

Medistim ASA First Quarter 2014

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1. Highlights first quarter



Highlights first quarter 2014

- Revenue up 7.4 %
 - Strong development in the imaging business, 67 % growth in VeriQ C capital sales
 - Strong growth in sales of own products in Europe, up 31.9 %
 - Lack of capital sales explains revenue and procedure decline in the USA
- Operating profit (EBIT) at the same level as the previous year
- Development project for new system platform continues according to plan
- The general meeting decided a dividend of NOK 0.8 per share (NOK 1.10)

Q1 2014		Q o Q
Revenue MNOK 48.9 (45.5)		7.4%
EBIT MNOK 7.2 (7.3)		0.0 %
Currency		6.6 %
No of products sold		
Systems 31		19.2 %
Flow probes 1 548		4.0 %
Procedures (USA) 7 376		-5.5 %

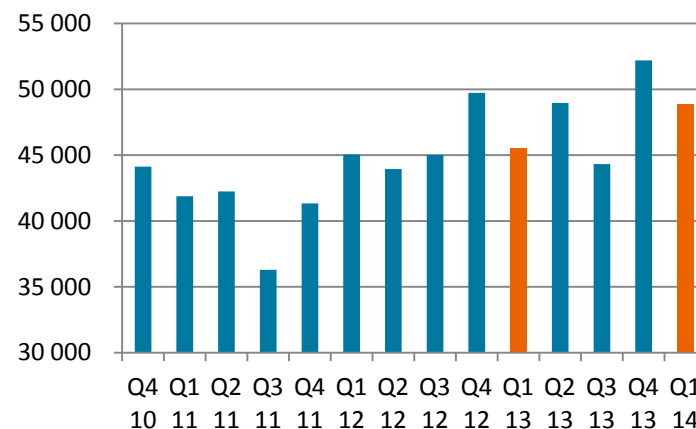
2. Financial statements



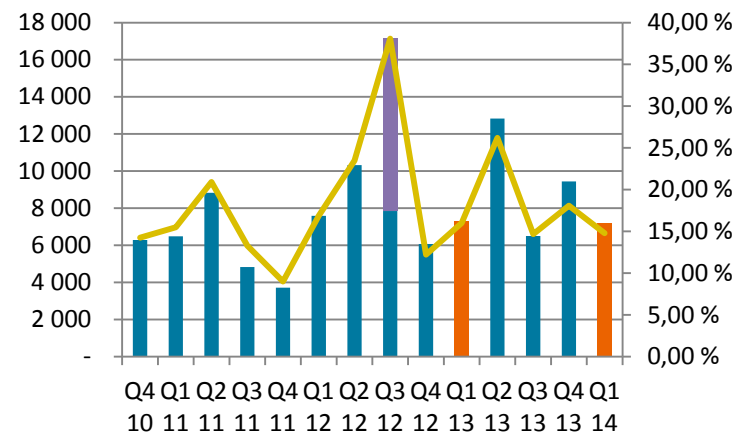
Profit and loss Q1 2014

Profit & loss	Q1 2014	Q1 2013
<i>All numbers in NOK 1000</i>		
Sales	48 857	45 507
Cost of goods sold	12 982	12 191
Salary and sosial expenses	16 775	15 144
Other operating expenses	9 843	9 071
Total operating expenses	39 601	36 406
Op. res. before depr. and write-offs (EBITDA)	9 257	9 100
<i>EBITDA%</i>	<i>18,9 %</i>	<i>20,0 %</i>
Depreciation	2 038	1 814
Operating result (EBIT)	7 219	7 286
<i>EBIT%</i>	<i>14,8 %</i>	<i>16,0 %</i>
Financial income	1 112	312
Financial expenses	1 091	(200)
Net finance	21	512
Pre tax profit	7 240	7 798
Tax	2 037	2 045
Result	5 203	5 753

Sales per Quarter (TNOK)

