Medistim ASA
First Quarter 2015

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

Highlights first quarter 2015

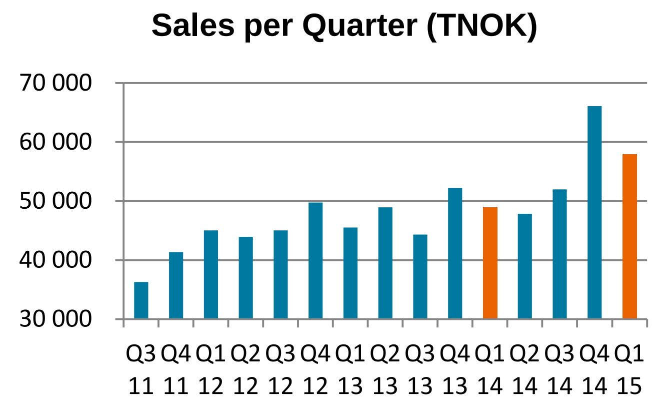
- Double digit growth in the first quarter
  - Strong development in the USA continues, with 50 % revenue growth in NOK, 18.9 % in USD
  - Sale of 3.party products up 22.9 % to MNOK 19.8
  - Imaging probes up 125 %
- MNOK 9.9 in EBIT for the quarter
- VeriQ C™ cleared for sale in China
- Medtronic will not renew their distribution agreement with Medistim Norge AS
- The general assembly decided a dividend of NOK 1.40 per share (NOK 0.80) to be paid out in May

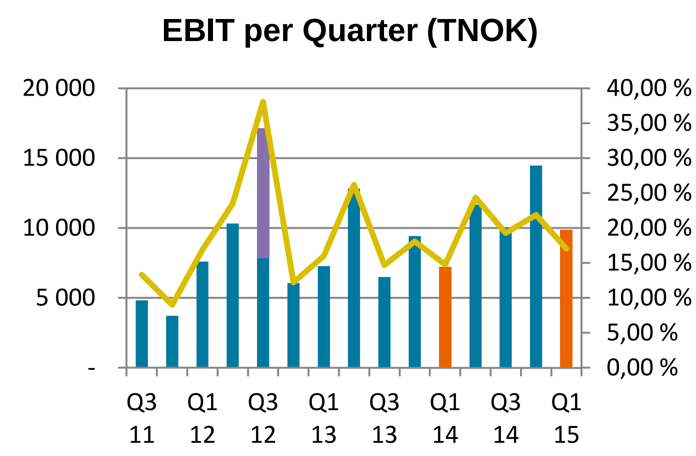
Q1 2015	Q o Q
Revenue MNOK 57.9 (48.9)	↑ 18.5%
EBIT MNOK 9.9 (7.2)	↑ 36.7 %
Currency	↑ 8.8 %
No of units sold	
Systems 29	↓ 9.3 %
Flow probes 1 318	↓ 14.9 %
Imaging probes 18	↑ 125 %
Procedures (USA) 8 277	↑ 12.2 %

