

Medistim ASA Second Quarter 2014

Kari E. Krogstad, President and CEO
Thomas Jakobsen, CFO
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1. Highlights second quarter



Highlights second quarter 2014

- Revenue down 2.2 %
 - Strong growth in the US sales with 41 % increase
 - Sale of consumables (probes) at the same level as last year per first half year
 - Lower number of systems sales in Europe, Asia and RoW explains revenue decline for the quarter
- Development project for new system platform continues according to plan
- A dividend of NOK 0.8 per share (NOK 1.10) paid to shareholders 7th of May

Q2 2014		Q o Q
Revenue MNOK 47.9 (49.0)		-2.2%
EBIT MNOK 11.7 (12.8)		-9.0 %
Currency		5 %
No of products sold		
Systems 16		-55.0 %
Flow probes 1 491		-3.7 %
Procedures (USA) 9 798		31.4 %

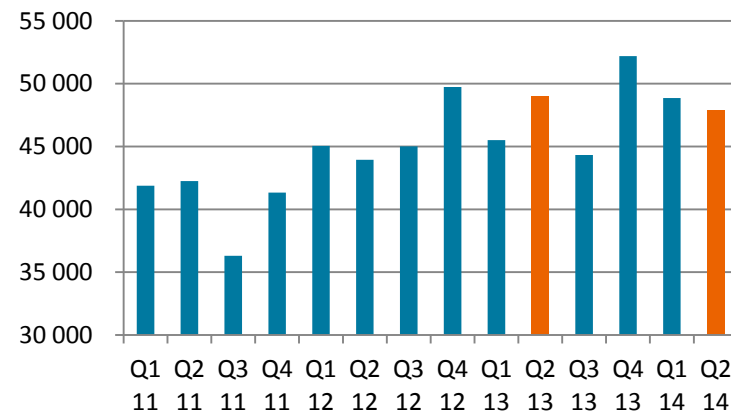
2. Financial statements



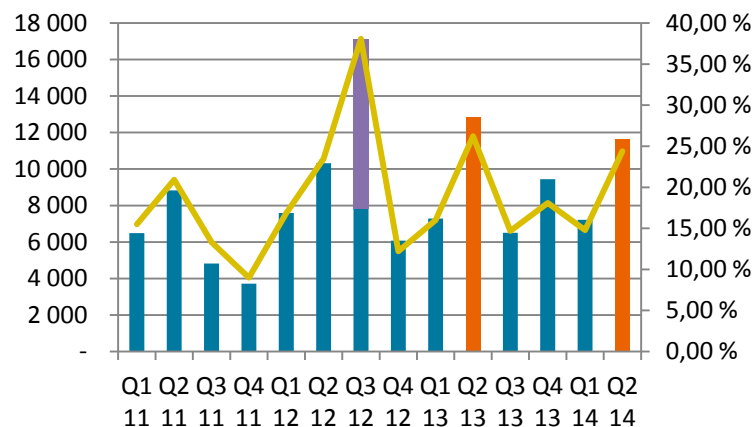
Profit and loss Q2 2014

Profit & loss	Q2 2014	Q2 2013
<i>All numbers in NOK 1000</i>		
Sales	47 868	48 962
Cost of goods sold	12 323	11 428
Salary and social expenses	12 947	13 205
Other operating expenses	8 855	9 609
Total operating expenses	34 125	34 242
Op. res. before depr. and write-offs (EBITDA)	13 743	14 719
<i>EBITDA%</i>	<i>28,7 %</i>	<i>30,1 %</i>
Depreciation	2 072	1 888
Operating result (EBIT)	11 671	12 831
<i>EBIT%</i>	<i>24,4 %</i>	<i>26,2 %</i>
Financial income	2 429	2 899
Financial expenses	2 178	2 879
Net finance	251	20
Pre tax profit	11 922	12 851
Tax	4 765	4 182
Result	7 158	8 669

Sales per Quarter (TNOK)



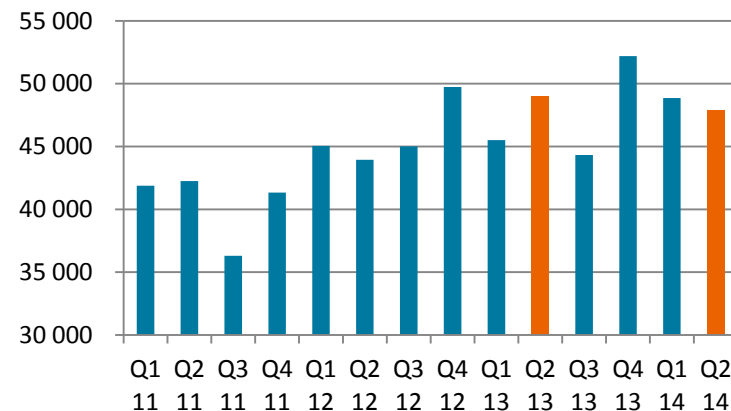
EBIT per Quarter (TNOK)