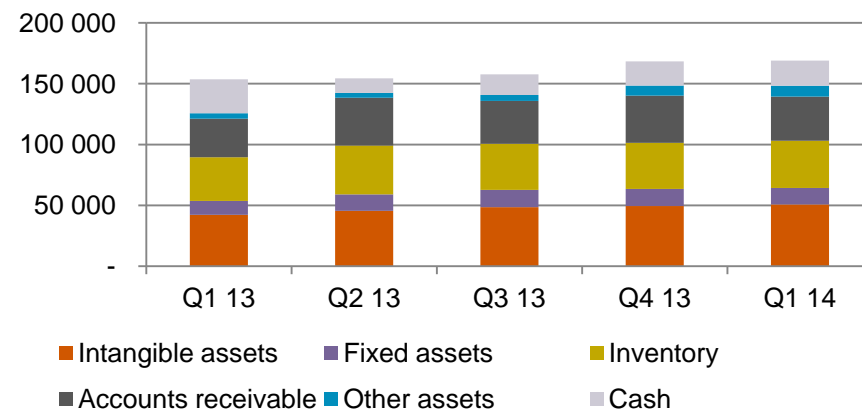


EBIT per Quarter (TNOK)



Balance sheet - Assets

Balance sheet	31.03.2014	31.12.2013
<i>All numbers in NOK 1000</i>		
Assets		
Intangible assets	50 718	49 399
Fixed assets	13 542	14 061
Total intangible and fixed assets	64 260	63 460
Inventory	38 813	37 930
Customers receivables	36 354	38 781
Other receivables	8 897	8 374
Cash	20 622	19 846
Total current assets	104 687	104 930
Total assets	168 947	168 390



- Investments in new system platform increase intangible assets
- Sales confirmed late in the quarter gives a temporary increase in customer receivables

Balance sheet - Equity and liability

Balance sheet

31.03.2014

31.12.2013

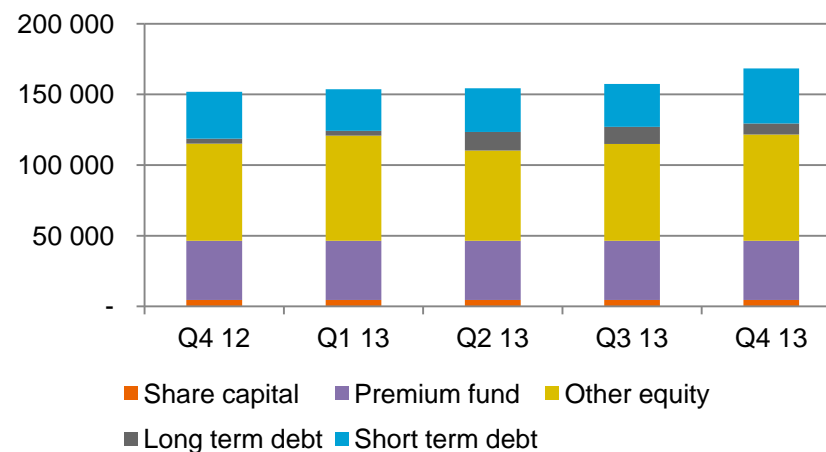
All numbers in NOK 1000

Share capital	4 585	4 585
Premium fund	41 852	41 852
Other equity	80 274	75 198
Total equity	126 711	121 635

Total long term debt	6 745	7 753
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Total short term debt	35 490	39 002
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Total equity and liability	168 947	168 390
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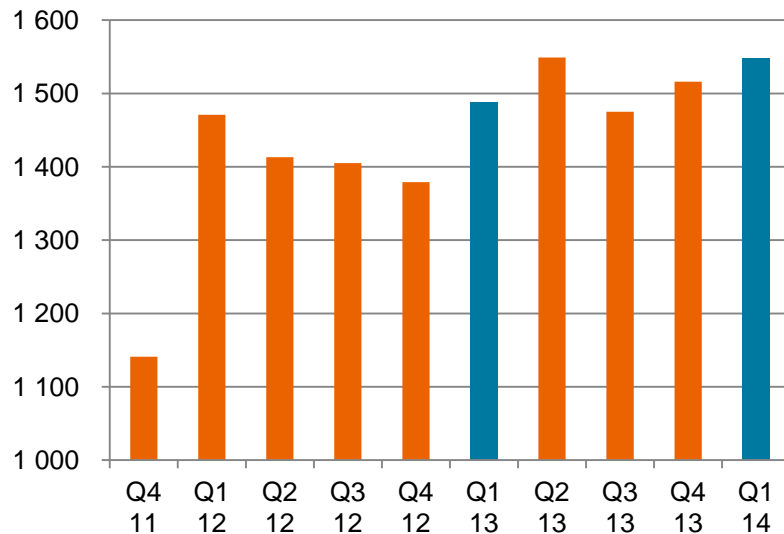
- 7.5 MNOK in interest bearing debt
- Dividend for 2013 of NOK 0.80 per share, total MNOK 14.5, expected to be paid medio May 2014