2. Financial statements

Profit and loss Q1 2015

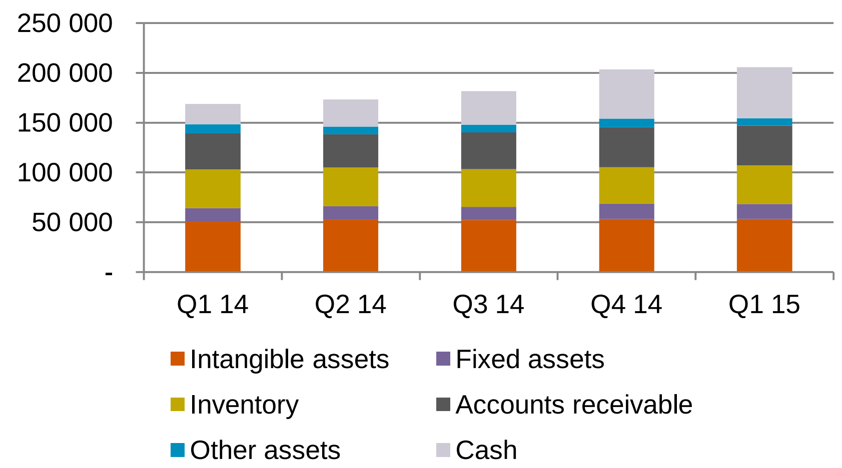
Profit & loss	Q1 2015	Q1 2014
All numbers in NOK 1000		
Sales	**57 907**	**48 857**
Cost of goods sold	16 979	12 982
Salary and sosial expenses	18 864	16 775
Other operating expenses	9 640	9 843
Total operating expenses	45 483	39 601
Op. res. before depr. and write-offs (EBITDA)	**12 424**	**9 257**
EBITDA %	*21,5 %*	*18,9 %*
Depreciation	2 554	2 038
Operating result (EBIT)	**9 870**	**7 219**
EBIT %	*17,0 %*	*14,8 %*
Financial income	8 246	1 112
Financial expenses	7 208	1 091
Net finance	**1 038**	**21**
Pre tax profit	**10 909**	**7 240**
Tax	3 499	2 037
Result	**7 410**	**5 203**





Balance sheet - Assets

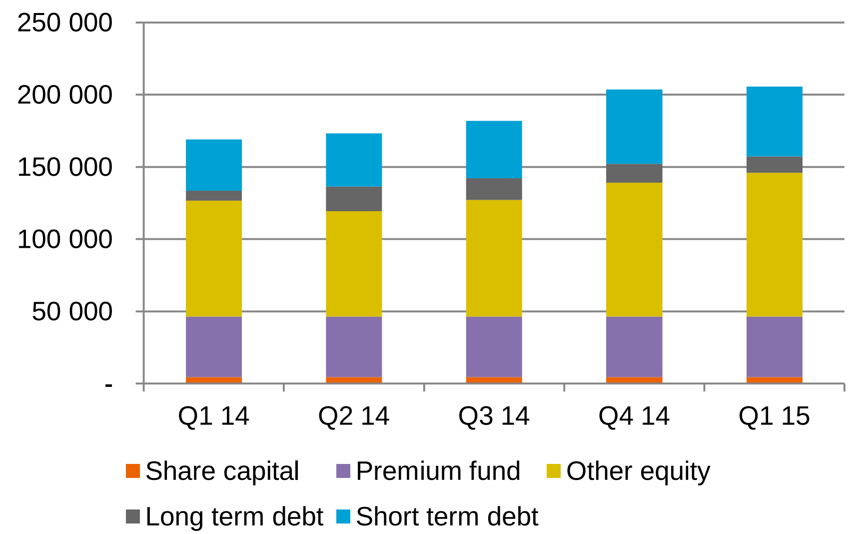
Balance sheet	**31.03.2015**	**31.12.2014**
All numbers in NOK 1000		
Assets		
Intangible assets	53 123	53 257
Fixed assets	15 094	15 276
Total intangible and fixed assets	**68 217**	**68 533**
Inventory	38 943	36 874
Customers receivables	39 721	39 948
Other receivables	7 447	8 658
Cash	51 281	49 475
Total current assets	**137 392**	**134 955**
Total assets	**205 609**	**203 488**



- No major changes in the balance sheet compared to year end
- Positive cash flow

Balance sheet - Equity and liability

Balance sheet	31.03.2015	31.12.2014
All numbers in NOK 1000		
Share capital	4 585	4 585
Premium fund	41 852	41 852
Other equity	99 594	92 659
Total equity	**146 031**	**139 096**
Total long term debt	**11 171**	**13 117**
Total short term debt	**48 408**	**51 275**
Total equity and liability	**205 609**	**203 488**

