
Third quarter 2018

OSLO, NOVEMBER 9, 2018

PRESENTED BY TOM RÖNNLUND, CEO

Q3 2018 Summary

- Solid performance in Pharma & Healthcare business area – EBITDA of 3.5 million in the quarter. Product launches proceeding as planned, continued strong uptake of anti-obesity drug Mysimba®
- Reported revenues of NOK 44.3 million, compared to NOK 44.9 in Q3 2017
- Gross margin percentage improved to 34.9%, compared to 27.8% in Q3 2017, reflecting growth in higher margin products
- Group EBITDA for Q3 2018 was NOK 1.5 million. Adjusted for costs related to evaluation of strategic alternatives, EBITDA of NOK 3.0 million in the quarter, an improvement of underlying performance of 2.4 MNOK compared to Q3 2017.
- Post quarter event:
Release of Sippi's wireless connectivity solution, SippLink™, for MetaVision, one of Europe's leading electronic patient journal systems, following successful clinical validation.

(NOK million)	Q3 2018	Q3 2017
Revenue	44.3	44.9
Gross profit	15.5	12.5
Gross margin	34.9%	27.8%
EBITDA	1.5	0.6
*Adjusted EBITDA	3.0	0.6
EBIT	-0.1	-2.7
Result before tax	-0.9	-2.9
Cash	16.9	29.6
Total assets	214.7	234.8
Equity	76.9	104.6
Equity ratio	35.8%	44.5%

* Adjusted EBITDA Q3 2018 = EBITDA of MNOK 1.5 + strategic project cost of MNOK 1.5

Extracts from consolidated income

In NOK '000	Q3 2018	Q3 2017	YTD 2018	YTD 2017	FY 2017
Operating revenues	44 333	44 916	132 196	212 750	257 921
Gross profit	15 460	12 479	44 195	50 152	63 507
Gross profit %	34.9 %	27.8 %	33.4 %	23.6 %	24.6 %
Operating costs	-13 939	-11 883	-44 148	-40 731	-56 499
EBITDA	1 521	596	46	9 421	7 008
EBITDA %	3.4 %	1.3 %	0.0 %	4.4 %	2.7 %
Depreciation and amortization	-1 640	-3 327	-4 720	-9 816	-11 756
Impairment	-	-	-	-	-5 825
OPERATING RESULT (EBIT)	-119	-2 731	-4 674	-395	-10 573
Net financial result	-856	-180	-3 542	-7 009	-6 559
RESULT BEFORE TAX	-975	-2 911	-8 216	-7 403	-17 132

- Stable total sales revenues in current product portfolio
- Revenue growth in base portfolio and new launches including Mysimba offset by generic competition on Imdur
- Year to date comparison impacted by discontinued Aspen partnership in 2017
- Gross margin increased to 34.9% (27.8%) based on shift to higher margin products
- Operational cost includes extraordinary strategic project costs of 1.5 MNOK in Q3 2018, in total 5.6 MNOK year to date

Condensed consolidated financial position

In NOK '000	30.09.2018	31.12.2017
Intangible assets and Goodwill	104 046	116 599
Deferred tax assets	9 277	8 714
Tangible assets	515	600
Non-current assets	113 837	125 913
Inventories	41 804	44 698
Short term receivables and prepaid taxes	42 201	46 417
Cash at hand, in banks	16 902	30 246
Current assets	100 908	121 362
Total assets	214 745	247 274
Total equity	76 903	96 700
Contingent consideration	29 408	26 186
License liability and borrowings from financial institutions	9 582	12 043
Deferred tax	485	528
Non-current liabilities	39 475	38 757
Trade account payables	47 937	72 109
Short term liabilities to financial institutions	30 966	12 208
Short term liabilities, income tax, licence agreement	19 464	27 500
Current liabilities	98 367	111 818
Total shareholders equity and liabilities	214 745	247 275

- Total assets of MNOK 214.7, reduction YTD by NOK 32.5 due to reduced value of intangible assets, inventory, accounts receivables and cash.
- Cash at hand by quarter end MNOK 16.7
- YTD current liabilities is reduced by MNOK 13. Repayment of accounts payables and short term liabilities are partly offset by increase in Short term liability to financial institutions
- Equity of MNOK 76.9 leads to an equity ratio of 35.8% as of 30.9 2018.

