

Medistim ASA Second Quarter 2016

Kari E. Krogstad, President and CEO
Thomas Jakobsen, CFO
August 24th, 2016

Disclaimer

The information included in this Presentation contains certain forward-looking statements that address activities, events or developments that Medistim ASA (“the Company”) expects, projects, believes or anticipates will or may occur in the future. These statements are based on various assumptions made by the Company, which are beyond its control and are subject to certain additional risks and uncertainties. The Company is subject to a large number of risk factors including but not limited to economic and market conditions in the geographic areas and markets where Medistim is or will be operating, IP risks, clinical development risks, regulatory risks, fluctuations in currency exchange rates, and changes in governmental regulations. For a further description of other relevant risk factors we refer to Medistim’s Annual Report for 2015. As a result of these and other risk factors, actual events and our actual results may differ materially from those indicated in or implied by such forward-looking statements. The reservation is also made that inaccuracies or mistakes may occur in this information given above about current status of the Company or its business. Any reliance on the information above is at the risk of the reader, and Medistim disclaims any and all liability in this respect.

Table of contents

1. Highlights second quarter
2. Financial statements
3. Business segments update
4. Implementing the strategy










1. Highlights second quarter



Highlights second quarter 2016

- 17.4 % sales growth for the quarter
 - Sales of own products increased with 22.2 % to MNOK 47.7
 - All time high US sales up 10.9 % to MNOK 22.7
 - 3. party sales up by 7.0 % to MNOK 19.5
- 45.5 % EBIT growth to MNOK 17.1 for the quarter
 - For the first half, EBIT is up 41.7 % to MNOK 30.6
- Profit per share grows 19.0% to NOK 0.69 (0.58)
- The Medistim technology has achieved reimbursement in Japan
- A dividend of NOK 1.65 (1.40) per share was paid on the 2nd of May

Q2 2016		Q o Q
Revenue MNOK 67.2 (57.3)		17.4%
EBIT MNOK 17.1 (11.7)		45.5 %
Currency		6.9 %
No of units sold:		
Systems (capital sale) 27		42.1 %
Flow probes 1 518		0.7 %
Imaging probes 13		8.3 %
Procedures (USA) 11 313		2.4 %