3. Business segments update

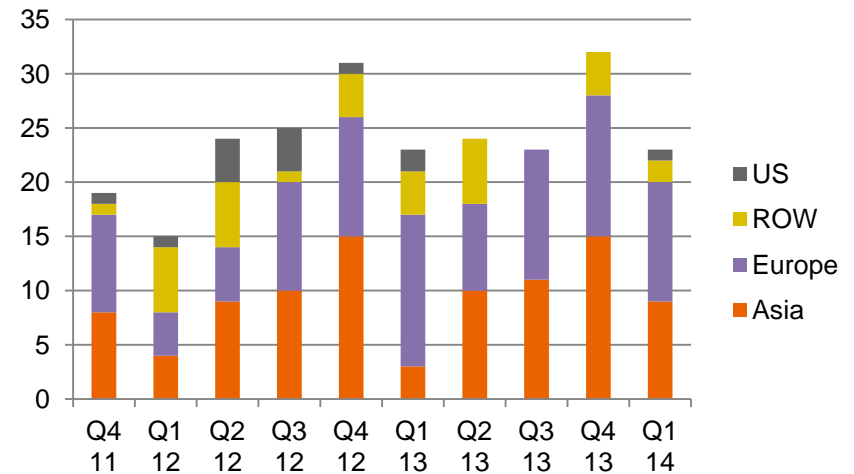


Flow probes and VeriQ sales in units

Flow probes in units



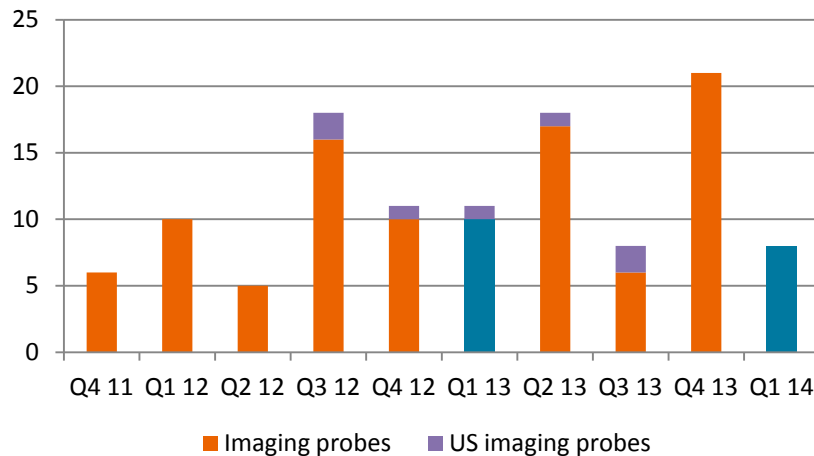
VeriQ systems in units



- Flow probe sales volume was strong in all regions in 2013
- Growth continues at 4% in Q1 2014
- Same number of VeriQ sold in first quarter 2014 as in 2013
- Only 1 VeriQ capital sale in Q1 2014 in the USA versus 2 last year contributes to the decline in US Q1 sales revenues

