Medistim ASA
Fourth Quarter 2017

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Thomas Jakobsen, CFO
February 15th, 2018

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1. Highlights 4th quarter

Highlights 4th quarter 2017

- 21.9 % increase in sales for the quarter
  - Currency neutral total growth is 22.3 %
  - Currency neutral growth of own products is 31.3%
  - Another strong quarter for the USA with currency neutral sales up 27.8 %
- EBIT up MNOK 6.6 to MNOK 16.4, an 67.9 % increase
- The probe production capacity issues are solved
- Medistim joins GE Vingmed Ultrasound and Sensocure to develop new production technology funded by NRC
- The Board suggests a dividend of NOK 2.00 per share (NOK 1.75)

Q4 2017	Q o Q
Revenue MNOK 82.2 (67.4)	21.9%
EBIT MNOK 16.4 (9.7)	67.9 %
Currency	-0.4 %
No of capital units sold:	
Flow systems 38	52.0 %
Imaging systems 17	240.0 %
Flow probes 1 925	21.7 %
Imaging probes 32	77.8 %
Procedures (USA) 13 995	7.4 %

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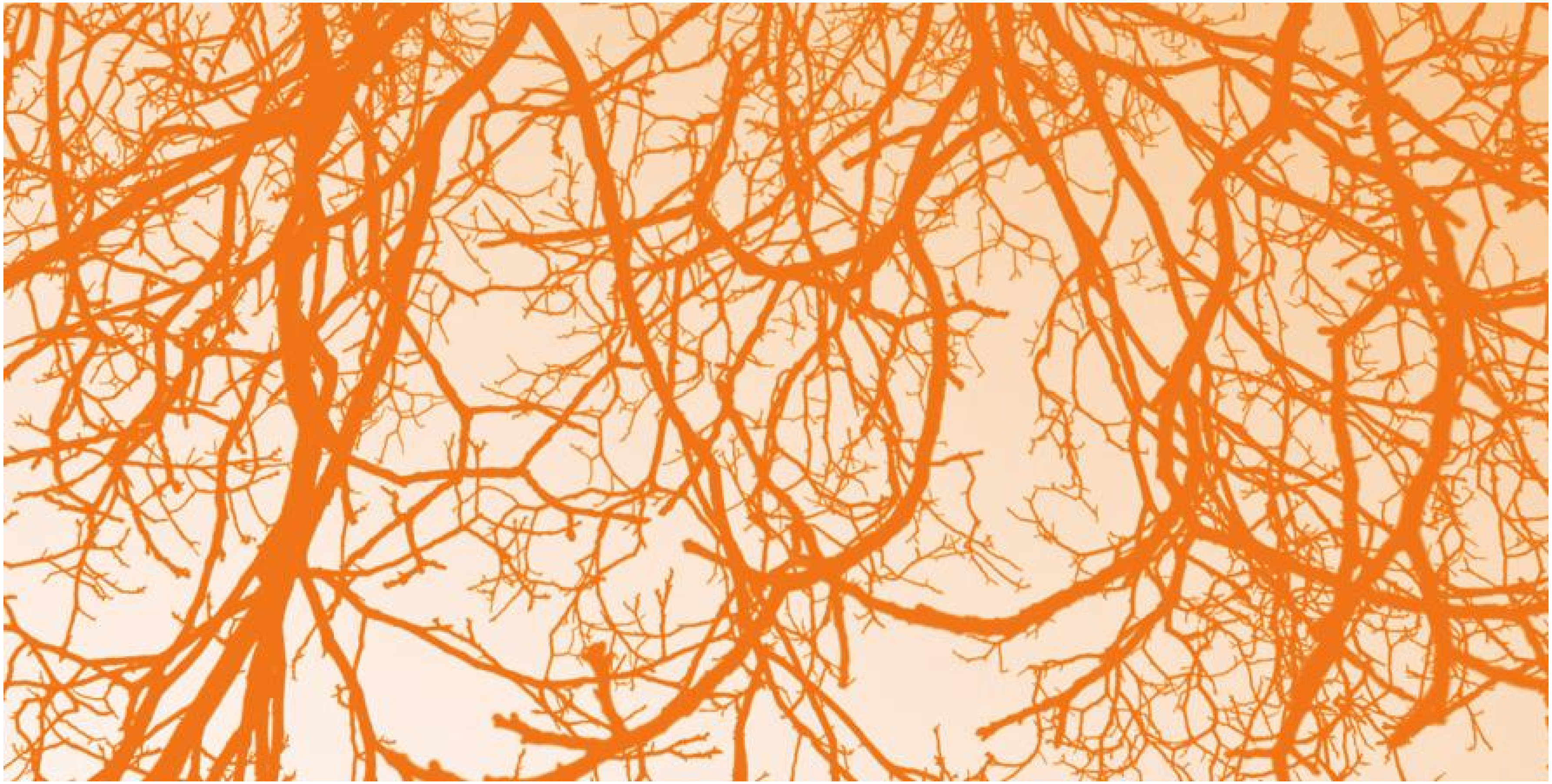
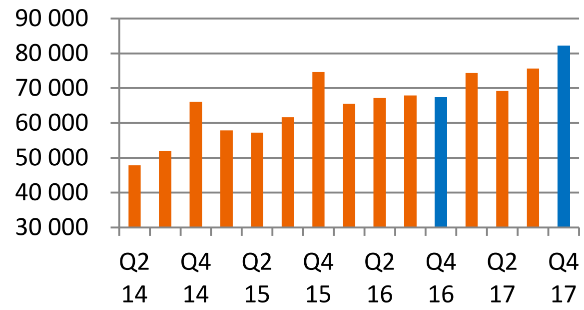
2. Financial statements



