

# **Medistim ASA Third Quarter 2014**

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## Disclaimer

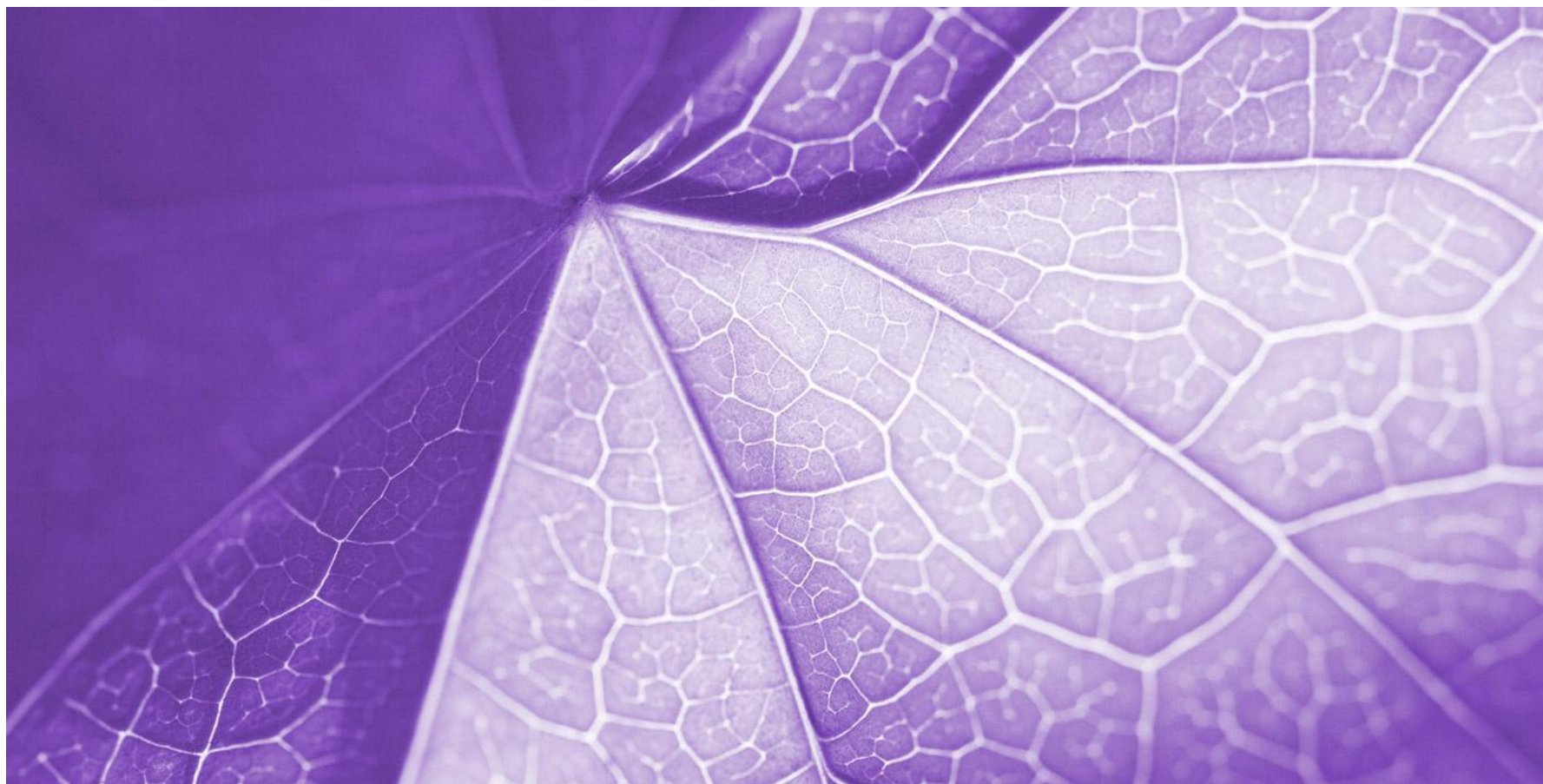
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## 1. Highlights third quarter



