

# Vistin Pharma - Second Quarter 2019



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29 August 2019

# Agenda

## Highlights

Operational review - pharmaceuticals

Operational review - energy trading

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## Second quarter 2019

- **Pharmaceuticals: 11% increase in revenue**
  - Revenue of NOK 60.8 million for the quarter vs. NOK 54.6 million in Q2 2018
  - Sales volumes marginally lower than Q2 2018, but offset by higher average selling price and a larger portion of DC vs. HCl
  - EBITDA NOK 13.3 million for Q2 vs. NOK 4.4 for Q2 2018
  
- **Energy Trading: Unrealised loss on trading positions during the quarter**
  - EBITDA negative NOK 0.3 million for Q2 vs. negative NOK 0.7 million for Q2 2018
  - Unrealised financial loss on oil derivatives of NOK 10.2 million for Q2
  
- **Other financials**
  - Cash balance as of 30 June of NOK 290.7 million, and no interest-bearing debt (excluding lease liabilities)

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Operational review - pharmaceuticals

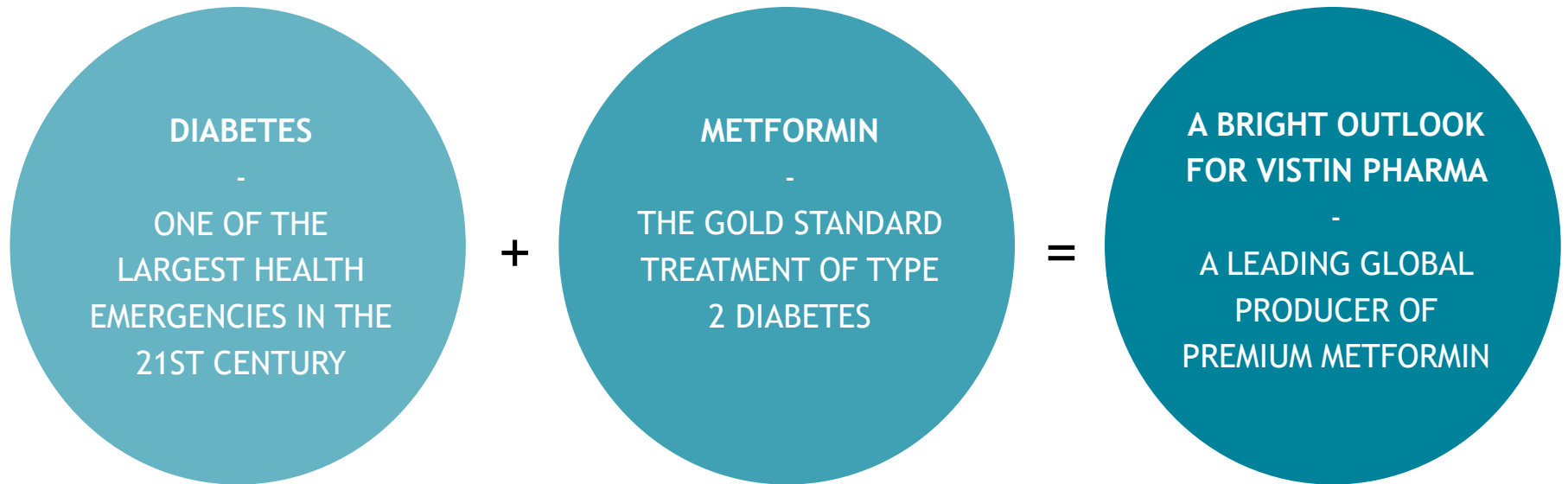
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# Vistin Pharma a dedicated metformin producer with a bright outlook



# Diabetes - A global emergency

- Diabetes in perspective:

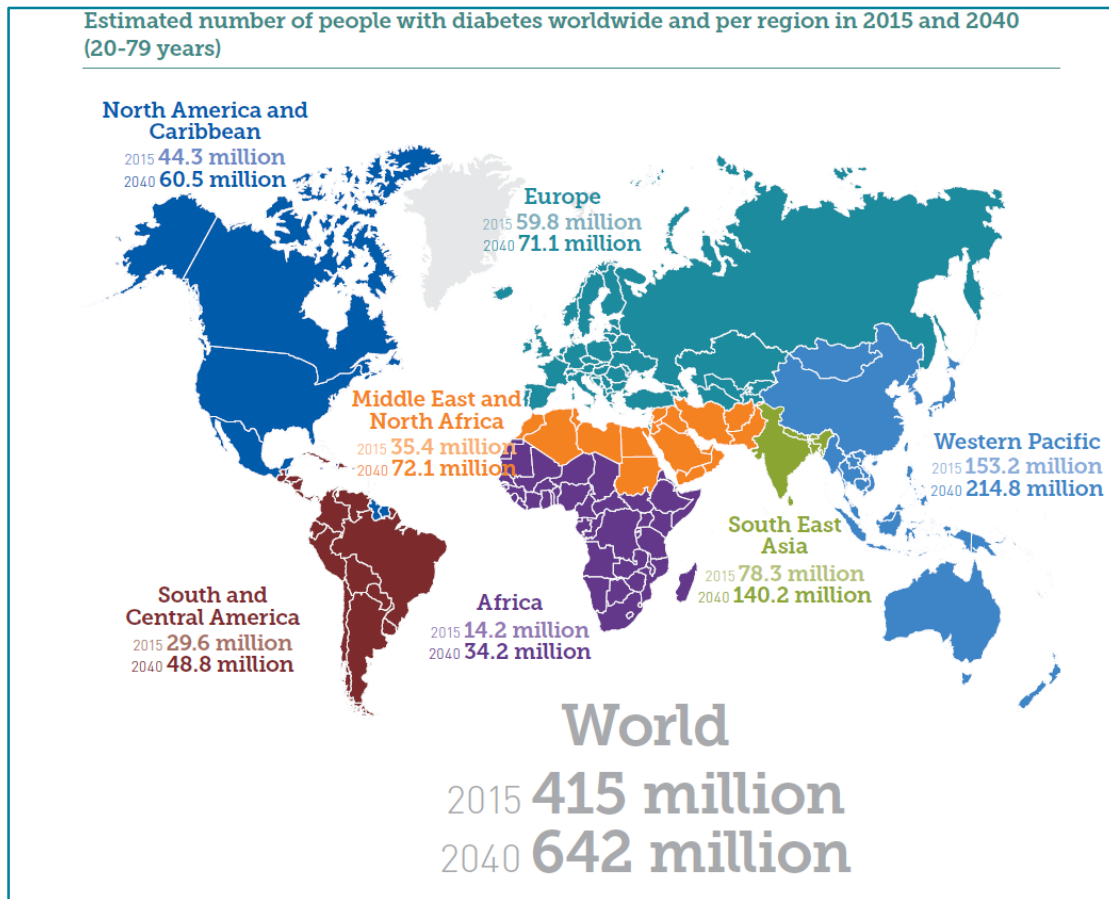
- 1 of 7 births is affected by gestational diabetes



- 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

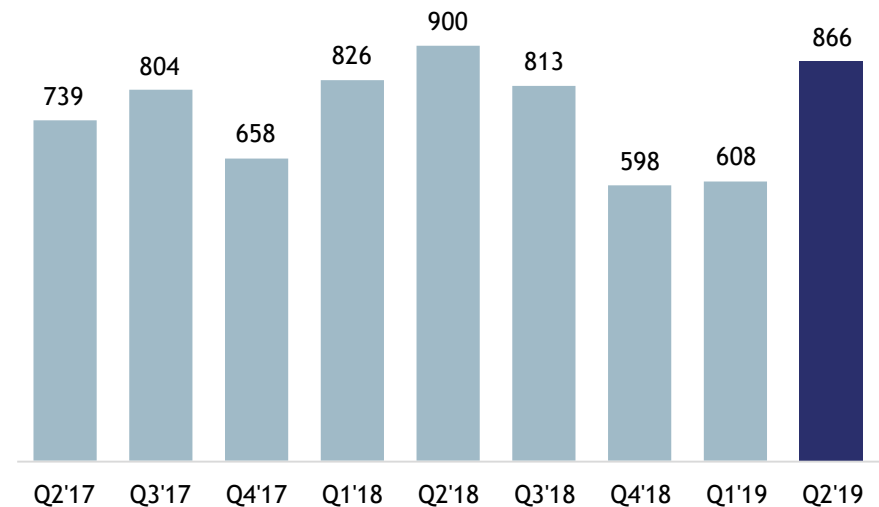
→ 12% of global health expenditure is spent on diabetes

# Production volumes back on track following installation of new packaging line

- Sales volume second quarter 866MT (900MT Q2 2018)
- The production plant has been producing at full capacity during the second quarter
- 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 (3300MT capacity expected to be available by end-2019)

## Sales volume metformin (HCl & DC)

Metric tonnes per quarter



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# Value of IMO 2020 derivative positions developed negatively during Q2

- 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 monthly 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
- Negative value of derivative contracts increased during the quarter
  - Unrealised loss of NOK 10.2 million during the second quarter
  - Accumulated unrealised loss of NOK 88.8 million as of 30 June 2019