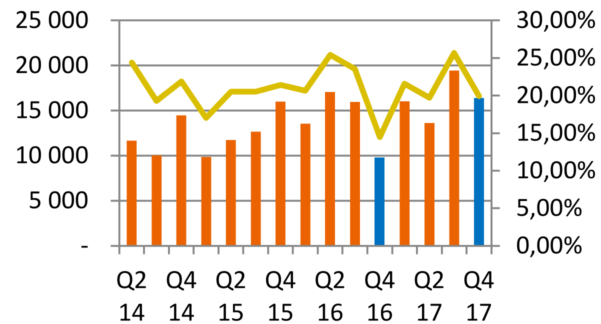
Profit and loss Q4 2017

Profit & loss	Q4 2017	Q4 2016
All numbers in NOK 1000		
Sales	**82 230**	**67 433**
Cost of goods sold	20 576	16 529
Salary and sosial expenses	26 720	25 310
Other operating expenses	15 072	12 812
Total operating expenses	62 367	54 651
Op. res. before depr. and write-offs (EBITDA)	**19 862**	**12 783**
EBITDA %	*24,2 %*	*19,0 %*
Depreciation	3 495	3 034
Write offs	-	-
Operating result (EBIT)	**16 368**	**9 749**
EBIT %	*19,9 %*	*14,5 %*
Financial income	3 511	8 781
Financial expenses	1 535	9 890
Net finance	1 976	(1 109)
Pre tax profit	**18 343**	**8 640**
Tax	5 867	2 798
Result	**12 476**	**5 842**

Sales per Quarter (TNOK)



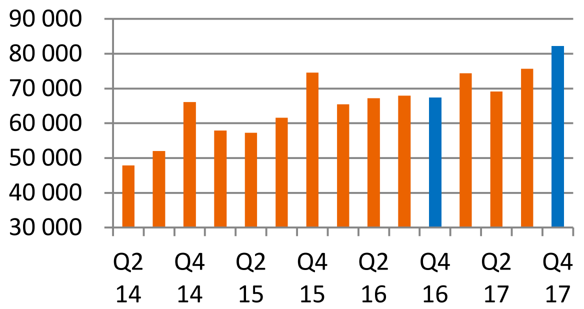
EBIT per Quarter (TNOK)