## Highlights third quarter 2014

- Revenue grows 17.3 %
  - Strong growth in all geographical regions
  - Sale of consumables (flow probes) up 29.3 % for the quarter and 16.4 % year to date
  - Continued sales growth in the USA, 16.2 % increase for the quarter and 11.5 % year to date
- MNOK 10.0 in EBIT for the quarter, a growth of 54.1 %. EBIT increases 8.6 % year to date and ends at MNOK 28.9
- MiraQ™ Cardiac, the first product from the new system platform, was launched at EACTS in Milan and is now commercially available in Europe and some Asian countries

Q3 2014		Q o Q
Revenue MNOK 52.0 (44.3)		17.3%
EBIT MNOK 10.0 (6.5)		54.1 %
Currency		4.2 %
No of products sold		
Systems 32		18.5 %
Flow probes 1 825		23.7 %
Procedures (USA) 9 153		3.2 %



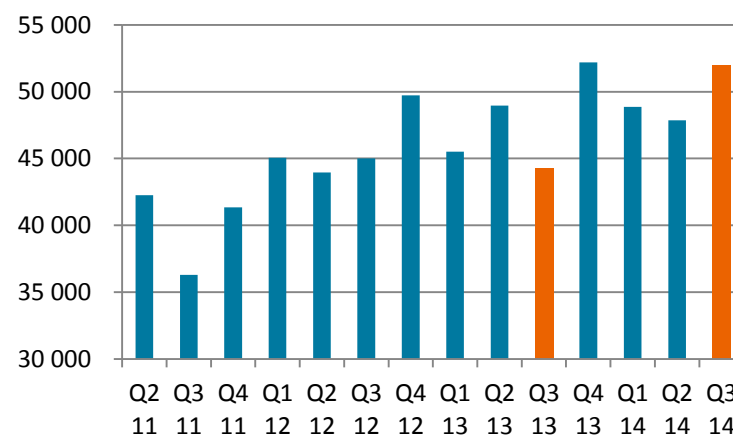
## 2. Financial statements



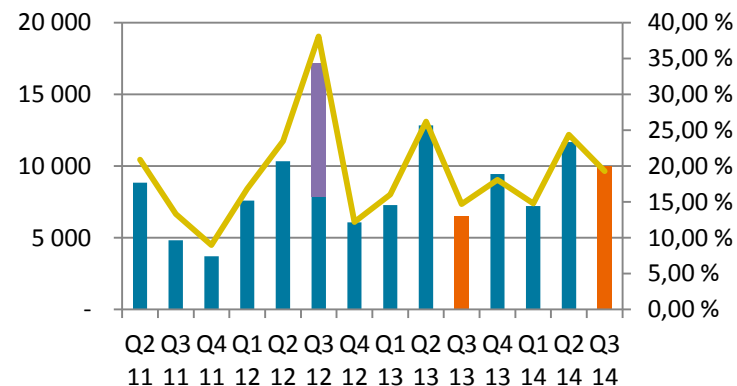
# Profit and loss Q3 2014

Profit & loss	Q3 14	Q3 13
<i>All numbers in NOK 1000</i>		
<b>Sales</b>	<b>51 999</b>	<b>44 322</b>
Cost of goods sold	12 839	11 557
Salary and sosial expenses	17 930	16 620
Other operating expenses	9 156	7 665
Total operating expenses	39 925	35 842
<b>Op. res. before depr. and write-offs (EBITDA)</b>	<b>12 074</b>	<b>8 480</b>
<i>EBITDA %</i>	<i>23,2 %</i>	<i>19,1 %</i>
Depreciation	2 052	1 975
<b>Operating result</b>	<b>10 022</b>	<b>6 505</b>
<i>EBIT %</i>	<i>19,3 %</i>	<i>14,7 %</i>
Financial income	1 751	1 780
Financial expenses	1 698	1 156
<b>Net finance</b>	<b>53</b>	<b>624</b>
<b>Pre tax profit</b>	<b>10 075</b>	<b>7 129</b>
Tax	2 248	2 774
<b>Result</b>	<b>7 827</b>	<b>4 355</b>