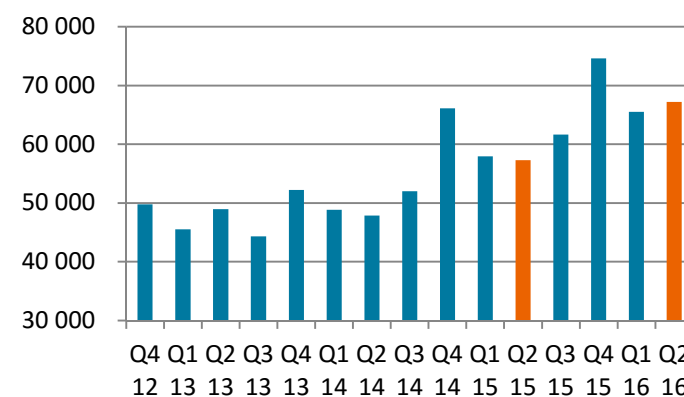
2. Financial statements



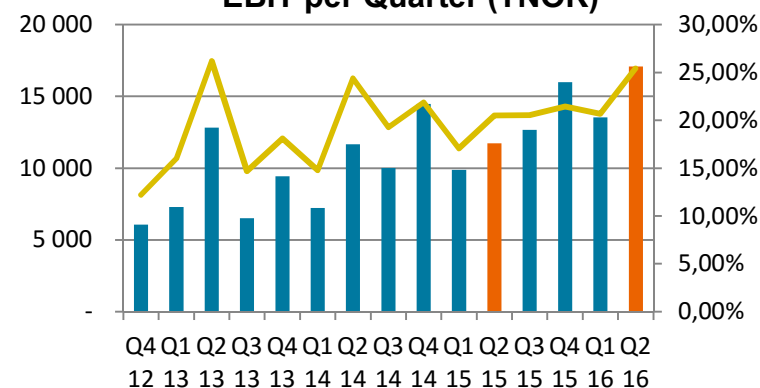
Profit and loss Q2 2016

Profit & loss	Q2 2016	Q2 2015
<i>All numbers in NOK 1000</i>		
Sales	67 194	57 254
Cost of goods sold	17 322	13 787
Salary and sosial expenses	18 692	15 513
Other operating expenses	11 217	10 365
Total operating expenses	47 231	39 666
Op. res. before depr. and write-offs (EBITDA)	19 963	17 589
<i>EBITDA %</i>	<i>29,7 %</i>	<i>30,7 %</i>
Depreciation	2 880	2 649
Write offs	-	3 200
Operating result (EBIT)	17 083	11 740
<i>EBIT %</i>	<i>25,4 %</i>	<i>20,5 %</i>
Financial income	3 427	2 874
Financial expenses	3 566	1 279
Net finance	(139)	1 595
Pre tax profit	16 944	13 335
Tax	4 426	2 867
Result	12 517	10 468

Sales per Quarter (TNOK)



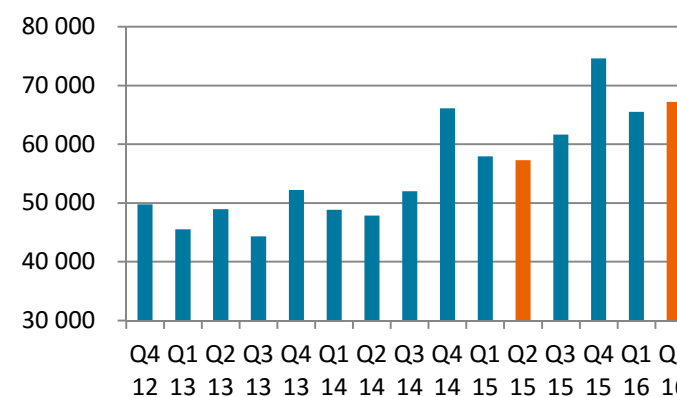
EBIT per Quarter (TNOK)



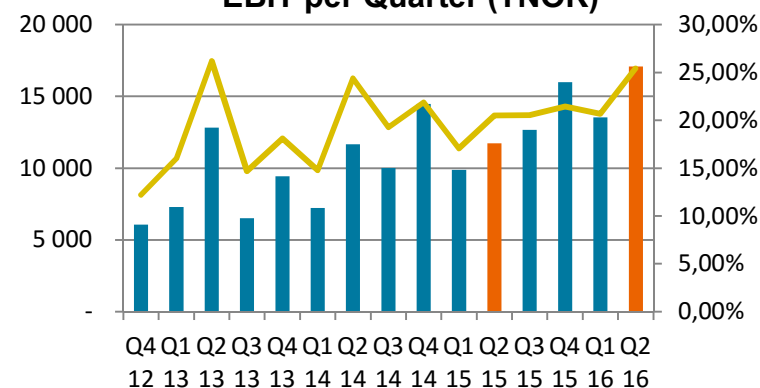
Profit and loss H1 2016

Profit & loss	YTD 2016	YTD 2015
<i>All numbers in NOK 1000</i>		
Sales	132 694	115 161
Cost of goods sold	33 009	30 767
Salary and sosial expenses	41 088	34 377
Other operating expenses	22 261	20 005
Total operating expenses	96 358	85 149
Op. res. before depr. and write-offs (EBITDA)	36 336	30 013
<i>EBITDA %</i>	<i>27,4 %</i>	<i>26,1 %</i>
Depreciation	5 714	5 202
Write offs	-	3 200
Operating result (EBIT)	30 622	21 610
<i>EBIT %</i>	<i>23,1 %</i>	<i>18,8 %</i>
Financial income	3 553	11 120
Financial expenses	4 631	8 487
Net finance	(1 079)	2 633
Pre tax profit	29 543	24 243
Tax	7 517	6 365
Result	22 026	17 878