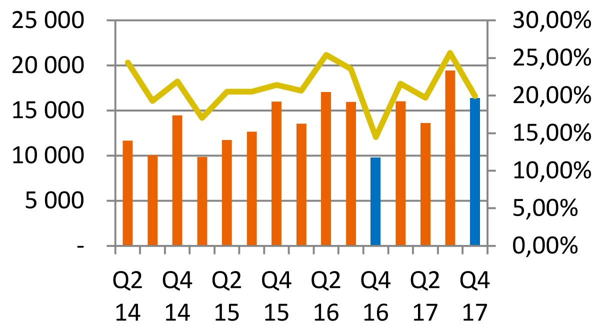
Profit and loss 2017

Profit & loss	**2017**	**2016**
All numbers in NOK 1000		
Sales	**301 461**	**268 061**
Cost of goods sold	72 782	64 957
Salary and sosial expenses	98 281	89 719
Other operating expenses	51 705	45 304
Total operating expenses	222 768	199 980
Op. res. before depr. and write-offs (EBITDA)	**78 693**	**68 081**
EBITDA %	*26,1 %*	*25,4 %*
Depreciation	13 223	11 726
Write offs	-	-
Operating result (EBIT)	**65 470**	**56 355**
EBIT %	*21,7 %*	*21,0 %*
Financial income	8 838	7 506
Financial expenses	7 696	10 334
Net finance	1 142	(2 828)
Pre tax profit	**66 612**	**53 527**
Tax	19 038	14 429
Result	**47 574**	**39 098**

Sales per Quarter (TNOK)

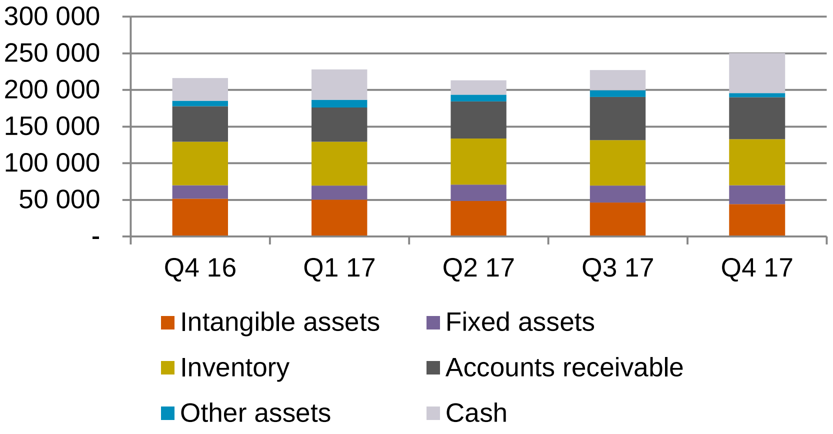


EBIT per Quarter (TNOK)



Balance sheet - Assets

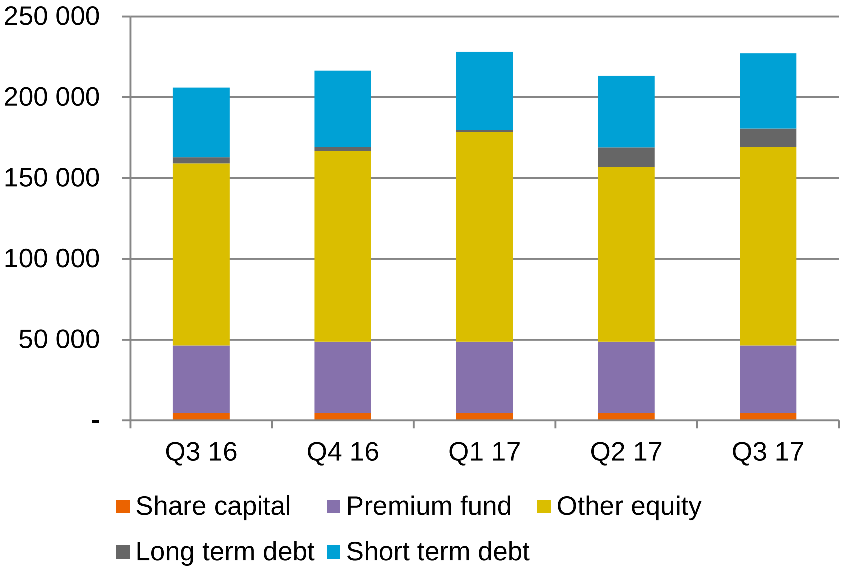
Balance sheet	**31.12.2017**	**31.12.2016**
All numbers in NOK 1000		
Assets		
Intangible assets	45 090	51 698
Fixed assets	25 744	18 404
Total intangible and fixed assets	**70 834**	**70 102**
Inventory	62 722	59 297
Customers receivables	57 307	48 328
Other receivables	5 825	7 651
Cash	54 411	31 065
Total current assets	**180 265**	**146 341**
Total assets	**251 099**	**216 443**