## Sales per Quarter (TNOK)



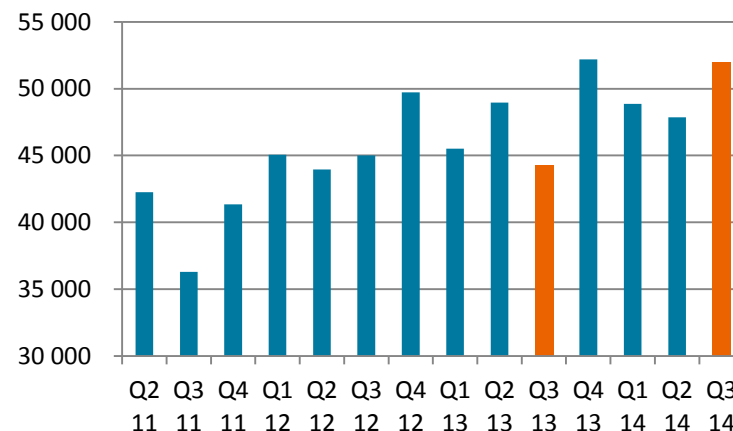
## EBIT per Quarter (TNOK)



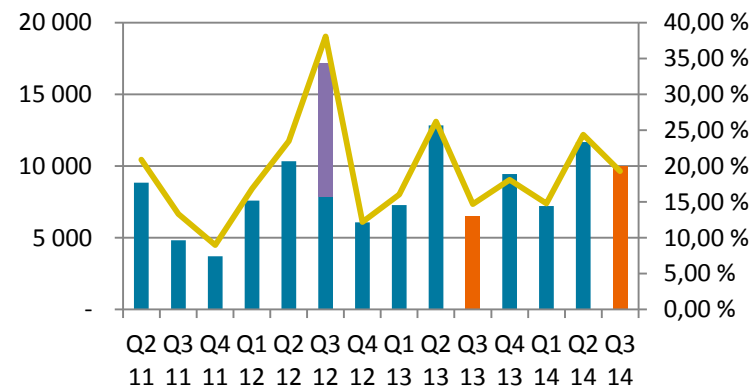
# Profit and loss YTD September 2014

<b>Profit &amp; loss</b>	<b>YTD Sep '14</b>	<b>YTD Sep '13</b>
<i>All numbers in NOK 1000</i>		
<b>Sales</b>	<b>148 724</b>	<b>138 790</b>
Cost of goods sold	38 143	35 176
Salary and sosial expenses	47 652	44 969
Other operating expenses	27 855	26 345
Total operating expenses	113 650	106 490
<b>Op. res. before depr. and write-offs (EBITDA)</b>	<b>35 074</b>	<b>32 300</b>
<i>EBITDA %</i>	<i>23,6 %</i>	<i>23,3 %</i>
Depreciation	6 161	5 678
<b>Operating result</b>	<b>28 913</b>	<b>26 622</b>
<i>EBIT %</i>	<i>19,4 %</i>	<i>19,2 %</i>
Financial income	5 292	4 992
Financial expenses	4 967	3 836
<b>Net finance</b>	<b>325</b>	<b>1 156</b>
<b>Pre tax profit</b>	<b>29 237</b>	<b>27 778</b>
Tax	9 049	9 000
<b>Result</b>	<b>20 188</b>	<b>18 778</b>

