

Vistin Pharma - Third Quarter 2019



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25 October 2019

Agenda

Highlights

Operational review - pharmaceuticals

Operational review - energy trading

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Third quarter 2019

- **Pharmaceuticals: 31% increase in revenue and substantial EBITDA improvement**
 - Revenue of NOK 67.9 million for the quarter vs. NOK 51.7 million in Q3 2018
 - Sales volumes 14% higher than Q3 2018 - product mix and higher EUR/NOK contributed to a higher revenue vs. volume growth
 - EBITDA NOK 12.8 million for Q3 vs. NOK 4.9 for Q3 2018 (before bonus provision)

- **Energy Trading: Large unrealised gain on trading positions during the quarter**
 - EBITDA negative NOK 0.3 million for Q3 vs. negative NOK 2.4 million for Q3 2018
 - Unrealised financial gain on oil derivatives of NOK 66.7 million for Q3

- **Other financials**
 - Cash balance as of 30 September of NOK 305.2 million, and no interest-bearing debt (excluding lease liabilities)

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Vistin Pharma a dedicated metformin producer with a bright outlook



Diabetes - A global emergency

- Diabetes in perspective:

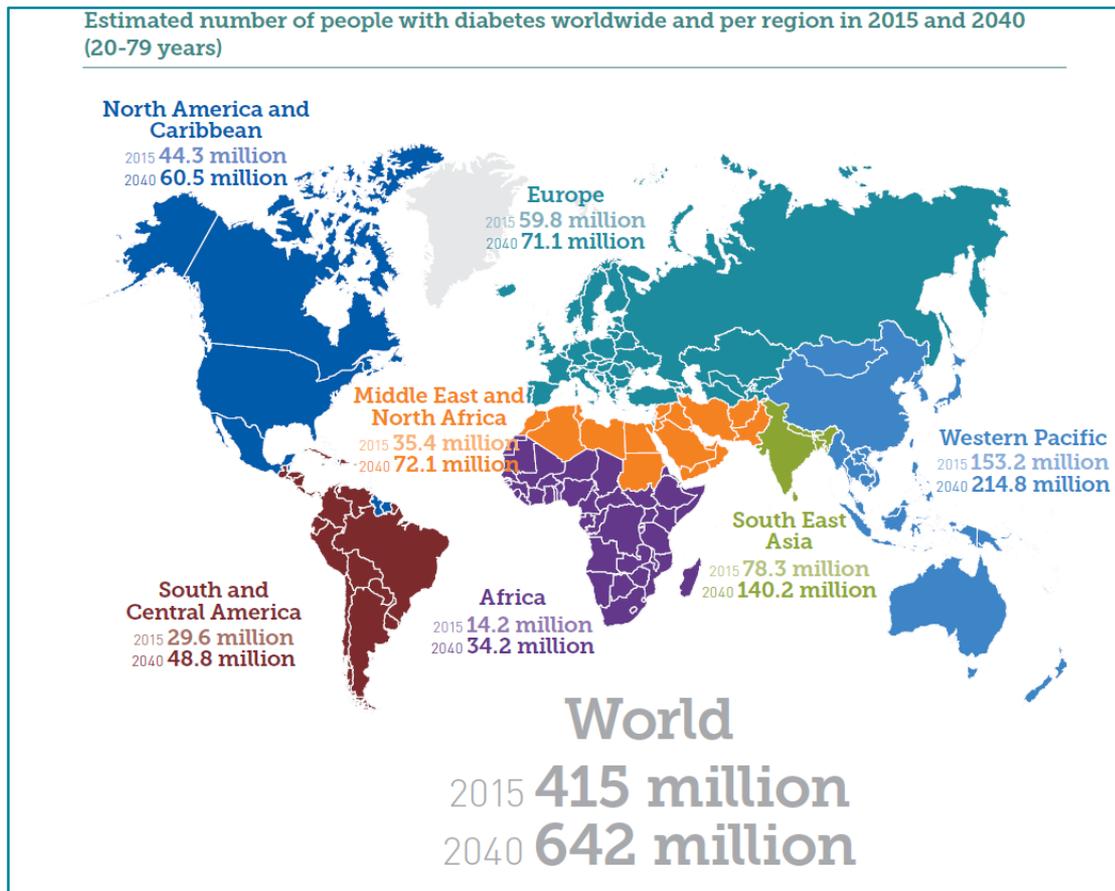
- 1 of 7 births is affected by gestational diabetes



- 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

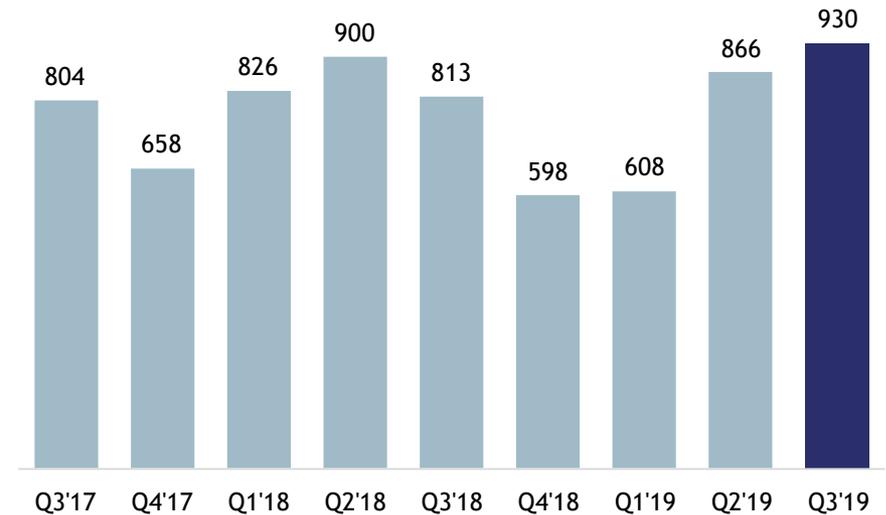
→ 12% of global health expenditure is spent on diabetes