Profit and loss H1 2014

Profit & loss	1. half 14	1. half 13
<i>All numbers in NOK 1000</i>		
Sales	96 725	94 468
Cost of goods sold	25 304	23 619
Salary and sosial expenses	29 722	28 349
Other operating expenses	18 699	18 681
Total operating expenses	73 725	70 649
Op. res. before depr. and write-offs (EBITDA)	23 000	23 819
<i>EBITDA%</i>	<i>23,8 %</i>	<i>25,2 %</i>
Depreciation	4 110	3 702
Operating result (EBIT)	18 890	20 117
<i>EBIT%</i>	<i>19,5 %</i>	<i>21,3 %</i>
Financial income	3 541	3 212
Financial expenses	3 269	2 679
Net finance	272	532
Pre tax profit	19 162	20 649
Tax	6 801	6 227
Result	12 361	14 423

Sales per Quarter (TNOK)

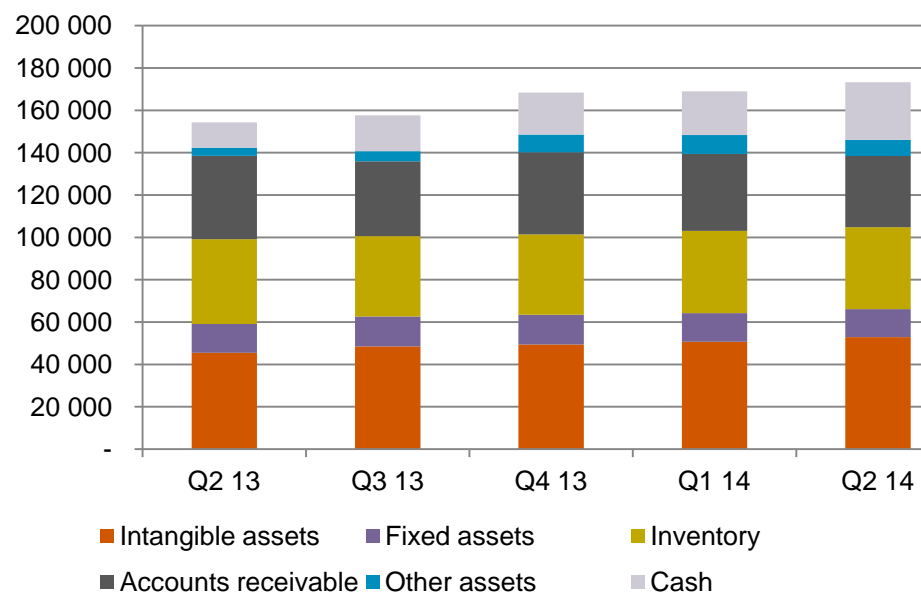


EBIT per Quarter (TNOK)



Balance sheet - Assets

Balance sheet	30.06.2014	31.12.2013
<i>All numbers in NOK 1000</i>		
Assets		
Intangible assets	52 897	49 399
Fixed assets	13 247	14 061
Total intangible and fixed assets	66 144	63 460
Inventory	38 652	37 930
Customers receivables	33 651	38 781
Other receivables	7 623	8 374
Cash	27 205	19 846
Total current assets	107 131	104 930
Total assets	173 275	168 390



- Investments in new system platform increase intangible assets
- Reduction in customer receivables improves cash situation