## Sales per Quarter (TNOK)



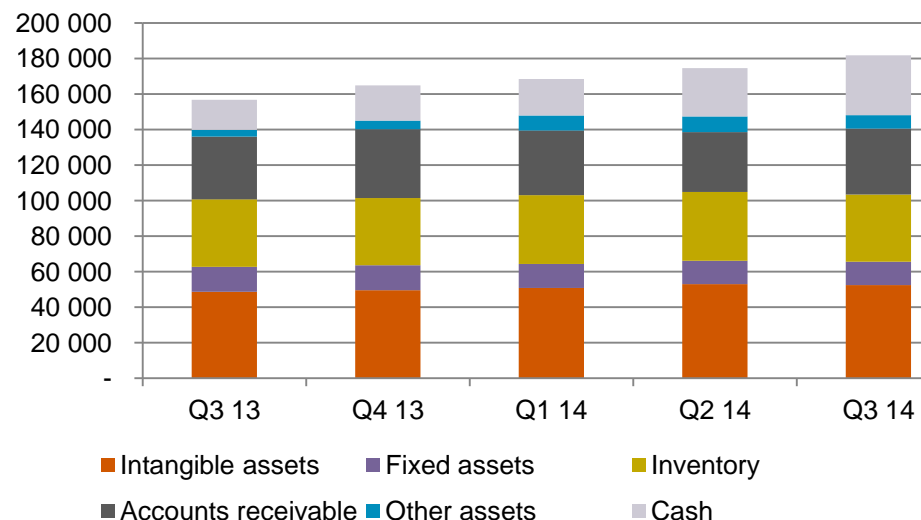
## EBIT per Quarter (TNOK)





## Balance sheet - Assets

Balance sheet	30.09.2014	31.12.2013
<i>All numbers in NOK 1000</i>		
<b>Assets</b>		
Intangible assets	52 303	49 399
Fixed assets	13 204	14 061
<b>Total intangible and fixed assets</b>	<b>65 507</b>	<b>63 460</b>
Inventory	37 850	37 930
Customers receivables	37 055	38 781
Other receivables	7 709	8 374
Cash	33 646	19 846
<b>Total current assets</b>	<b>116 261</b>	<b>104 930</b>
<b>Total assets</b>	<b>181 768</b>	<b>168 390</b>



- Investments in new system platform increase intangible assets
- Improved cash situation as a result of:
  - Reduction in accounts receivables
  - Strong cashflow from operations

## Balance sheet - Equity and liability

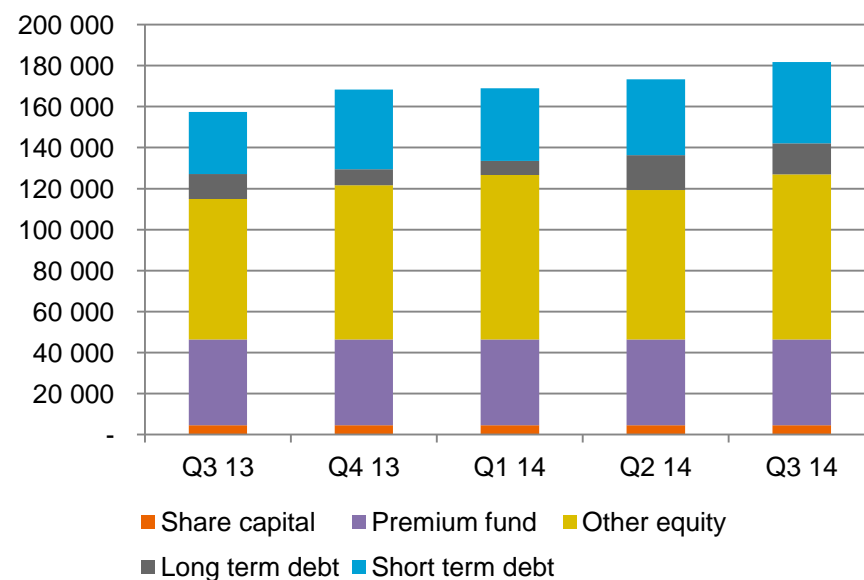
### Balance sheet

30.09.2014

31.12.2013

*All numbers in NOK 1000*

Share capital	4 585	4 585
Premium fund	41 852	41 852
Other equity	80 593	75 198
<b>Total equity</b>	<b>127 030</b>	<b>121 635</b>
<b>Total long term debt</b>	<b>15 042</b>	<b>7 753</b>
<b>Total short term debt</b>	<b>39 696</b>	<b>39 002</b>
<b>Total equity and liability</b>	<b>181 768</b>	<b>168 390</b>