Strong volume growth and stable production during the quarter

- Sales volume third quarter 930MT (813MT Q3 2018)
- The production plant has been producing at full capacity during the third quarter
- The total remaining production volume for 2019 has been allocated to customers,
- Efficiency programme to stretch production capacity up to 3500 - 3800MT ongoing
 - 3300MT capacity expected to be installed by end-2019
 - New parallel reactor to be installed during H2 2020, which will increase capacity by approx. 300MT

Sales volume metformin (HCl & DC)

Metric tonnes per quarter



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Significant improvement in the value of IMO 2020 derivative positions during Q3

- Exposure to the IMO 2020 fuel regulation change through oil derivative contracts
 - Contracts for 150,000MT of the spread between the USD price for ICE Gasoil (low sulphur) and Sing380 (high sulphur)
 - 15,000MT will expire each month from December 2019 to April 2020, while 75,000MT expire in December 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
- Large unrealised gain on trading positions during the quarter
 - Unrealised gain of NOK 66.7 million during the third quarter
 - Accumulated unrealised loss of NOK 22.1 million as of 30 September 2019

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Key quarterly figures for Vistin Pharma

(figures for continuing operations)

Revenue (pharmaceuticals)

NOK million



- NOK 15.5 million (+30%) higher revenue YoY - higher sales volume, including sale of raw-materials and a higher share of DC grade, and favourable EUR/NOK exchange rate (+3%)
- Marginally lower gross margin (61.3% vs. 62.5%), mainly as a result of raw-material sales (low margin)

Consolidated income statement

(NOK 1 000)

Q3 2019 Q3 2018 YTD 2019 YTD 2018 FY 2018

	Q3 2019	Q3 2018	YTD 2019	YTD 2018	FY 2018
<i>Total revenue and income</i>					
Pharmaceuticals	68 025	52 547	171 362	159 958	200 514
Total revenue and income	68 025	52 547	171 362	159 957	200 514
<i>EBITDA</i>					
Pharmaceuticals	11 846	4 933	23 559	16 177	11 523
Energy Trading	(311)	(2 383)	(1 313)	(3 091)	(6 969)
HQ & other	(879)	(705)	(2 258)	(2 604)	(3 828)
EBITDA	10 655	1 845	19 987	10 483	726
<i>EBT</i>					
Pharmaceuticals	9 985	1 568	17 772	13 104	9 574
Energy Trading	66 990	(4 707)	62 945	(22 674)	(91 401)
HQ & other	(521)	(685)	(1 169)	(2 465)	(3 477)
EBT	76 454	(3 824)	79 548	(12 035)	(85 305)
Depreciation, amortisation and impairment	(2 304)	(1 347)	(4 407)	(3 945)	(5 333)
Net finance income/(expense)	68 102	(4 322)	58 463	(18 574)	(80 697)
Profit/(loss) before tax from continuing operations	76 454	(3 824)	76 454	(12 036)	(85 305)
Profit/(loss) from continuing operations	59 634	(2 944)	59 634	(9 267)	(68 957)
Profit/(loss) for the period	59 634	(3 169)	62 048	(9 651)	(73 625)

- EBITDA from pharmaceuticals NOK 11.8 million (NOK 4.9 million), after employee bonus provision of NOK 1.0 million
 - EBITDA impacted by positive gross margin effect from higher sales volume and favourable exchange rates
- Net finance income of NOK 68.1 million (NOK -4.3 million), incl. unrealised gain of NOK 66.7 million on energy derivatives

Financial position

(NOK 1 000)	30.09.2019	30.09.2018	31.12.2018
Property, plant & equipment	100 825	78 071	88 550
Inventory	27 689	18 456	29 071
Trade receivables	44 896	30 524	27 363
Cash & cash equivalents	305 234	330 575	320 733
Other	14 792	16 468	34 346
Total Assets	493 435	474 094	500 062
Total equity	408 123	409 909	348 852
Total liabilities	85 313	64 189	151 210
Total Equity and Liabilities	493 435	474 094	500 062

- Cash balance at 30 September 2019 of NOK 305.2 million (including NOK 98.4 million in margin calls relating to energy derivatives)
- No interest-bearing debt as of 30 September 2019, other than lease liability recognised under IFRS 16 of NOK 2.9 million

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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
 - 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 to maximise shareholder value
 - No new energy trading investments will be made



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Top 20 shareholders as of 14 October 2019

NAME	SHAREHOLDING	% SHARE
SAGA TANKERS ASA*	6 284 280	14,17 %
PACTUM AS	2 678 572	6,04 %
HOLMEN SPESIALFOND	2 300 000	5,19 %
AWILCO AS	1 785 714	4,03 %
MP PENSJON	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	940 447	2,12 %
NORDA ASA	880 000	1,98 %
KM HOLDING AS	669 642	1,51 %
NORDNET LIVSFORSIKRING AS	584 970	1,32 %
BERGEN KOMMUNALE PENSJONSKASSE	495 000	1,12 %
GRANT INVEST AS	474 585	1,07 %
SKANDINAVISKA ENSKILDA BANKEN	461 499	1,04 %
HJELLEGJERDE INVEST AS	400 000	0,90 %
BORGEN INVESTMENT GROUP NORWAY AS	400 000	0,90 %
DNB MARKETS	361 009	0,81 %
TOTAL 20 LARGEST SHAREHOLDERS	29 997 873	67,6%
OTHER SHAREHOLDERS	14 346 719	32,4%
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!

www.vistin.com