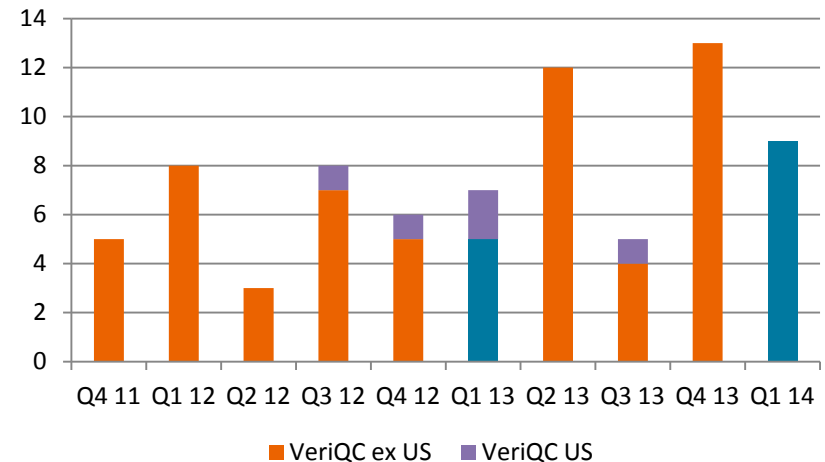
Imaging probes and VeriQ C sales in units

Imaging probes in units



- Slower probe sales after a strong Q4

VeriQ C systems in units



- Strong quarter over quarter growth in imaging systems, following a strong fourth quarter 2013
- No VeriQ C capital sales in Q1 2014 in the USA versus 2 last year contributes to the decline in US Q1 sales revenues



Q1 revenue performance by region

Mill NOK	Q1 '14	Q1 '13	Q/Q	2013
Europe	31,9	26,7	19,5 %	114,6
USA	10,7	12,8	-16,4 %	45,9
Asia & Jp	4,4	3,6	22,2 %	19,2
ROW (MEA, CAN, SA)	1,9	2,4	-20,8 %	11,3
Total	48,9	45,5	4,9 %	191,0

- In Europe, there was positive development in sales of own products for both systems and probes, increasing by 32 %. 3rd party sales increased by 9.6 %.
- In the US, the lack of capital system sales is the main explanation for the drop in total US Q1 revenues of 16.4 %.
- Both Asia/Japan and ROW are so far smaller sales territories for Medistim, and quarterly performance varies significantly. In Q1, Japan drove the growth in Asia with 4 VeriQ C.

Positive currency effects for the quarter with 3.2 MNOK.

Q1 revenue performance by product

Mill NOK	Q1 '14	Q1 '13	Q/Q	2013
Procedures (USA)	10,4	10,6	-1,9 %	42,9
Flow probes	14,4	12,6	14,3 %	51,1
Flow systems (VeriQ)	4,2	4,1	2,4 %	17,1
Imaging systems (VeriQ C)	3,1	3,2	-3,1 %	13,9
Imaging probes	0,5	0,3	66,7 %	2,7
3rd party	16,1	14,7	9,5 %	62,6
Other	0,2	0,0	#DIV/0!	0,7
Total revenues	48,9	45,5	7,5 %	191,0

- **Procedure sale in the USA:** The total number of procedures is down by 5.5% for the quarter, driven by lower number of card-based procedures sold. Capital-based procedures increased by 15.8 %. Imaging procedures growth was up 38 %.
- **Flow probes revenue:** The positive trend from last year continues.
- **VeriQ flow systems:** Strong system sales development continues with 19% growth outside the USA, however, the lack of US capital sales this quarter explains the moderate overall growth.
- **VeriQ C imaging systems and probes:** 67% growth outside the US, no contribution from US capital sales this quarter.
- **3rd party products:** 9.5 % increase for the quarter, recovering from loss of major agency in 2013.