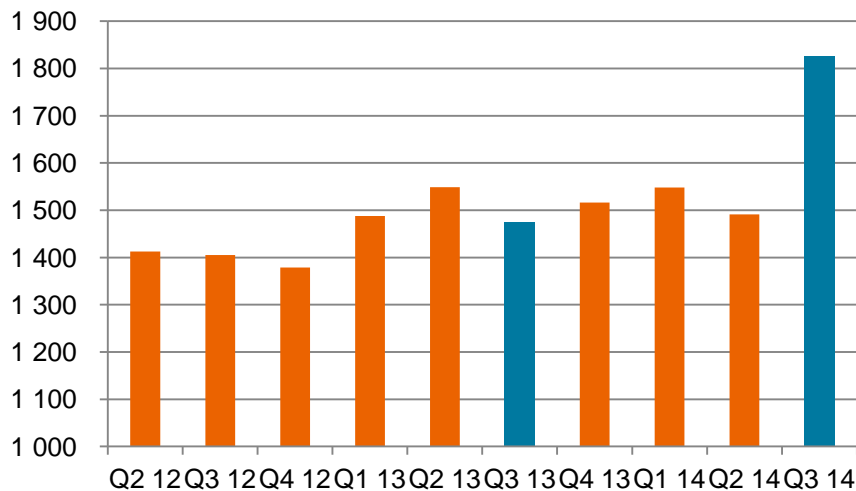
- 19.9 MNOK in interest bearing debt
- Dividend for 2013 of NOK 0.80 per share, total MNOK 14.5, paid 7<sup>th</sup> of May 2014

### 3. Business segments update



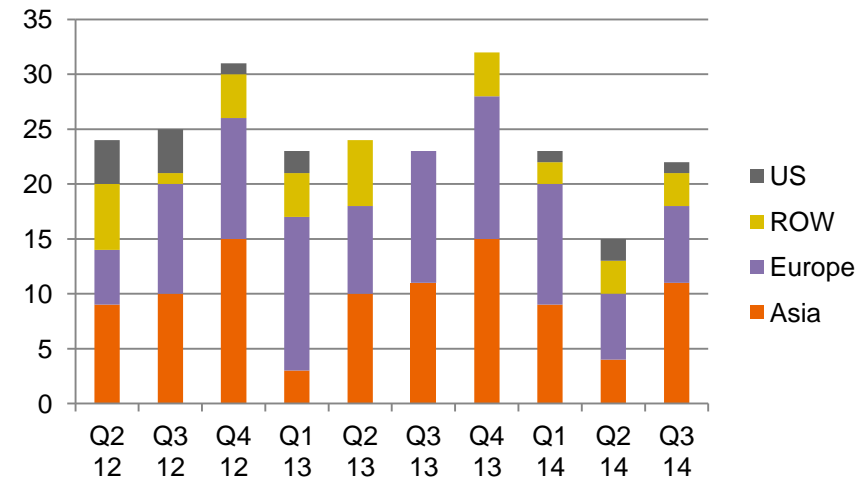
# Flow probes and VeriQ sales in units

## Flow probes in units



- All time high probe sales for a quarter, 23.7 % volume growth
- Strongest growth in Europe with 24.2 % increase for the quarter