Sales per Quarter (TNOK)



EBIT per Quarter (TNOK)



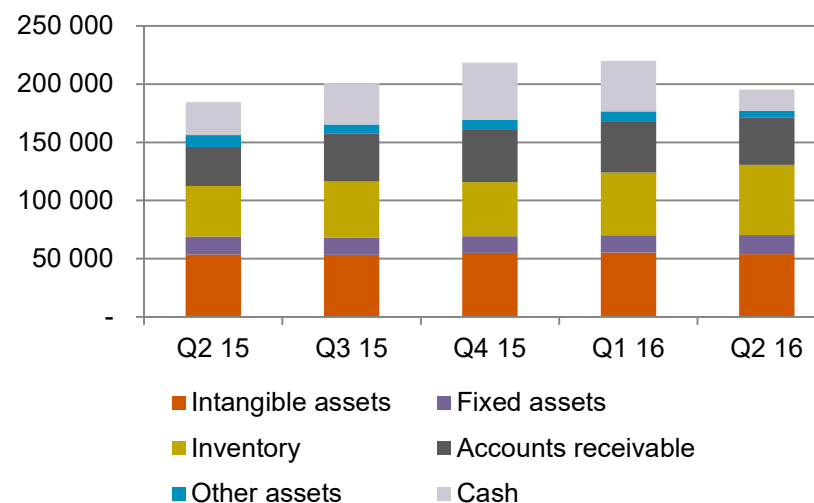
Balance sheet - Assets

Balance sheet **30.06.2016** **31.12.2015**

All numbers in NOK 1000

Assets

Intangible assets	53 868	55 122
Fixed assets	16 469	14 158
Total intangible and fixed assets	70 337	69 280
Inventory	60 453	46 613
Customers receivables	40 446	44 831
Other receivables	5 986	8 787
Cash	18 229	48 925
Total current assets	125 113	149 156
Total assets	195 450	218 436



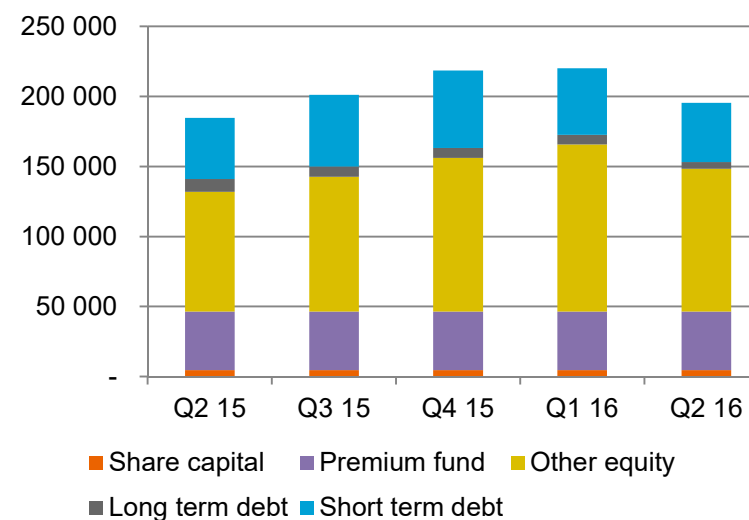
- Inventory build-up related to
 - MiraQ product line introduction and VeriQ/VeriQC last-time-buy of components
 - Compensation for returned inventory to Medtronic delayed
 - Increased consignment inventory of Mentor products related to the Aleris agreement and HINAS tender