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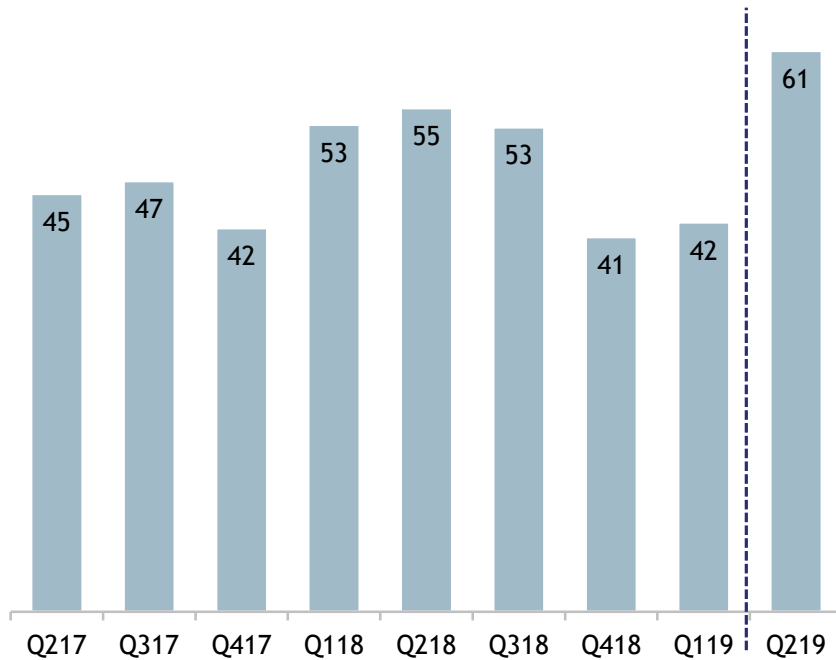
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# Key quarterly figures for Vistin Pharma

(figures for continuing operations)

## Revenue (pharmaceuticals)

NOK million



- NOK 6.2 million (+11%) higher revenue YoY - lower sales volume offset by higher average selling price and changes in product mix (DC vs. HCl)
- Higher gross margin (65.6% vs. 59.3%), as a result of higher selling prices, as well as product mix

# Consolidated income statement

(NOK 1 000)

Q2 2019 Q2 2018 YTD 2019 YTD 2018 FY 2018

	Q2 2019	Q2 2018	YTD 2019	YTD 2018	FY 2018
<i>Total revenue and income</i>					
Pharmaceuticals	61 103	54 607	103 337	107 410	200 511
Total revenue and income	61 103	54 607	103 337	107 410	200 511
<i>EBITDA</i>					
Pharmaceuticals	13 255	4 352	11 713	11 243	11 523
Energy Trading	(285)	(708)	(1 002)	(708)	(6 969)
HQ & other	(680)	(1 351)	(1 379)	(1 898)	(3 828)
EBITDA	12 290	2 293	9 332	8 637	726
<i>EBT</i>					
Pharmaceuticals	10 952	3 224	7 787	11 536	9 574
Energy Trading	(10 039)	(17 967)	(4 045)	(17 967)	(91 401)
HQ & other	(365)	(1 233)	(648)	(1 780)	(3 477)
EBT	548	(15 977)	3 094	(8 212)	(85 302)
Depreciation, amortisation and impairment	(2 103)	(1 350)	(2 103)	(2 597)	(5 333)
Net finance income/(expense)	(9 639)	(16 920)	(9 639)	(14 251)	(80 697)
Profit/(loss) before tax from continuing operations	548	(15 977)	548	(8 211)	(85 305)
Profit/(loss) from continuing operations	427	(12 302)	427	(6 323)	(68 957)
Profit/(loss) for the period	427	(12 320)	2 414	(6 482)	(73 625)

- EBITDA from pharmaceuticals NOK 13.3 million (NOK 4.4 million)
  - EBITDA impacted by positive gross margin effect from sales and lower operating expenses
- Net finance expense of NOK 9.6 million (NOK 16.9 million), incl. unrealised loss of NOK 10.2 million on energy derivatives

# Financial position

(NOK 1 000)	30.06.2019	30.06.2018	31.12.2018
Property, plant & equipment	102 369	76 740	88 550
Inventory	26 061	16 879	29 071
Trade receivables	42 842	33 117	27 363
Cash & cash equivalents	290 708	333 655	320 733
Other	32 005	16 233	34 346
<b>Total Assets</b>	<b>493 986</b>	<b>476 624</b>	<b>500 062</b>
Total equity	348 489	412 062	348 852
Total liabilities	145 497	64 563	151 210
<b>Total Equity and Liabilities</b>	<b>493 986</b>	<b>476 624</b>	<b>500 062</b>

- Cash balance at 30 June 2019 of NOK 290.7 million (including NOK 164.9 million in margin calls relating to energy derivatives)
- No interest-bearing debt as of 30 June 2019, other than lease liability recognised under IFRS 16 of NOK 3.3 million

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# Summary & outlook

- Metformin market expected to continue to grow by 5 - 6% annually
  - Diabetes is one of the largest health crises of the 21<sup>st</sup> 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 to maximise shareholder value
  - No new energy trading investments will be made



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# Top 20 shareholders as of 14 August 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 %
NORDNET LIVSFORSIKRING AS	563 262	1,27 %
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 %
HJELLEGJERDE INVEST AS	400 000	0,90 %
BORGEN INVESTMENT GROUP NORWAY AS	400 000	0,90 %
TOTAL 20 LARGEST SHAREHOLDERS	29 755 156	67,1%
OTHER SHAREHOLDERS	14 589 436	32,9%
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](http://www.vistin.com)