- Working capital is still high, related to:
  - MiraQ product line introduction while maintaining the VeriQ/VeriQC products with last-time-buy of components
  - Securing safety level of critical components
  - Increased customer receivables due to record sales for the quarter

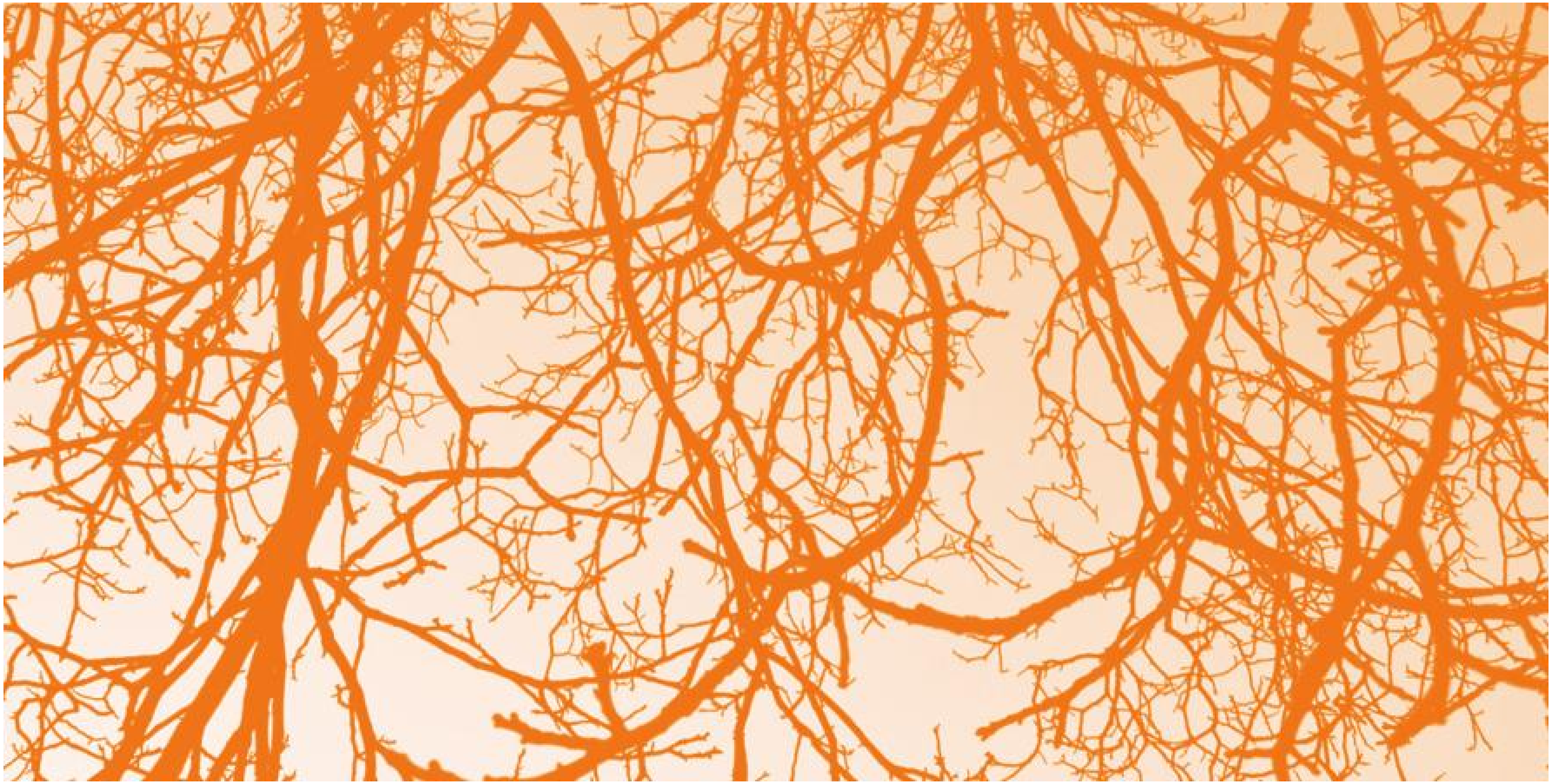
Balance sheet - Equity and liability

Balance sheet	31.12.2017	31.12.2016
All numbers in NOK 1000		
Share capital	4 585	4 585