Balance sheet - Equity and liability

Balance sheet 30.06.2016 31.12.2015

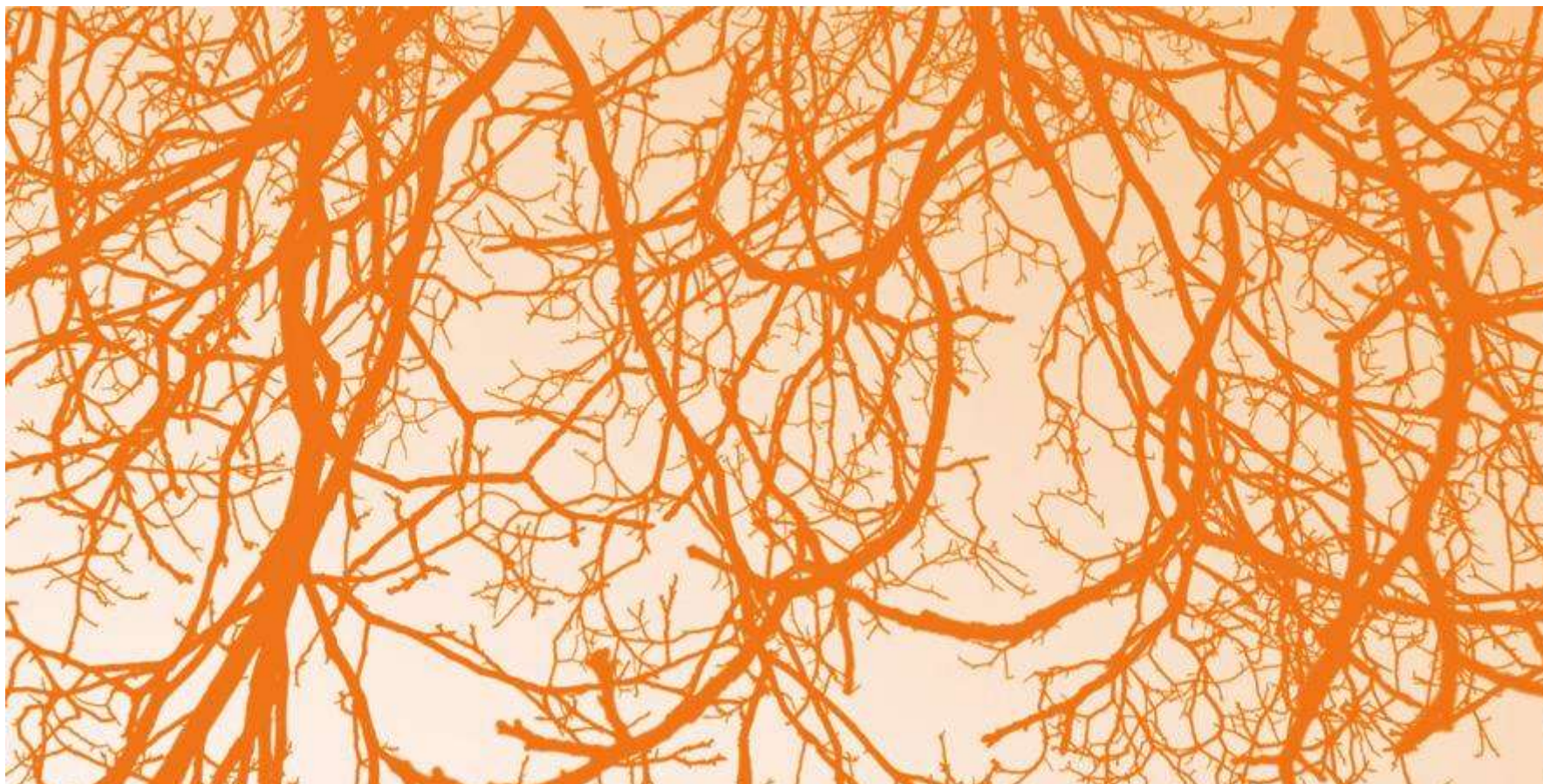
All numbers in NOK 1000

Share capital	4 585	4 585
Premium fund	41 852	41 852
Other equity	101 841	109 727
Total equity	148 278	156 164
Total long term debt	4 776	7 001
Total short term debt	42 396	55 271
Total equity and liability	195 450	218 436