Balance sheet - Equity and liability

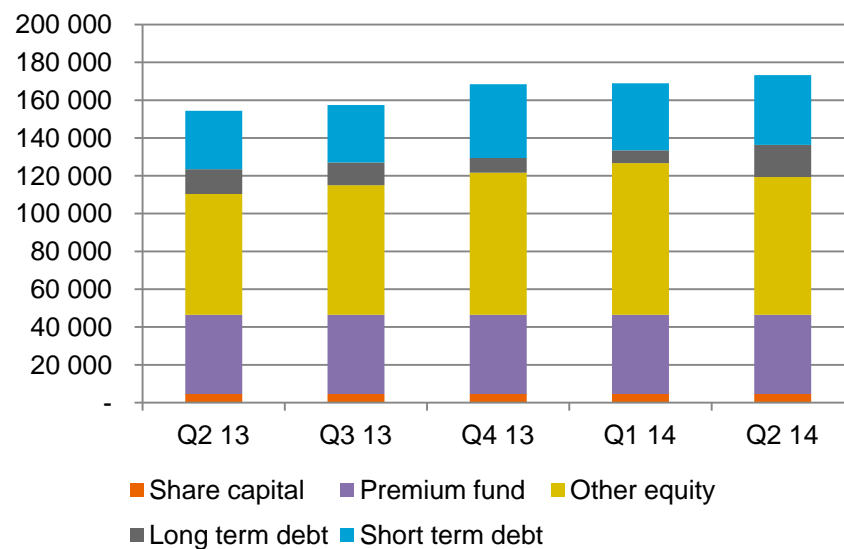
Balance sheet

30.06.2014

31.12.2013

All numbers in NOK 1000

Share capital	4 585	4 585
Premium fund	41 852	41 852
Other equity	72 925	75 198
Total equity	119 362	121 635
Total long term debt	16 987	7 753
Total short term debt	36 926	39 002
Total equity and liability	173 275	168 390



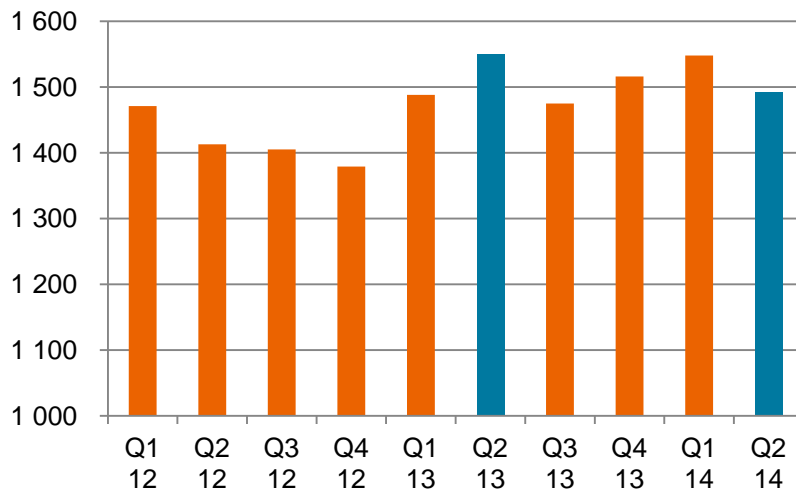
- 21.6 MNOK in interest bearing debt
- Dividend for 2013 of NOK 0.80 per share, total MNOK 14.5, paid 7th of May 2014