## VeriQ systems in units



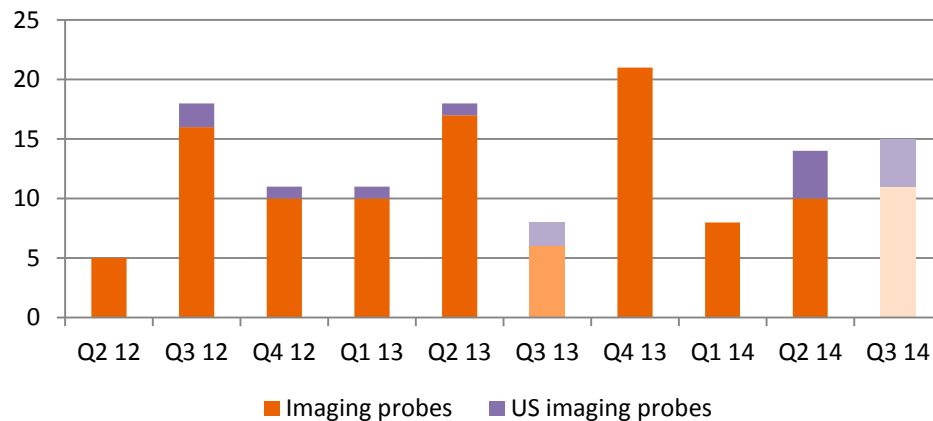
- Lower sales of VeriQ in Europe compared to last year, however VeriQC sales increases and make up for the shortfall
- 1 VeriQ capital sale in Q3 2014 in the USA versus 0 last year contributes to the increase in US Q3 sales revenues



# Imaging probes and VeriQ C sales in units

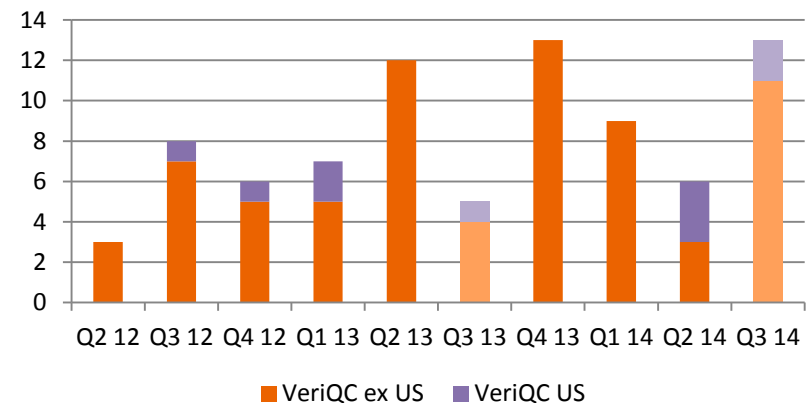


Imaging probes in units



- Strong probe sales as a consequence of strong system sales

VeriQ C systems in units



- Strong quarter for imaging system sales in Europe and Asia, makes up for shortfall in VeriQ flow system sales
- 2 VeriQ C capital sales in Q3 2014 in the USA versus 0 last year contributes to the revenue increase in US Q3 sales revenues

## Q3 revenue performance by region

Mill NOK	Q3 '14	Q3 '13	Q/Q	YTD 2014	YTD 2013	YTD14/YTD13
Europe	29,5	25,6	15,2 %	88,9	83,4	6,6 %
USA	14,1	12,2	16,2 %	39,4	35,3	11,5 %
Asia & Jp	5,6	5,3	6,0 %	13,3	11,8	12,9 %
ROW (MEA, CAN, SA)	2,7	1,2	120,0 %	7,1	8,2	-14,2 %
<b>Total</b>	<b>52,0</b>	<b>44,3</b>	<b>17,3 %</b>	<b>148,7</b>	<b>138,8</b>	<b>7,2 %</b>

- **In Europe**, there was positive development in sales of systems and probes for the quarter. Probe sales volume increased with 24.2 % and imaging sales increased from 1 to 6 units. Year to date, there was probe volume growth of 14.2%.
- **In the US**, strong contribution from capital system sales is the main explanation for the increase of US Q3 revenues of 16.2 %.
- **Both Asia/Japan and ROW** are so far smaller sales territories for Medistim, and quarterly performance varies significantly. In Q3, both system sales and probe sales increase.