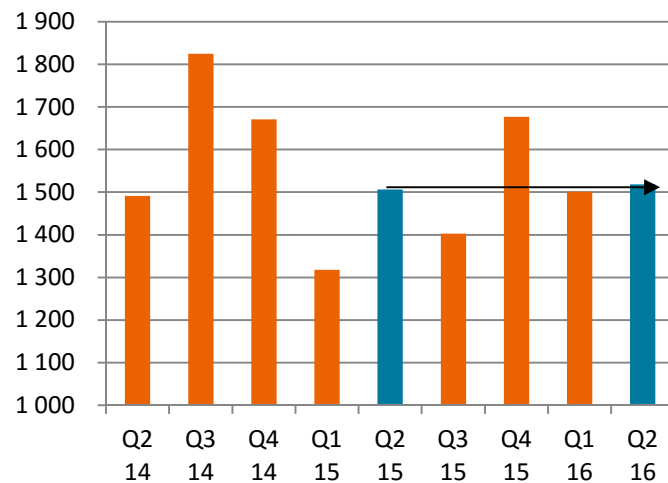
- 7.5 MNOK in interest bearing debt
- Dividend of NOK1.65 per share paid in May

3. Business segments update



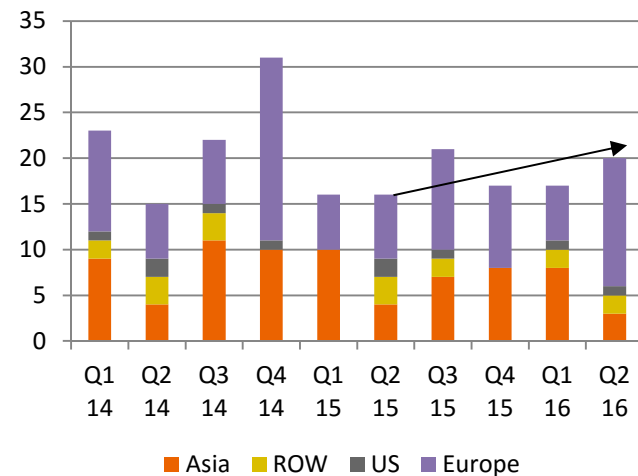
Flow probes and systems in units

Flow probes in units (excl USA)



- Flat probe sales development for the second quarter
- 6.9 % growth in probe sales for the first half of 2016

Flow systems in units (VeriQ & MiraQ)

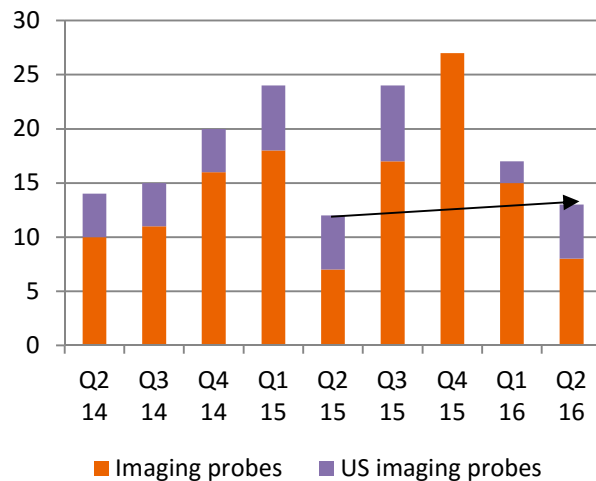


- 25 % growth in number of flow systems sold, with 20 systems sold in Q2 2016 compared to 16 in Q2 2015
- In Europe, flow system sales increased with 50 % quarter over quarter, due to positive development in UK and France
- Of the 20 flow systems sold, 11 were MiraQ systems, with 10 sold in Europe and one sold in Asia