This is Navamedic

Navamedic ASA is a Norwegian pharmaceutical and medtech company, delivering products to patients, hospitals and pharmacies in the Nordic and selected European markets. Navamedic's Pharma and Healthcare business segment is a distributor of products supplied by a number of pharmaceutical manufacturers. The Group's Medtech business has developed and is currently introducing the next generation of digital urine meter Sippi®. Navamedic is listed on the Oslo Stock Exchange (ticker: NAVA)



Pharma & Healthcare

Marketing and distribution of pharmaceuticals, non-prescription drugs and healthcare products

- Well-established market position and track record, main focus on Nordic region
- Strategic partnership and distribution agreements providing cash flow and margins
- Products are sold to pharmacies, hospitals and to medical professionals



Medtech

Navamedic Medtech's vision is to develop innovative technology products that benefit patients and healthcare professionals

- Global potential for next generation digital urine measurement, the Sippi® product family
- Innovative, patented technology addressing a global market need
- Ongoing commercialisation with multiple future revenue streams and significant annual long-term revenue opportunity

Recognised pharma and healthcare distribution platform

Well-established market position and track record in the Nordic region and select European markets

Navamedic is today actively selling pharma products in 13 European markets

Nordic region covered with direct presence

Eight additional European countries covered with established partners



Cardiology/GP



IMDUR NITROLINGUAL GONITRO MYSIMBA

Urology



URACYST SILDENAFIL ELMIRON

Medical nutrition



PKU GLUCOSADE TYR

Dermatology



ALLERGEAZE NYDA FINN CHAMBERS TRUE TEST WOULGAN BETTAMOUSSE

Other



GELOREVOICE SNOREEZE SUPERSEAL DENTOFIX AFTAMED

Women's health



AMNISURE ELLEN NIPT PARTOSURE

The background features a grid of light blue squares, each containing a different medical or scientific illustration. On the left, a large, detailed image of a white, oval-shaped pill is shown. In the center, several other white pills are scattered. On the right, a complex molecular structure is depicted with blue lines and spheres. The overall color palette is light blue and white.

Pharma and healthcare

COMMERCIAL UPDATE

Pharma and healthcare commercial update

(NOK million)	Q3 2018	Q3 2017	YTD 2018	YTD 2017
Revenue	44.3	44.9	132.1	212.6
Gross profit	15.5	12.5	44.2	50.3
Gross Margin	34.9 %	27.8%	33.4%	23.7%
EBITDA	3.5	3.5	6.6	15.1
EBITDA margin	7.9%	4.4%	5.0%	7.1%

- Stable revenues in Q3 2018, with solid performance from the new product launches, contributing to improved gross margins and overall profitability for the company
- Newer brands and new launches growing as expected while total revenue growth held back by generic competition on Imdur in the Nordic markets
- Increased gross profit by 2.9 MNOK compared to Q3 2017 based on growing sales of higher margin products as well as positive impact from Mysimba launch uptake
- Adjusted for strategic projects EBITDA in the quarter is MNOK 5, which is an improvement in underlying operation of 1.5 MNOK compared to Q3 2017. Adjusted EBITDA YTD 2018 of 12.2 MNOK
- Highly anticipated launch of Elmiron initiated in Q3 with Nordic patients. National reimbursement applications under discussion with authorities
- 2018 is important transition year with focus on building a solid base portfolio of licensed and distributed products with longer contractual periods, higher gross margins and strong growth outlook

Rapidly launching new products



Pharma and healthcare product portfolio

Products	Growth: Q3 2018 vs Q3 2017	Growth: Moving Annual Total*
Medical Nutrition	+5%	+6%
Uracyst	+3%	+7%
Nitrolingual	+20%	+6%
Imdur	-13%	-22%

**Rolling 12 months Q4/16 – Q3/17 vs Q4/17 – Q3/18



Mysimba® - Very strong initial sales uptake across the Nordics, reaching sales of MNOK 8.3 YTD 2018



Medical Nutrition – Navamedic’s second largest product group, accounting for approximately 22% of sales. Partnership contract with Vitaflo international recently renewed for 5 years



Uracyst® - Stable performance in the urology therapy area. Sales growth following supply issues in spring



Elmiron® - First prescriptions in late Q3. High interest amongst healthcare practitioners for the first oral pharmaceutical for treatment of Bladder Pain Syndrome