*Positive currency effects for the quarter with 2.3 MNOK and 6.2 MNOK YTD.*

## Q3 revenue performance by product

Mill NOK	Q3 '14	Q3 '13	Q/Q	YTD 2014	YTD 2013	14/13
Procedures (USA)	12,3	11,4	7,9 %	34,3	32,3	6,4 %
Flow probes	16,1	12,4	29,3 %	44,4	38,1	16,4 %
Flow systems (VeriQ)	3,5	3,9	-10,0 %	10,4	11,9	-12,4 %
Imaging systems (VeriQ C)	5,0	2,2	131,1 %	11,4	9,2	24,1 %
Imaging probes	0,5	0,3	77,0 %	1,4	1,7	-15,6 %
3rd party	14,3	14,2	1,2 %	45,5	44,7	1,9 %
Other	0,3	0,0	#DIV/0!	1,2	1,0	29,5 %
<b>Total revenues</b>	<b>52,0</b>	<b>44,3</b>	<b>17,3 %</b>	<b>148,7</b>	<b>138,8</b>	<b>7,2 %</b>

- **Procedure sale in the USA:** The total number of procedures is up by 3.2 % for the quarter, driven by capital-based procedures. Imaging procedures growth was up 70 %.
- **Flow probes revenue:** The number of probes sold are up by 23.7% for the quarter. Year to date, the volume is up 7.8 %.
- **VeriQ flow systems:** Lower system sales in Q3 in Europe compensated by increased VeriQ C sales.
- **VeriQ C imaging systems and probes:** VeriQ C sales increase in all regions except ROW.
- **3<sup>rd</sup> party products:** Minor growth for the quarter and YTD - recovering from loss of major agency in 2013.

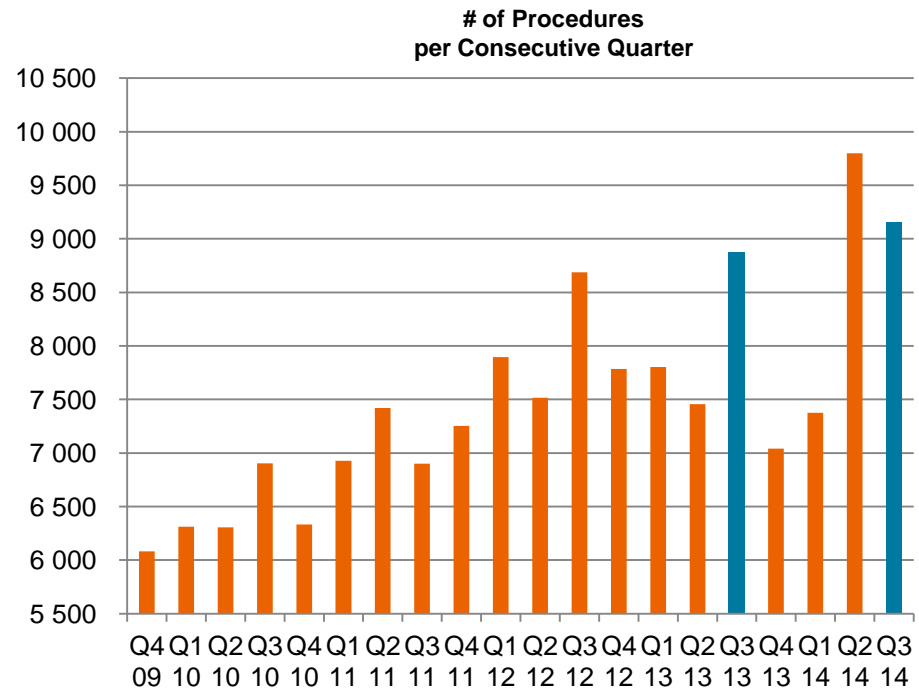
## 4. Implementing the strategy





## Performance USA

- Second consecutive strong quarter
- Revenue up by 16.2% in Q3, 11.5% YTD
- Number of procedures up by 3.2% (Q3 '13 was a strong quarter), 9.1 % YTD
- 70 % growth in imaging procedures in Q3, 45.8% YTD
- Internal promotion for new President of Medistim USA
- 3 capital sales (1 VeriQ and 2 VeriQ C) in Q3, 9 YTD



## Medistim at EACTS 2014, Milan, Italy



- European Association for Cardio-Thoracic Surgery (EACTS)
- >4500 participants

## Medistim at EACTS 2014, Milan, Italy

# The Booth





Medistim at EACTS 2014, Milan, Italy

## Launching MiraQ™ Cardiac



- Features adapted for cardiac surgery
- Field upgradable to Imaging
- Focus on ease of use





Medistim at EACTS 2014, Milan, Italy

## Marketing messaging



EACTS, Milano, Italy

## Medistim Satellite Symposium

"Optimizing intraoperative decision making during CABG:  
Luck or science?"