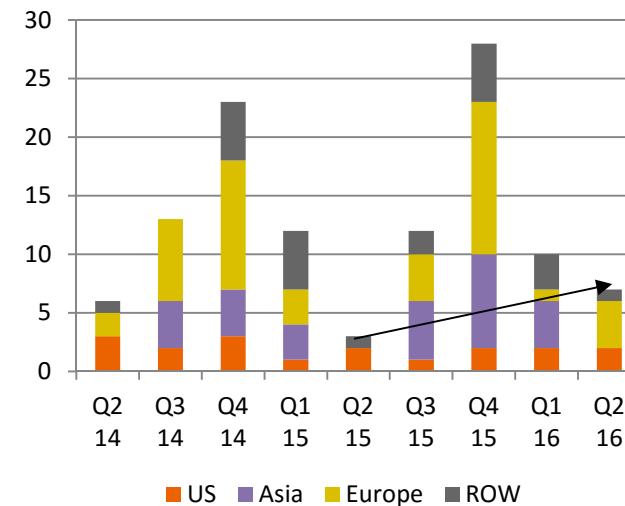
Imaging probes and systems in units

Imaging probes in units (incl USA)



- Imaging probe sales at the same level as Q2 last year
- Outside the USA, probe sales were mainly in Europe

Imaging systems in units (VeriQC & MiraQ)



- Imaging systems more than doubled compared to Q2 last year
- Of the 7 imaging systems sold, 6 were MiraQ systems; 1 were sold in the UK, 1 in France, 2 in Norway and 2 as capital sales in the USA



Q2 revenue performance by region

Mill NOK	Q2 '16	Q2 '15	Q / Q	H1 2016	H1 2015	Y/Y
Europe	38,1	31,6	20,3 %	69,8	65,0	7,3 %
USA	22,7	20,5	10,9 %	45,7	36,5	24,9 %
Asia & Jp	4,0	2,9	40,4 %	11,2	8,7	28,0 %
ROW (MEA, CAN, SA)	2,4	2,3	5,7 %	6,1	4,9	25,1 %
Total	67,2	57,3	17,4 %	132,7	115,2	15,2 %

- **In Europe**, 3. party products increased by 7.0 % despite the loss of the Medtronic agency. Own products increased with 38.0 % mainly driven by increased sales in UK and France.
- **In the USA**, growth in NOK in Q2 was driven by both volume growth and favorable currency. Currency neutral sales for the quarter shows a 5.9 % increase. This is the best quarter ever achieved in the USA, and the growth is compared to the second best quarter ever, which was Q2 2015.
- **Both Asia/Japan and ROW** are so far smaller sales territories for Medistim and quarterly performance varies significantly. Sales in China drives the growth for both first and second quarter.

Positive currency effects for Q2 with 3.9 MNOK and with 8.0 MNOK for H1.

Average actual exchange rate for USD 8.45 and EUR 9.42 versus last year USD 7.73 and EUR 8.64.

Q2 revenue performance by product

Mill NOK	Q2 '16	Q2 '15	Q/Q	H1 2016	H1 2015	Y/Y
Procedures (USA)	20,3	17,9	13,5 %	40,8	33,3	22,5 %
Flow probes	17,6	15,0	17,6 %	34,8	28,8	20,9 %
Flow systems (VeriQ & MiraQ)	4,1	3,4	19,3 %	8,4	6,1	37,2 %
Imaging systems (VeriQ C & MiraQ)	3,9	2,1	85,6 %	9,8	6,8	45,0 %
Imaging probes	0,5	0,3	97,0 %	1,2	1,2	6,6 %
3rd party	19,5	18,2	7,0 %	35,9	38,0	-5,6 %
Other	1,3	0,4	231,7 %	1,7	1,0	63,1 %
Total revenues	67,2	57,3	17,4 %	132,6	115,2	15,1 %

- **Procedure sale in the USA:** Flow procedures are at same level as last year and imaging procedures are up 31.4 % in Q2. For the 1st half flow procedures increased with 11.4 % while imaging procedures increased with 33.5 %.
- **Flow probes revenue:** Despite flat development in units for the quarter, growth is high due to higher level of direct sales and favorable currency. For the 1st half probe sales increased with 6.9 % in units.
- **Flow systems:** Strong flow system sales in Europe in Q2, we sold 7 more units compared to last year due to growth in UK and France with 5 units. The increase for the 1st half is also driven by the positive development in UK and France.
- **Imaging systems and probes:** Total units sold in Q2 was 7, up 4 units from last year. 4 sales to end-users contribute to drive growth in revenues; 2 capital sales in the US and 2 in Norway. Higher level of direct sales increases revenue for the 1st half.
- **3rd party products:** Good performance despite the loss of the Medtronic agency. Strong development in all main product areas.