Premium fund	44 172	44 172
Other equity	134 226	117 947
Total equity	**182 983**	**166 704**
Total long term debt	**10 500**	**2 552**
Total short term debt	**57 616**	**47 188**
Total equity and liability	**251 099**	**216 444**



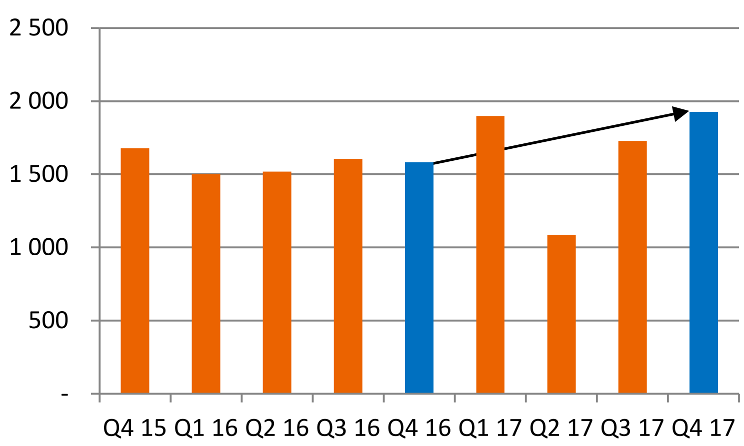
- 15.4 MNOK in interest bearing debt

3. Business segments update



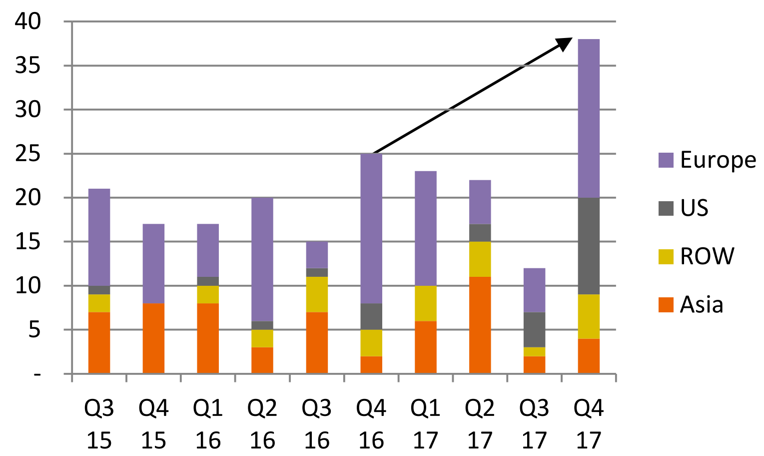
Flow probes and systems in units

Flow probes in units (excl USA)