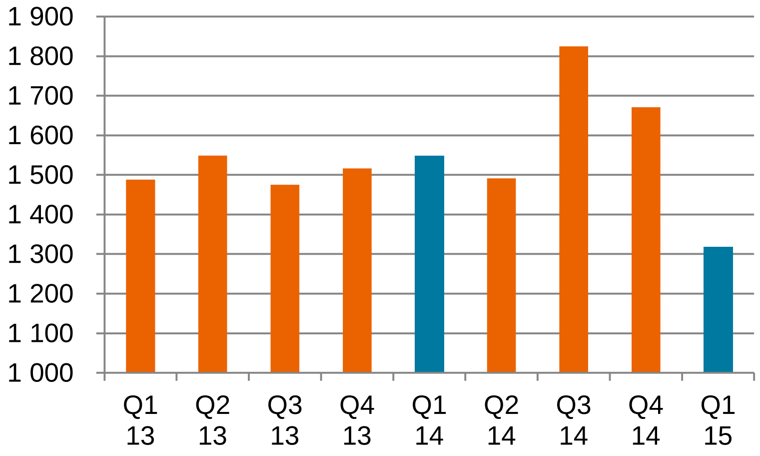


- 16.4 MNOK in interest bearing debt

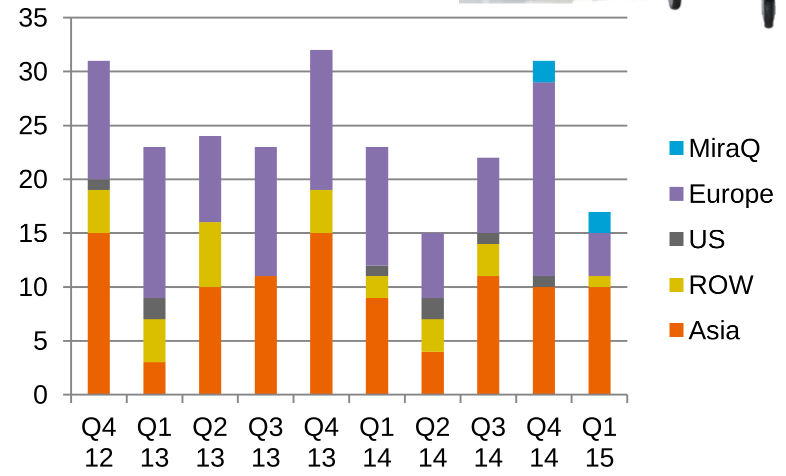
3. Business segments update

Flow probes and systems in units

Flow probes in units



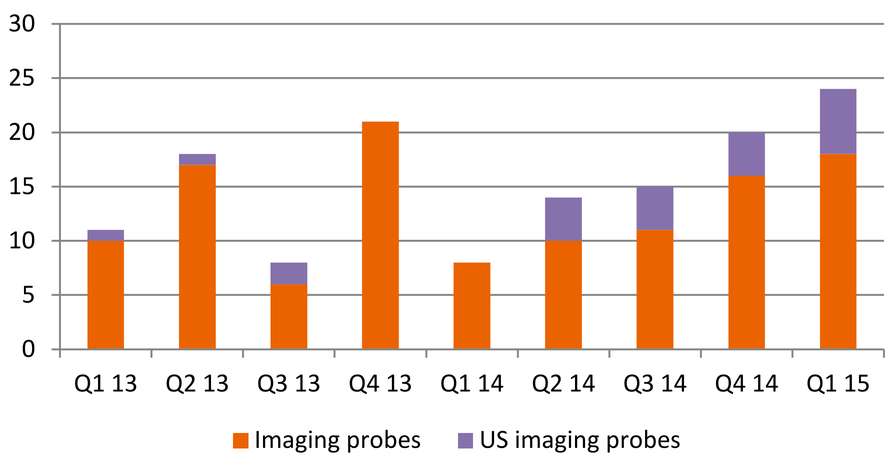
VeriQ and MiraQ systems



- After two very strong quarters, the number of flow probes sold are down by 230 probes, -14.9 %, by and large driven by Europe
- Asia is the only region with an increase, up 64 %
- Slow quarter in Europe after a record strong Q4 2014