*How can the use of high-resolution epicardial ultrasonography and  
TTFM during graft quality assessment  
secure the basis for intraoperative decision making?*

**Moderator: Prof. David Taggart, University of Oxford**



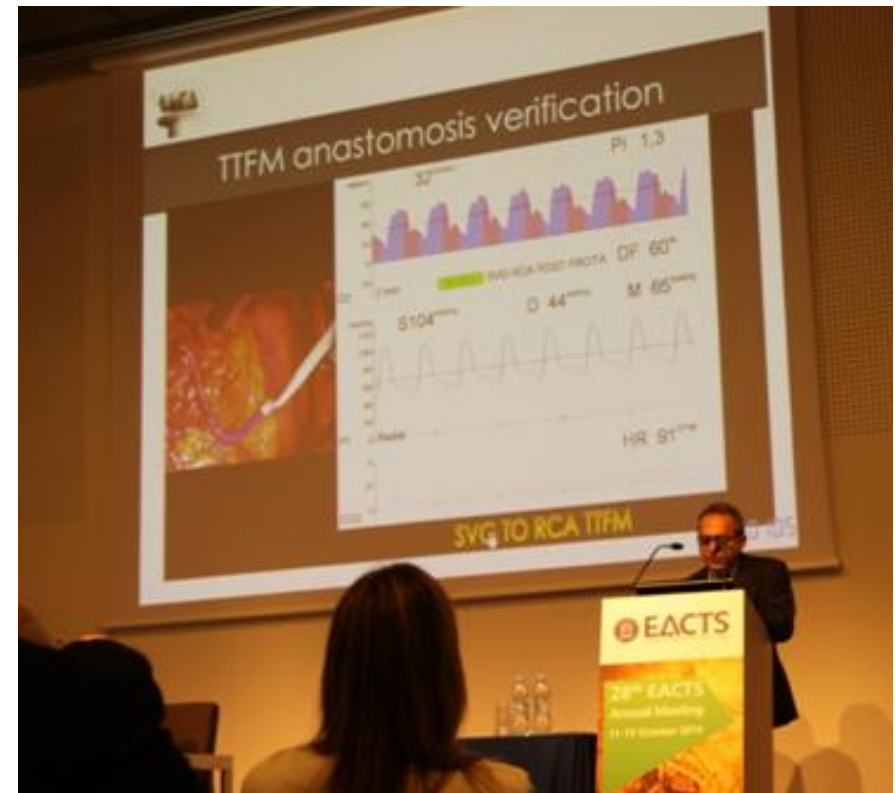
Medistim Satellite Symposium, EACTS

## Speakers

Prof. Gabriele Di Giammarco, MD

University of Chieti, Italy

- Addressed the role of combined high-resolution epicardial ultrasonography (HR-ECUS) and transit time flow measurements (TTFM) in 333 CABG patients
- *"The main result of this study is the increase of positive predictive value (PPV) from 10% with TTFM to almost 100% of TTFM and HR-ECUS combined."*
- Important findings to avoid unnecessary graft revisions and increase the confidence in TTFM



## Medistim Satellite Symposium, EACTS

# Speakers

Prof. Hirokuni Arai, MD, PhD

Tokyo Medical and Dental University, Japan

Adressed the issue of increased risk of errors in anastomosis construction during off-pump CABG due to the suturing process being technically more demanding than in surgery on the arrested heart

*"[...] In this case, high frequency epicardial ultrasound demonstrated its ability to detect an anastomosis error, that was not identified by TTFM alone."*

➤ Shows the ability to detect imperfections with the use of intraoperative ultrasound, and better understand borderline TTFM findings