- 21.7% increase in flow probe number of units
- Production capacity issues are solved

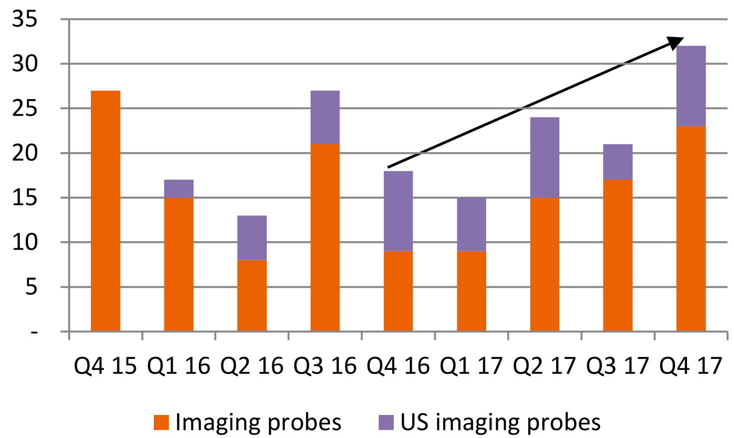
Flow systems in units (VeriQ & MiraQ)



- 52 % increase in flow system number of units
- Strong quarter for all regions
- Largest growth in the USA, going from 3 to 11 capital flow system sales this quarter

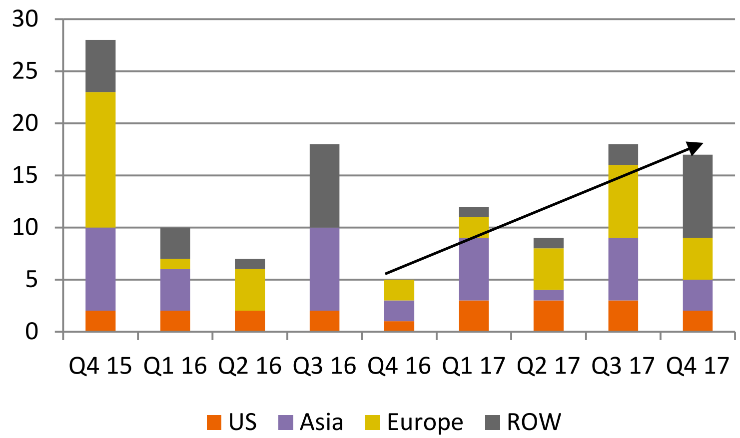
Imaging probes and systems in units

Imaging probes in units (incl USA)



- 77.8 % increase in imaging probe number of units
- Growing imaging system sales drive the increase in imaging probe sales

Imaging systems in units (VeriQC & MiraQ)



- 240 % increase in imaging systems number of units
- Good quarter with growth in number of systems sold in all regions
- Sales in Middle East and Australia drives growth in ROW

Q4 revenue performance by region

Mill NOK	Q4 '17	Q4 '16	Q / Q	2017	2016	Y/Y
Europe	40,0	38,3	4,4 %	150,3	136,4	10,2 %
USA	27,5	21,9	25,8 %	104,6	91,0	14,9 %
Asia & Jp	5,7	4,7	19,7 %	27,0	24,8	8,7 %
ROW (MEA, CAN, SA, AUS)	9,0	2,5	261,3 %	19,6	15,9	23,4 %
Total	**82,2**	**67,4**	**21,9 %**	**301,5**	**268,1**	**12,5 %**

- In Europe, Q4 was up 4.4 %. Sales of own products increased with 10.3 %, while 3.party products decreased with 2 %.
- In the USA, Medistim delivers yet another good quarter with currency neutral growth of 27.8 %, driven by increase in capital sales
- Both Asia/Japan and ROW are so far smaller sales territories with significant quarter to quarter variation. However, for ROW there was an exceptionally strong quarter with good sales in the Middle East and Australia.