4. Implementing the strategy

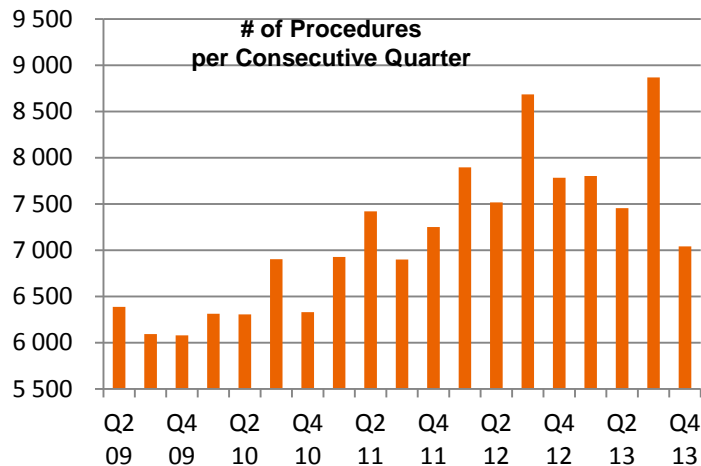


USA

Game plan USA

PERFORMANCE 2013

- Sales revenues down by 5.4% for the year and total number of procedures was down by 2.2%
- Lower number of capital sales (systems and probes) was the direct cause of the lower revenues: 5 units sold in 2013 vs 12 in 2012
- Card-based procedures up 2.3% and capital-based procedures was down by 19.8%



GAME PLAN 2014

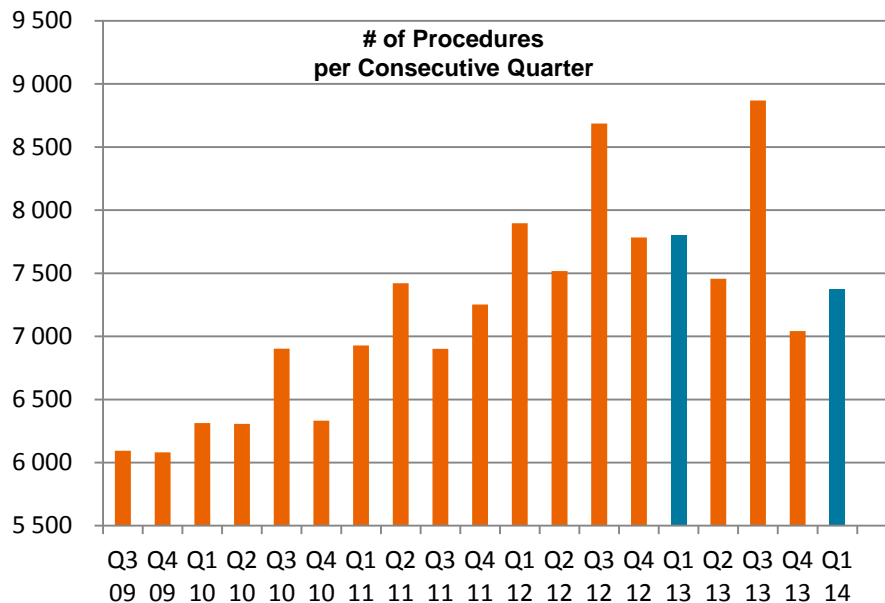
- Transitioning into new leadership
- Organization structure optimization
- Alignment around key priorities:
 - Effective targeting of vascular market
 - Increase utilization at current cardiac accounts
 - Customer driven choice of business & pricing models
 - Win new large and strategic (KOL) hospitals
- Triggers:
 - Optimized incentive plans
 - Measuring sales productivity
 - Identifying and sharing best practices

USA

Implementation update

PERFORMANCE Q1

- Revenues down by 16.5%
- Number of procedures down by 5.5%
 - Card-based procedures down by 7.9%
 - Capital-based procedures up by 15.8%



STATUS GAME PLAN IMPEMENTATION

- Regaining confidence in winning
 - 11 new accounts, including Barnes Jewish Hospital, St.Louis, Missouri
 - 3 VeriQ (TTFM) accounts converted to VeriQ C (combined TTFM and imaging) accounts, and 38 % growth in imaging procedures
 - Positive experience from vascular evaluations
 - Deals closed due to more flexible, customer driven choice of business & pricing models
 - Strong pipeline in development
- Efficiency initiatives
 - More careful qualification of accounts prior to entering clinical evaluation to increase success rate
 - Measuring and increasing sales productivity
- Strategic initiatives
 - Partnering with teaching institutions



Seeing is believing