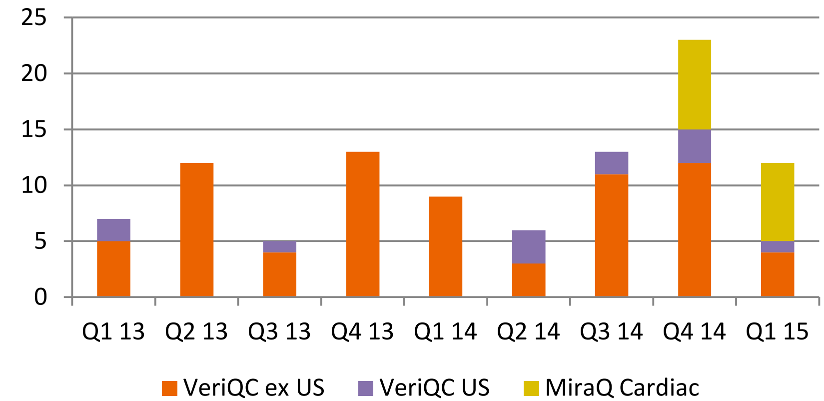
Imaging probes and systems in units

Imaging probes in units



- 24 imaging probes sold when including sales to capital accounts in the USA, up 200 % over Q1 2014
- Increasing trend for the last 4 quarters

VeriQ C & MiraQ systems in units



- 7 out of 12 imaging sales was on the MiraQ platform
- 3 of the MiraQ sales were to Middle East and 4 was to Europe

Q1 revenue performance by region

Mill NOK	Q1 '15	Q1 '14	Q/Q	2014
Europe	33,4	31,9	4,5 %	128,8
USA	16,1	10,7	50,4 %	56,5
Asia & Jp	5,9	4,4	33,8 %	18,7
ROW (MEA, CAN, SA)	2,6	1,9	40,4 %	10,8
Total	**57,9**	**48,9**	**18,5 %**	**214,8**

- In Europe, there was strong development in sales of 3.party products with 3.7 MNOK, 22.9 % growth over last year. Sale of own products was 13.6 MNOK, down 14.3 %, after a strong Q4 14.
- In the US, strong growth in the US, partly driven by favorable currency, however, currency neutral growth was also strong, at 18.9 %.
- Both Asia/Japan and ROW are so far smaller sales territories for Medistim, and quarterly performance varies significantly.

Positive currency effects for the quarter with 4.3 MNOK.
Average rate to USD was 7.72 in Q1 2015 vs 6.1 in 2014.

Q1 revenue performance by product

Mill NOK	Q1 '15	Q1 '14	Q/Q	2014
Procedures (USA)	15,4	10,4	48,1 %	48,3
Flow probes	13,8	14,4	-3,9 %	61,6
Flow systems (VeriQ & MiraQ)	2,7	4,1	-34,9 %	17,0
Imaging systems (VeriQ C & MiraQ)	4,6	3,1	48,9 %	19,8
Imaging probes	0,9	0,5	86,1 %	2,4
3rd party	19,8	16,1	22,9 %	65,2
Other	0,6	0,2	195,9 %	0,5
Total revenues	**57,9**	**48,9**	**18,5 %**	**214,8**