4. Implementing the strategy

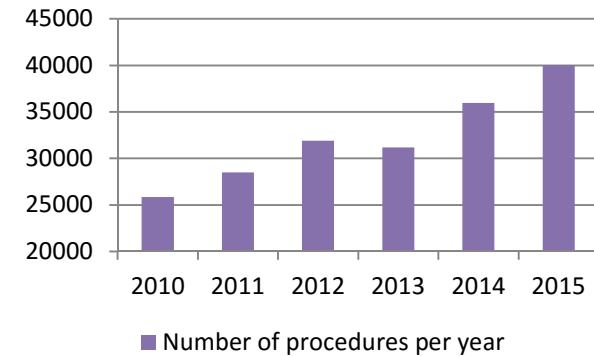


Growth opportunities – in developing Medistim markets

Emerging, high-growth economies (e.g. brIC)			
Developing Medistim markets (e.g. USA , UK, Fra)	4		
Strong Medistim markets (e.g. Jp, Nordic, Germany) >50% CABG share	1	3	
GEOGRAPHIES	CABG surgery (2 BNOK)	Vascular surgery (>1 BNOK)	Other open heart surgery (1 BNOK)
APPLICATION AREAS			

- Convert** the routine Flow market to a Flow-and-Imaging market by establishing *Surgical Guidance and Quality Assessment* as the new standard of care through
 - Early adopter & KOL support
 - REQUEST study
 - Ease conversion from flow to imaging with MiraQ
- Achieve routine use** of both Flow and Imaging by fighting ignorance, indifference and ease-of-use objections through
 - Clinical marketing & Educational programs
 - Product innovation for ease of use
 - Increased sales force capacity
- Build and strengthen position** in vascular surgery
 - Dedicated system (MiraQ Vascular) & probes
 - Build position with societies and KOLs
- Offer an entry-level solution** to reach emerging, price-sensitive, high-growth markets