Negative currency effects for 2017 vs 2016 was 1.2 MNOK .

Average actual exchange rate for USD 8.27 and EUR 9.33 versus last year USD 8.38 and EUR 9.41.

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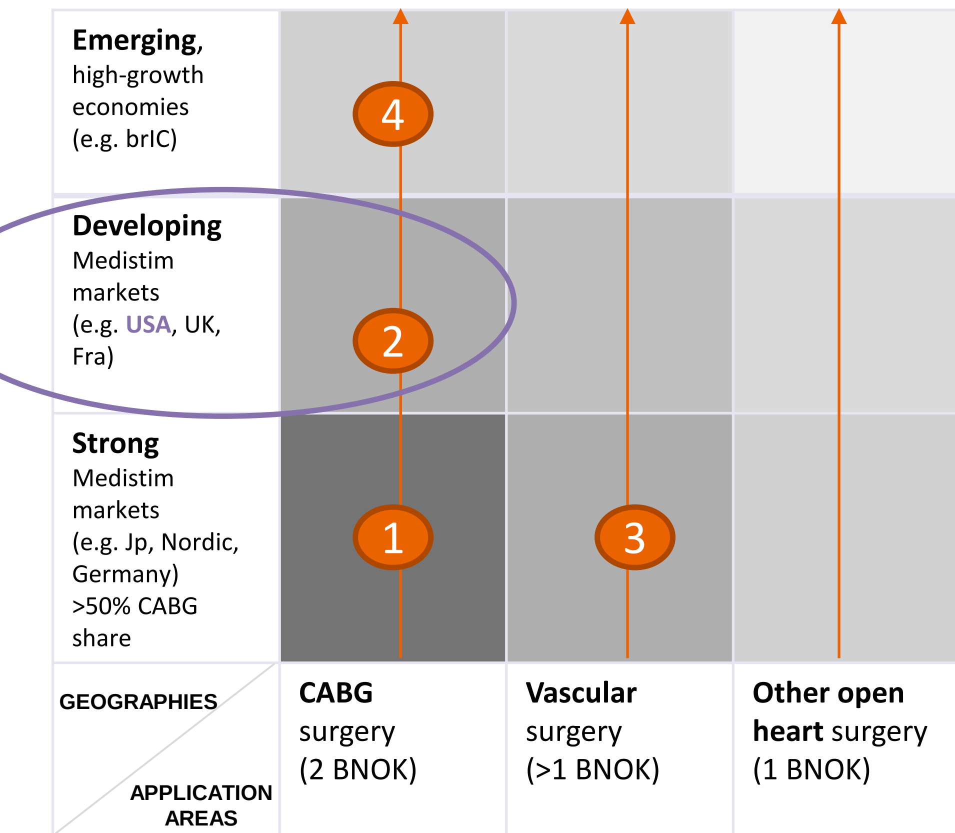
Q4 revenue performance by product

Mill NOK	Q4 '17	Q4 '16	Q/Q	2017	2016	Y/Y
Procedures (USA)	21,6	20,3	6,7 %	86,0	81,9	5,0 %
Flow probes	22,9	17,5	31,0 %	78,9	70,4	11,9 %
Flow systems (VeriQ & MiraQ)	9,4	5,6	67,3 %	23,3	17,7	31,7 %
Imaging systems (VeriQ C & MiraQ)	8,7	2,8	210,1 %	32,0	21,0	52,3 %
Imaging probes	1,5	0,6	148,5 %	4,2	3,1	32,8 %
3rd party	17,8	18,2	-2,1 %	71,7	68,4	4,7 %
Other	0,3	2,5	-88,3 %	5,4	5,4	0,3 %
Total revenues	**82,2**	**67,4**	**21,9 %**	**301,5**	**268,1**	**12,5 %**

- Procedure sale in the USA: The total number of procedures grew with 7.4 % in Q4.
- Flow probes revenue: 21.7 % increase in units to 1925 probes, 31.0 % in NOK due to higher level of sales in direct markets.
- Flow systems: 52 % increase in units, however 67.3 % growth in NOK driven by strong sales in USA, a direct market.
- Imaging systems and probes: Strong development in units with 240 % growth.
- 3rd party products: Slight decline in Q4, but 4,7 % growth for the year.