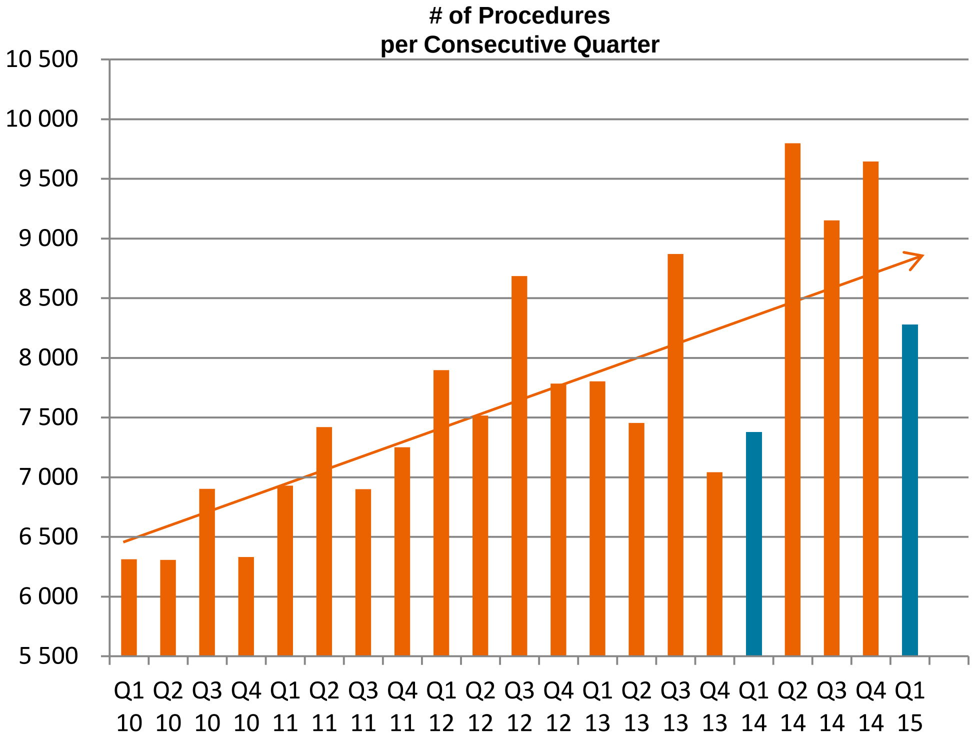
- Procedure sale in the USA: The number of flow procedures is up 5.2% and imaging procedures up 159 %. Positive contribution from currency.
- Flow probes revenue: Weaker quarter after two strong quarters in a row.
- Flow systems: The number of systems sold is lower than last year, however, there is an increasing tendency for customers to purchase the imaging modality. 2 units out of 16 was on the new platform MiraQ.
- Imaging systems and probes: Positive development for the quarter. 7 out of 12 units were on the MiraQ platform.
- 3rd party products: Very strong quarter with 22.9 % growth.