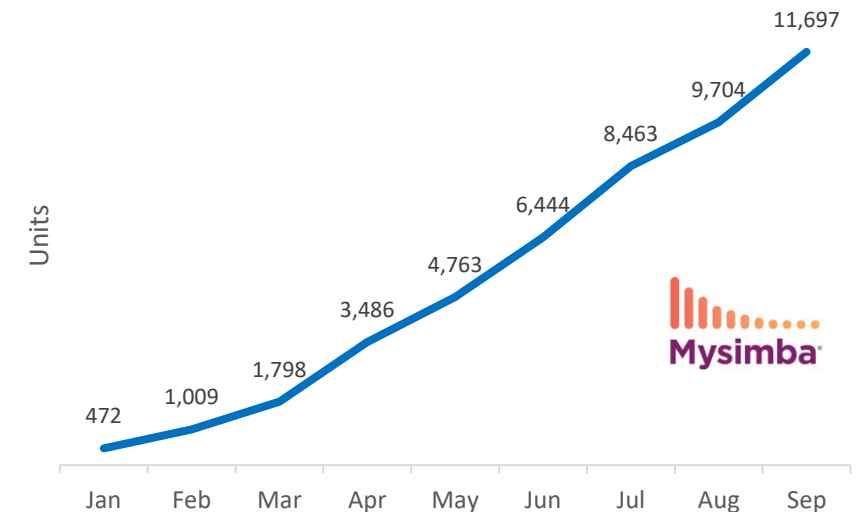


Nitrolingual® – strong continued performance in light of favourable competitive situation combined with pricing tactics



Imdur® - continued pressure from generic competition in the Nordic markets having significant impact on sales compared to previous year. Pressure stabilized in last 6 months, with flat sales development for the brand currently

Accumulated Mysimba unit sales YTD 2018



Elmiron® - Nordic launch initiated

- Navamedic engaged in the launch of Elmiron® (pentosan polysulfate sodium) from German pharmaceutical company bene-Arzneimittel GmbH
- Elmiron® indication:
 - Bladder Pain Syndrome (BPS) also known as Interstitial Cystitis (IC)
 - The only prescription medication available for this diagnosis
- Relatively small patient population but with debilitating consequences for affected patients, 90% of which are women
- BPS characterized by the occurrence of persistent or recurrent pain perceived in the urinary bladder region, accompanied by at least one other symptom, such as pain worsening with bladder filling
- BPS is often associated with negative cognitive, behavioral, sexual or emotional consequences.
- Treated by gynecologists, urologist and specialized urotherapy nurses
- Estimated no of patients in the Nordic region: approx. 4.000
- Elmiron® recommended as treatment for BPS by European Association of Urology*
- Approved, reimbursed price in Germany approx. €6.000 per year and patient
- First prescriptions in the Nordics expected during Q4 2018





Medtech

COMMERCIAL UPDATE

Medtech commercial update

Sippi® - a major global opportunity

Strong international IP position with patents in major markets, including the U.S., yielding major licensing opportunities and positioning Navamedic for an accelerated growth path in a multi-million market. Patents granted:

1. **Sippi® base technology** for using capacitance as a volume measurement, biofilm control and silicone oil as surface protection in digital urine handling systems. Global addressable market of > \$200 million
2. **Sippcoat®** use in body fluid handling system to prevent bacteria migration. Global addressable market of > 700 million fluid handling systems annually



Sippi® - a new standard for urine monitoring by enabling automated digital measurement.

Sippi® also prevents biofilm build-up via its proprietary technology and alerts healthcare professionals if biofilm reaches critical levels



Setting the stage for accelerated Sippi® growth

Based on market feedback and continued developments during 2018, Navamedic expects Sippi® to thrive in two areas: wireless connectivity to Patient Data Monitoring Systems (PDMS), and controlling the risk of intraluminal induced urinary tract infections (UTIs), a major challenge to the healthcare system

Post quarter event sets the stage for Sippi's global market potential:

- Navamedic released the wireless connectivity solution, SippLink, for iMDSodft's Patient Data Monitoring System (PDMS), MetaVision, one of Europe's leading electronic patient journal systems with clients in Norway, Sweden and all major EU countries
- SippLink represents market's first wireless PDMS-connected digital urinometer.
- Release follows successful validation at the University Hospital of Uppsala in Sweden. A solid backlog of clinics across Europe now awaiting testing / implementation
- Continuously evaluating several strategic alternatives for the global Sippi® launch

Looking Forward

Leveraging the Navamedic platform

Leveraging our growth platform



- Solid, cost effective and attractive licensing and distribution platform
- Regulatory, market access and sales/marketing capabilities
- Great launch experience – well positioned for new product opportunities
- Long term partnerships on critical products – foundation for future growth
- Active strategy to license, acquire and partner new products in attractive segments
- Continuous strategic evaluations for the portfolio and group