3. Business segments update

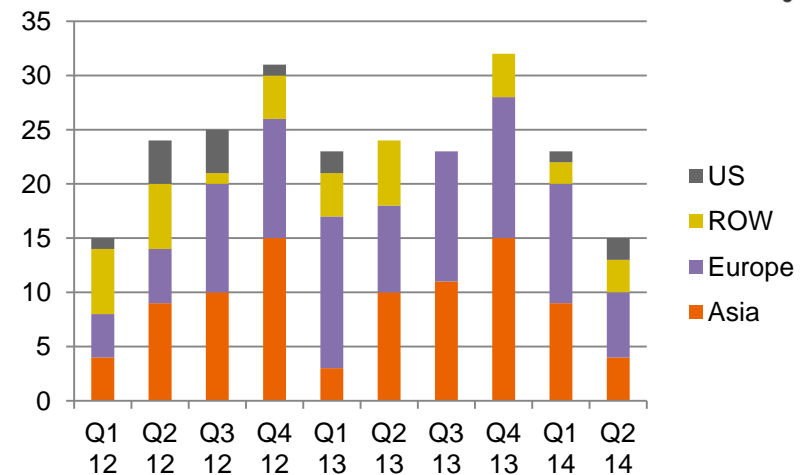


Flow probes and VeriQ sales in units

Flow probes in units



VeriQ systems in units

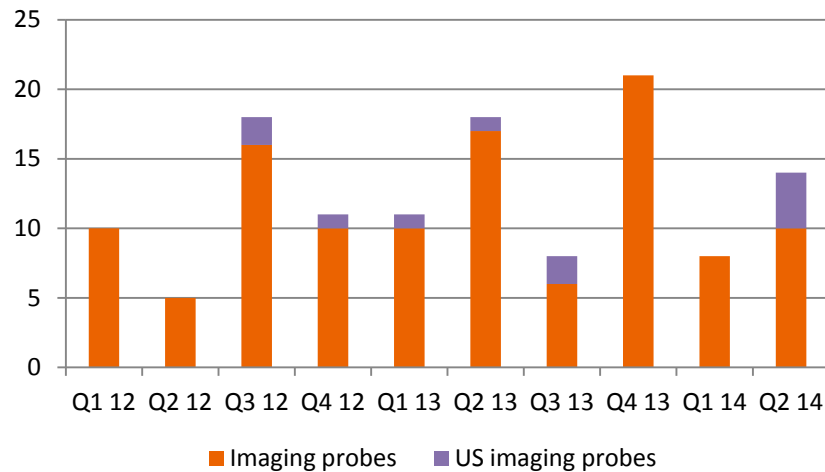


- Flow probe sales volume was strong in all regions in 2013
- Level maintained in H1 2014
- Lower sales of VeriQ in Asia and Europe compared to last year explains revenue shortfall in Q2
- 2 VeriQ capital sale in Q2 2014 in the USA versus 0 last year contributes to the increase in US Q2 sales revenues

Imaging probes and VeriQ C sales in units

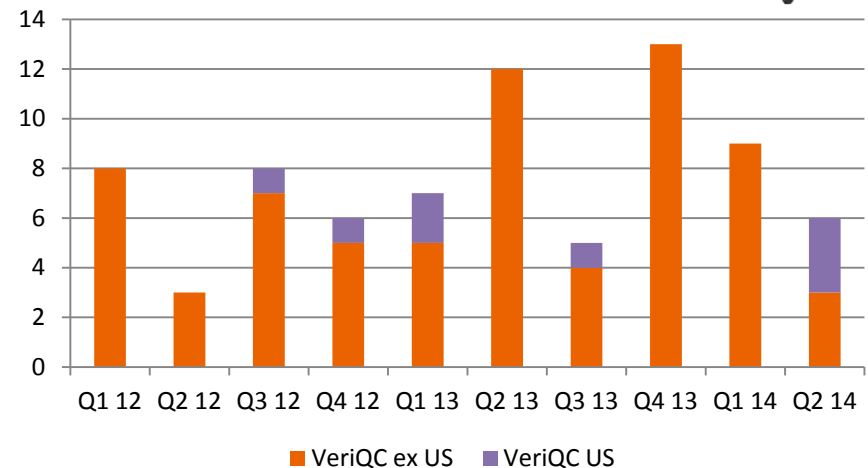


Imaging probes in units



- The US contributes with probe sales due to a strong quarter with capital sale of VeriQ C

VeriQ C systems in units



- Lower number of system sales in Europe and Asia explains revenue shortfall in Q2
- 3 VeriQ C capital sales in Q2 2014 in the USA versus 0 last year contributes to the revenue increase in US Q2 sales revenues

Q2 revenue performance by region

Mill NOK	Q2 '14	Q2 '13	Q/Q	H1 2014	H1 2013	H1/H1
Europe	27,5	31,1	-11,6 %	59,4	57,8	2,8 %
USA	14,6	10,3	41,7 %	25,3	23,1	9,3 %
Asia & Jp	3,3	2,9	13,8 %	7,7	6,5	18,5 %
ROW (MEA, CAN, SA)	2,5	4,6	-45,7 %	4,3	7,0	-38,9 %
Total	47,9	48,9	-2,2 %	96,7	94,5	2,4 %

- In Europe, there was negative development in sales of systems and probes for the quarter. For the first half, there was probe volume growth of 9.4%. 3rd party sales dropped 4.6 %.
- In the US, Strong capital system sales is the main explanation for the increase of US Q2 revenues of 41 %.
- Both Asia/Japan and ROW are so far smaller sales territories for Medistim, and quarterly performance varies significantly. In Q2, less system sales in Asia/Jp was compensated with higher probe sales.

Positive currency effects for the quarter with 2.3 MNOK and 4.9 MNOK for the half year.

Q2 revenue performance by product

Mill NOK	Q2 '14	Q2 '13	Q/Q	H1 2014	H1 2013	H1/H1
Procedures (USA)	11,7	10,3	13,6 %	22,1	20,9	5,7 %
Flow probes	13,9	13,1	6,1 %	28,3	25,7	10,1 %
Flow systems (VeriQ)	2,8	4,0	-30,0 %	6,8	8,0	-15,0 %
Imaging systems (VeriQ C)	3,2	3,8	-15,8 %	6,4	7,1	-9,9 %
Imaging probes	0,5	1,0	-50,0 %	1,0	1,3	-23,1 %
3rd party	15,1	15,8	-4,4 %	31,2	30,5	2,3 %
Other	0,7	1,0	-30,0 %	0,9	1,0	-10,0 %
Total revenues	47,9	49,0	-2,2 %	96,7	94,5	2,4 %