4. Implementing the strategy

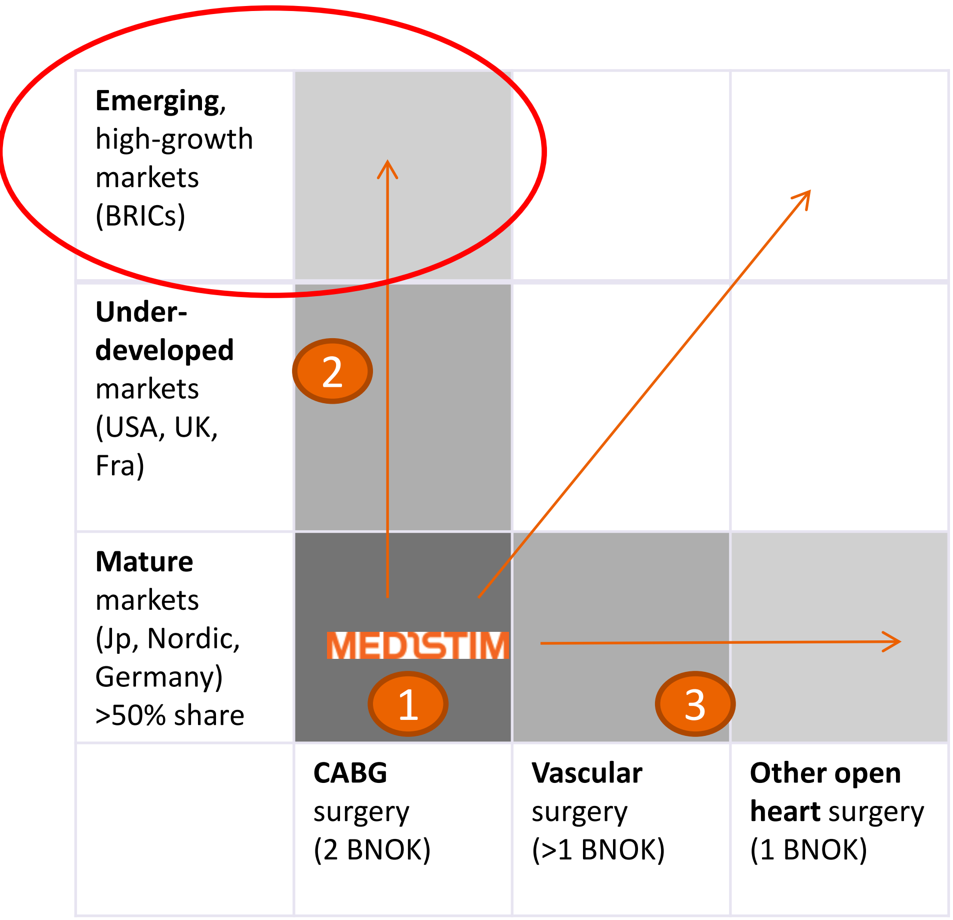
Back on track in the USA

RESULTS Q1 2015

- Revenues up by 50.4 % in NOK,
  18.9 % in USD
- Number of procedures up by 12.2 %
- 159 % growth in imaging procedures
- 1 imaging capital sales vs 1 flow capital sale in 2014
- 7 new accounts
- 3 TTFM accounts converted to Imaging



Growth opportunities – emerging markets



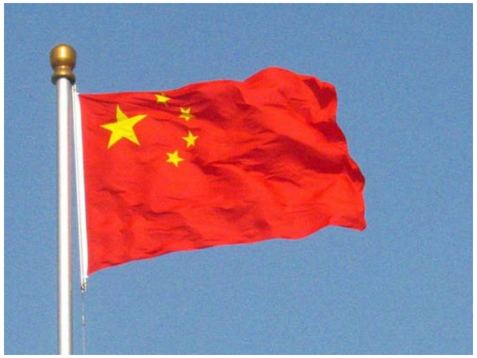
1. **Strengthen our position as market leader** by establishing combined TTFM & Imaging as the new standard of care through
   - Early adopter KOL support
   - Easier conversion to imaging with MiraQ
2. **Fight ignorance and indifference to QA** by increasing the level of evidence and awareness through
   - Clinical marketing
   - Educational programs
3. **Product innovation** and positioning to target new segments in vascular and open heart surgery
   - MiraQ Vascular

VeriQ C cleared for sale in China

- February 2015:
  Clearance received from the China Food and Drug Administration (CFDA) for sale of VeriQ C

- Medistim is now positioned to sell VeriQ C in all major markets; Europe, USA, Japan, Canada and China

- China represents a significant market opportunity
  - ≈35.000 CABG procedures/year
  - ≈30% Medistim marekt share
  - ≈10 % annual growth rate



- Medistim's current strong position is based on the routine use of TTFM at all major cardiac centers and the support from leading Chinese surgeons

- Economic growth & healthcare reform are key market drivers for the future

Opportunity in China

- Distributor based in Hong Kong
    - Local support team in China
    - 11 local sub-distributors in China

- Prelaunch at the Chinese national cardiovascular surgery meeting late 2014
    - Growing interest for the combination of ultrasound imaging and TTFM
    - A few hospitals has started budget applications
    - Regular budget cycle is one year

- Next:
    - Conversion of installed base
    - Product demonstrations
    - Exhibitions at trade shows
    - Road-shows across China with European KOLs

Medtronic distribution agreement not renewed

- Medistim has distributed Medtronic's products within neuro- and ENT surgery for more than 10 years
- Current distribution agreement ends April 30th
- Medtronic will take over distribution of these products in the Norwegian market and will not renew the agreement
- Negotiations are ongoing regarding the transition of the business
- 2014 revenues was about MNOK 20
- No product revenues from Medtronic products are expected from 2016


Seeing is believing