- Unique patented technology targeting global market opportunity in Intensive Care and beyond – Sippi product family
- Early stages of commercialisation with imminent opportunities for accelerated growth
- First available dedicated urine volume measurement system with wireless data transfer – Sippi
- Additional product opportunities in preventing bacteria migration in body fluid collection systems - Sippcoat
- Navamedic seeking collaboration with strategically well positioned partners to accelerate commercialisation
- Internationally renowned advisor engaged to accelerate partner search

Outlook

- Navamedic is building a leading Nordic pharmaceutical and medical device business through product acquisitions, license and distribution agreements in attractive therapeutic areas, as well as its proprietary product, Sippi®, which offers new standard for urine monitoring by enabling automated digital measurement, creating opportunities for multiple future revenue streams
- Driven by new product launches, the company is targeting to back on an accelerated growth track in the medium term perspective. The company's business development activities are focused on high margin products to build a sustainable, solid product portfolio.
- Launch of Mysimba® has seen a strong initial interest from physicians and positive sales start in the Nordics reaffirms the potential of the product. Second high-potential product, Elmiron® is in the process of being launched in the Nordics. These new, innovative products represents a combined annual peak sales potential of NOK 100-150 million in the Nordic region
- Based on ongoing new launches and our pipeline of additional products, the company targets a sales turnover of NOK 400 million for the Pharma and Healthcare segment in a three to five year perspective.
- The Sippi product family holds significant future revenue potential for Navamedic. With wireless PDMS communication feature and multimarket growth platform in place the company is pursuing the long-term annual revenue potential for Sippi®, expected to be in excess of NOK 250 million
- The company is continuously evaluating strategic alternatives for the portfolio and group.

Q&A

Appendix

Condensed consolidated statement of comprehensive income

<i>(In NOK '000)</i>	Q3 2018	Q3 2017	YTD 2018	YTD 2017	2017
Operating revenues	44 333	44 916	132 196	212 750	257 921
Cost of materials	-28 873	-32 436	-88 002	-162 598	-194 414
Gross profit	15 460	12 479	44 195	50 152	63 507
<i>Gross profit %</i>	<i>34.9 %</i>	<i>27.8 %</i>	<i>33.4 %</i>	<i>23.6 %</i>	<i>24.6 %</i>
Payroll expense	-6 412	-6 534	-21 931	-21 909	-29 832
Other operating cost	-7 527	-5 349	-22 218	-18 822	-26 667
Operating costs	-13 939	-11 883	-44 148	-40 731	-56 499
EBITDA	1 521	596	46	9 421	7 008
<i>EBITDA %</i>	<i>3.4 %</i>	<i>1.3 %</i>	<i>0.0 %</i>	<i>4.4 %</i>	<i>2.7 %</i>
Depreciation	-29	-107	-91	-306	-249
Amortization	-1 611	-3 220	-4 629	-9 509	-11 507
Impairment	-	-	-	-	-5 825
OPERATING RESULT (EBIT)	-119	-2 731	-4 674	-395	-10 573
Financial income and expenses					
Financial income	6 572	2 254	17 568	5 512	14 454
Change fair value contingent consideration	-1 074	-1 074	-3 222	-3 226	-2 618
Financial expenses	-6 354	-1 360	-17 888	-9 295	-18 396
Net financial result	-856	-180	-3 542	-7 009	-6 559
RESULT BEFORE TAX	-975	-2 911	-8 216	-7 403	-17 132
Tax on ordinary result	-626	626	-421	2 930	1 589
NET PROFIT/ LOSS (-)	-1 601	-2 285	-8 637	-4 473	-15 542
Other comprehensive income that may be reclassified subsequently to profit or loss					
Currency translations differences	-2 708	4 361	-11 236	5 590	6 512
Total comprehensive income for the period	-4 309	2 076	-19 872	1 117	-9 030

Condensed consolidated financial position

<i>(In NOK '000)</i>	30.09.2018	30.09.2017	31.12.2017
Assets			
Intangible assets	28 743	36 988	34 630
Goodwill	75 303	80 198	81 969
Deferred tax assets	9 277	11 264	8 714
Tangible assets	515	987	600
Non-current assets	113 837	129 437	125 913
Inventories	41 804	29 956	44 698
Short term receivables	34 768	39 430	44 376
Prepaid income taxes	7 434	6 341	2 041
Cash at hand, in banks	16 902	29 603	30 246
Current assets	100 908	105 330	121 362
Total assets	214 745	234 767	247 274

