significant higher gross margin (68% vs. 54%) compared to last year, and above annual average of 63%

Consolidated income statement

(NOK 1 000)	Q1 2020	Q1 2019	FY 2019
<i>Total revenue and income</i>			
Pharmaceuticals	61 407	42 234	228 130
Energy Trading	-	-	-
HQ & other	-	-	-
Total revenue and income	61 407	42 234	228 130
<i>EBITDA</i>			
Pharmaceuticals	14 238	(1 542)	30 358
Energy Trading	74	(717)	(1 611)
HQ & other	(629)	(699)	(3 020)
EBITDA	13 683	(2 957)	25 726
<i>EBT</i>			
Pharmaceuticals	(1 088)	(3 165)	21 493
Energy Trading	(165 790)	5 994	63 752
HQ & other	(843)	(283)	(1 203)
EBT	(167 721)	2 547	84 042
Depreciation, amortisation and impairment	(2 451)	(1 894)	(8 956)
Net finance income/(expense)	(178 903)	7 398	67 272
Profit/(loss) before tax from continuing operations	(167 721)	2 547	84 043
Profit/(loss) for the period	(130 811)	1 986	66 201

- EBITDA from pharmaceuticals NOK 14.2 million (negative NOK 1.5 million)
 - EBITDA impacted by positive effects from higher sales volumes and gross margin
- EBT from pharmaceuticals negatively affected by unrealized market-to-market value of EUR hedges throughout 2020
- Financial loss of approx. NOK 166 millions in Energy trading after closing all the oil derivative positions on 30th of March

Financial position

(NOK 1 000)	31.03.2020	31.03.2019	31.12.2019
Property, plant & equipment	101 288	98 379	101 802
Inventory	24 498	27 090	24 107
Trade receivables	40 011	22 032	38 277
Cash & cash equivalents	316 792	299 550	319 672
Other	47 668	35 496	20 306
Total Assets	530 257	482 546	504 165
 Total equity	 282 584	 348 062	 413 396
Total liabilities	247 673	134 484	90 769
Total Equity and Liabilities	530 257	482 546	504 165

- Cash balance at 31 March 2020 of NOK 317 million. Settlement of the oil derivative contracts was not completed before April (Q2), this will negatively affect the cash balance by approx. NOK 179 million.
- No interest-bearing debt as of 31 March 2020, other than lease liability recognised under IFRS 16 of NOK 2.2 million.
- The Board has propose to pay an ordinary dividend of NOK 1 per share to the shareholders. The dividend to be approved by the AGM.

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- Metformin market expected to continue to grow by 4-5% annually
 - 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 in the foreseeable future
- Attractive growth potential from existing customer base and expansion into new markets and customer segments
- Investment in a significant capacity expansion at the Fikkjebakke plant will fuel future revenue growth
 - Short/Medium term growth of 300-500MT stretch capacity initiatives under way
 - Investment for a +/-3500MT capacity increase approved. Project kick off in Q3 2020.
- All positions for Energy trading closed in Q1



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Top 20 shareholders as of 31 March 2020

NAME	SHAREHOLDING	% SHARE
SAGA TANKERS ASA*	6 284 280	14,17 %
PACTUM AS	2 678 572	6,04 %
HOLMEN SPESIALFOND	2 471 521	5,57 %
AWILCO AS	1 785 714	4,03 %
FERNCLIFF LISTED DAI AS*	1 764 424	3,98 %
MP PENSJON PK	1 748 779	3,94 %
STATE STREET BANK AND TRUST COMP	1 682 320	3,79 %
APOLLO ASSET LIMITED	1 600 000	3,61 %
SOLAN CAPITAL AS	1 600 000	3,61 %
SUNDT AS	1 532 416	3,46 %
TVENGE	1 232 268	2,78 %
NORDA ASA	880 000	1,98 %
CAMACA AS	874 796	1,97 %
KM HOLDING AS	669 642	1,51 %
NORDNET LIVSFORSIKRING AS	578 935	1,31 %
BERGEN KOMMUNALE PENSJONSKASSE	495 000	1,12 %
GRANT INVEST AS	474 585	1,07 %
HJELLEGJERDE INVEST AS	400 000	0,90 %
BORGEN INVESTMENT GROUP NORWAY AS	400 000	0,90 %
SKANDINAVISKA ENSKILDA BANKEN	396 050	0,89 %
TOTAL 20 LARGEST SHAREHOLDERS	29 549 302	66,6%
OTHER SHAREHOLDERS	14 795 290	33,4%
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!

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