- **Procedure sale in the USA:** The total number of procedures is up by 34 % for the quarter, driven by capital-based procedures. Imaging procedures growth was up 15 %.
- **Flow probes revenue:** The number of probes sold are down by 3.7% for the quarter. For the first half, the volume is at the same level as 2013.
- **VeriQ flow systems:** Lower system sales outside the USA explains revenue shortfall in Q2.
- **VeriQ C imaging systems and probes:** Lower system sales outside the USA explains the shortfall this quarter.
- **3rd party products:** 4.6% decrease for the quarter, but up 2.3 % YTD - recovering from loss of major agency in 2013.

4. Implementing the strategy

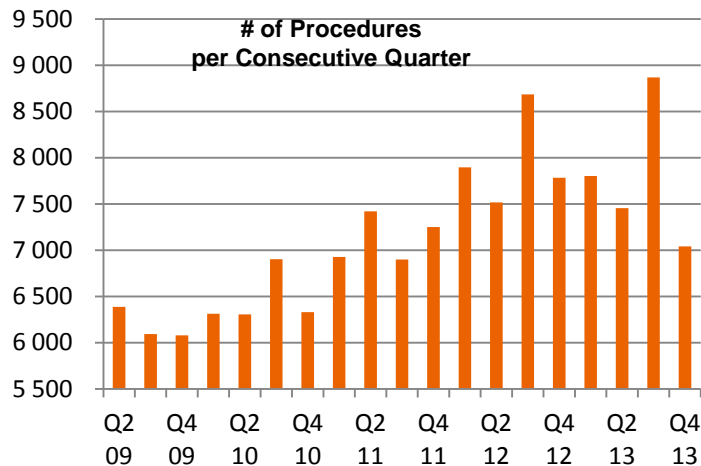


USA

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

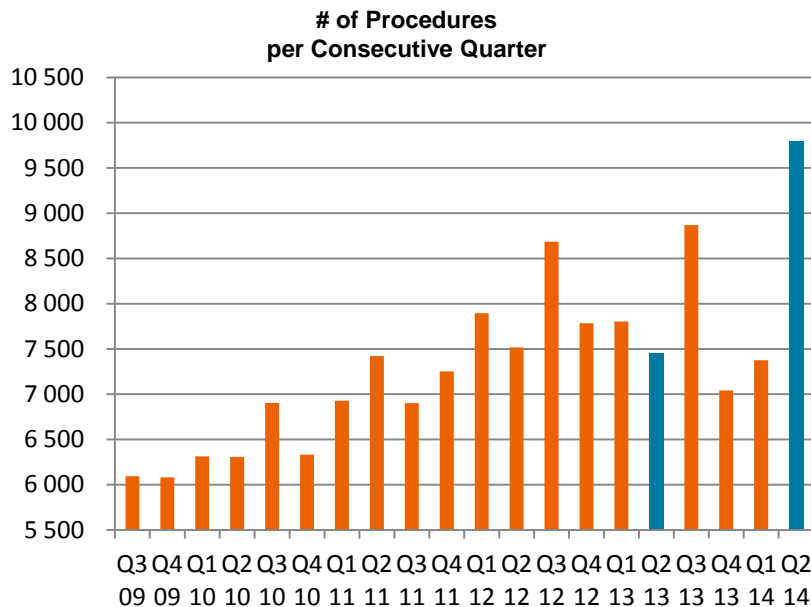
- Transitioning into new leadership
- Organization structure optimization
- Alignment around key priorities:
 - Effective targeting of vascular market
 - Increase utilization at current cardiac accounts
 - Customer driven choice of business & pricing models
 - Win new large and strategic (KOL) hospitals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

USA

Implementation update

PERFORMANCE Q2

- Revenues up by 41%
- Number of procedures up by 31%
- 15 % growth in imaging procedures
- 5 capital sales (2 VeriQ and 3 VeriQ C) in Q2



STATUS GAME PLAN IMPEMENTATION

- Regaining confidence in winning
 - 20 new accounts per first half
 - Building momentum from vascular evaluations
 - Deals closed due to more flexible, customer driven choice of business & pricing models
 - Strengthening the pipeline
- Efficiency initiatives
 - Continuous focus on sales productivity and ROI
 - Careful qualification of accounts prior to entering clinical evaluation to increase success rate
- Strategic initiatives
 - Partnering initiative with teaching institutions in progress
 - Clinical collaborations in progress