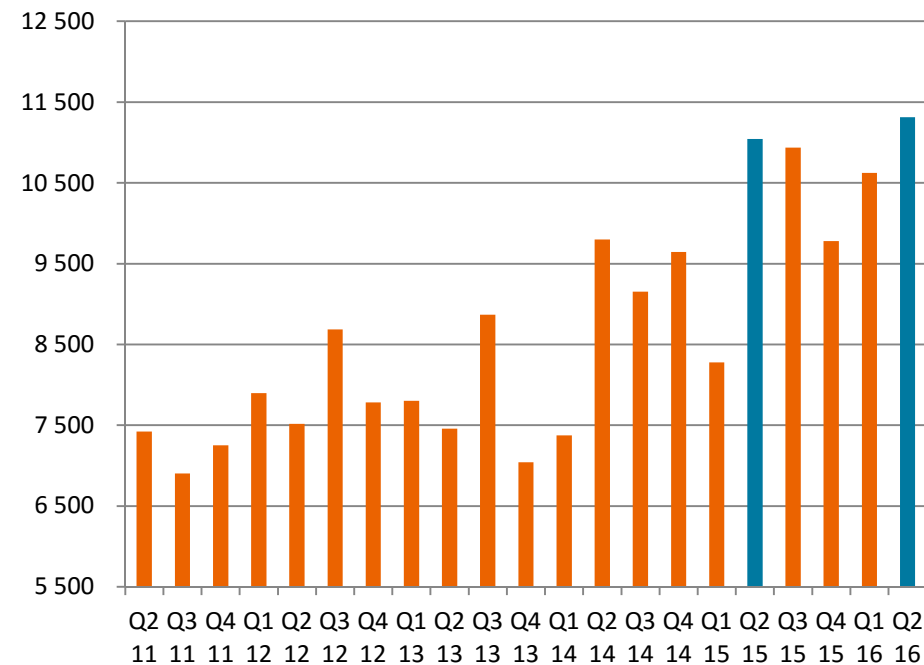
High performance US sales organization



RESULTS H1 2016

- Revenues up by 24.9 % in NOK
- 14.3 % growth in USD
- Number of procedures up by 13.5 %
 - 11.4 % growth in flow procedures
 - 33.5 % growth in imaging procedures
 - Q2 best quarter ever in the USA
- 9 completely new accounts
- 1 TTFM account converted to Imaging

of Procedures
per Consecutive Quarter



Growth opportunities – in strong Medistim markets

Emerging, high-growth economies (e.g. brIC)	4		
Developing Medistim markets (e.g. USA, UK, Fra)	2		
Strong Medistim markets (e.g. JP , Nordic, Germany) >50% CABG share	1	3	
GEOGRAPHIES	CABG surgery (2 BNOK)	Vascular surgery (>1 BNOK)	Other open heart surgery (1 BNOK)
APPLICATION AREAS			

- Convert** the routine Flow market to a Flow-and-Imaging market by establishing *Surgical Guidance and Quality Assessment* as the new standard of care through
 - Early adopter & **KOL support**
 - REQUEST study
 - Ease conversion from flow to imaging with MiraQ
- Achieve **routine use** of both Flow and Imaging by fighting ignorance, indifference and ease-of-use objections through
 - Clinical marketing & Educational programs
 - Product innovation for ease of use
 - Increased sales force capacity
- Build and strengthen **position** in vascular surgery
 - Dedicated system (MiraQ Vascular) & probes
 - Build position with societies and KOLs
- Offer an **entry-level solution** to reach emerging, price-sensitive, high-growth markets

Medistim technologies gain reimbursement in Japan

- Valid from **1st April 2016**, the Ministry of Health, Labour and Welfare in Japan approved a **reimbursement of YEN 25,000 [EUR 225]** when graft blood flow is controlled, using either transit time flow measurement or high-resolution epicardial ultrasonography intraoperatively
- Number of CABG procedures in Japan is approx. 20.000 per year
- Medistim equipment is used in 80 % of the procedures performed in Japan = STANDARD OF CARE
- Expected to encourage conversion of flow customers to flow and imaging customers in Japan
- Could lead other countries to acknowledge the clinical value of Medistim's equipment and see the opportunity to establish reimbursement to drive improved surgical quality and clinical outcomes in CABG and other vascular surgery



20 largest share holders (per 22. august 2016)

SHARE HOLDER	Number of shares per 22.08.16
INTERTRADE SHIPPING	3 850 000
SALVESEN & THAMS INV	1 862 500
STENSHAGEN INVEST AS	1 511 729
PROTECTOR FORSIKRING	1 196 498
SKAGEN VEKST	1 070 072
FOLLUM CAPITAL AS	1 000 000
HOLBERG NORDEN VERDIPAPIRFONDET	570 064
BUANES ASBJØRN JOHN	519 936
DYVI INVEST AS	446 154
GRANDEUR PEAK INTERN BROWN	420 559
VEVLEN GÅRD AS	393 959
VERDIPAPIRFONDET HAN NORGE	346 154
HOLMEN SPESIALFOND	300 000
HOLBERG NORGE VERDIPAPIRFONDET	280 130
Danske Invest Norge	250 000
The Bank of New York BNY MELLON	210 583
BANK JULIUS BÄR & CO S/A CLIENTS	200 000
ROSLAND BRIGT	189 378
Medistim ASA	186 000
The Northern Trust C RE IEDP AIF CL. NON	185 242
20 largest share holders total	14 988 958
Total number of shares outstanding	18 337 336
20 largest share holders % of total	81,7 %