Condensed consolidated financial position

<i>(In NOK '000)</i>	30.09.2018	30.09.2017	31.12.2017
Equity and liabilities			
Equity	76 903	104 602	96 700
Total equity	76 903	104 602	96 700
Liabilities			
Contingent consideration	29 408	26 794	26 186
Long term part of license liability	9 582	11 400	12 043
Borrowings from Financial Institutions	0	1 223	0
Deferred tax	485	918	528
Non-current liabilities	39 475	40 335	38 757
Trade account payables	47 937	56 083	72 109
Short term liabilities to Financial Institutions	30 966	13 854	12 208
Short term part of license liability	6 359	4 178	4 266
Income taxes payable	1 955	1 871	1 347
Short term liabilities	11 151	13 845	21 887
Current liabilities	98 367	89 830	111 818
Total liabilities	137 842	130 165	150 575
Total shareholders equity and liabilities	214 745	234 767	247 275

Condensed consolidated cash flow

<i>(In NOK '000)</i>	Q3 2018	Q3 2017	YTD 2018	YTD 2017	2017
Profit/loss(-) before tax	-975	-2 911	-8 216	-7 403	-17 132
Taxes paid	-904	-1 619	-5 570	-5 895	2 627
Depreciation, amortization and write off	1 640	3 327	4 720	9 816	17 581
Interest and currency without cash effect 1)	1 081	896	2 853	3 664	3 787
Changes in inventory	868	-7 165	2 894	31 387	16 644
Changes in trade accounts receivables	7 345	30 168	8 922	23 752	23 666
Changes in trade accounts payables	2 047	-246	-24 173	-6 258	9 768
Changes in other current items	-2 727	-6 654	-10 051	1 650	2 132
Net cash flow from operating activities	8 375	15 794	-28 619	50 711	59 074
Cash flow from investments					
Purchase/disposal of tangible and intangible assets	-222	-653	-1 115	-2 259	-6 997
Net cash flow from investing activities	-222	-653	-1 115	-2 259	-6 997
Cash flow from financing				0	0
Short term liabilities to Financial Institutions	3 934	-27 497	21 054	-41 300	-41 648
Long term liabilities to Financial Institutions and other	-1 158	-1 218	-2 296	-5 677	-6 974
Net cash flow from financing activities	2 776	-28 715	18 758	-46 977	-48 622
Changes in currency	294	1 365	-2 368	1 327	-9
Net change in cash	11 223	-12 209	-13 344	2 802	3 445
Cash and cash equivalents start period	5 679	41 813	30 246	26 801	26 801
Cash and cash equivalents end period	16 902	29 604	16 902	29 603	30 246

Segments

(NOK mill)	Pharma & Healthcare				Medtech				Sum Group			
	Q3		YTD		Q3		YTD		Q3		YTD	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Operating revenues	44.3	44.9	132.1	212.6	0.0	0.0	0.1	0.2	44.3	44.9	132.2	212.8
Gross profit	15.5	12.5	44.2	50.3	-0.0	-0.0	0.0	-0.2	15.5	12.5	44.2	50.2
Gross margin	34.9 %	27.8 %	33.4 %	23.7 %					34.9 %	27.8 %	33.4 %	23.6 %
Operating costs	12.0	10.5	37.5	35.2	2.0	1.4	6.6	5.5	13.9	11.9	44.1	40.7
EBITDA	3.5	2.0	6.6	15.1	-2.0	-1.4	-6.6	-5.7	1.5	0.6	0.0	9.4
EBITDA Margin	7.9 %	4.4 %	5.0 %	7.1 %					3.4 %	1.3 %	0.0 %	4.4 %

Definitions and APM

Definitions of Alternative Performance Measures (APM)

Navamedic's financial information is prepared in accordance with international financial reporting standards as adopted by the EU (IFRS). In addition, the company presents alternative performance measures (APMs). The APMs are regularly reviewed by management and their aim is to enhance stakeholders' understanding of the company's performance. APMs presented may be determined or calculated differently by other companies.

APMs:

EBITDA is equal to earnings before interest, tax, depreciation and amortization. EBITDA is a sub-total in the condensed consolidated statement of comprehensive income.

EBITDA margin is equal to EBITDA as a percentage of total operating revenues.

Gross profit is equal to total revenues minus cost of materials. Gross profit is a sub-total in the condensed consolidated statement of income.

Gross margin is equal to gross profit as a percentage of total operating revenues.

Equity ratio is equal to total equity as a percentage of total shareholders' equity and liabilities.

Adjusted EBITDA; In adjusted EBITDA the costs related to evaluation of strategic alternatives is not included.

Navamedic believe that the measure provides useful and necessary information to investors and other parties because it provides additional information on underlying growth of the business without the effect of revenues from products unrelated to Navamedic's performance in the future.

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