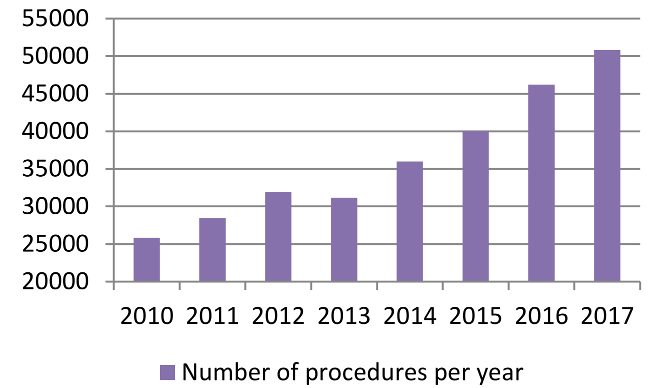
4. Implementing the strategy

Growth opportunities – in developing Medistim markets



1. **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
2. **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 capacaity
3. **Build and strengthen position** in vascular surgery
   - Dedicated system (MiraQ Vascular) & probes
   - Build position with societies and KOLs
4. **Offer an entry-level solution** to reach emerging, price-sensitive, high-growth markets

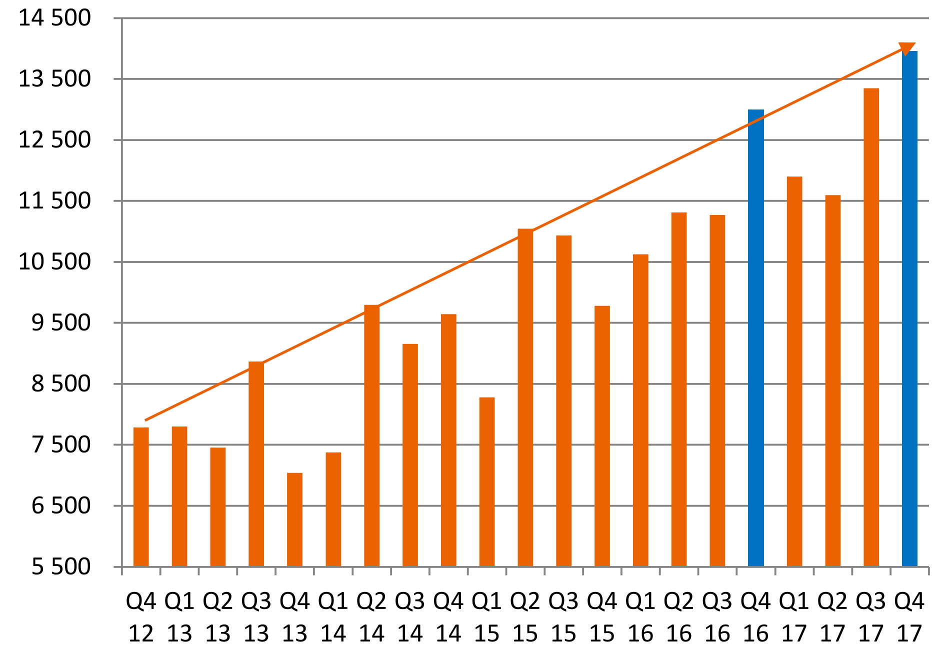
High performance US sales organization



RESULTS Q4

- Revenues up by 25.8 % in NOK and 27.8 % in USD
- Number of procedures up by 7.4 %
  - 5.2 % increase in flow procedures
  - 20.9 % growth in imaging procedures
- 268 % increase in capital sales (systems and probes)
- Continued growth in new customers
  - 7 completely new accounts
  - No TTFM account converted to Imaging
  - 26 new and 4 converted accounts for the year

# of Procedures per Consecutive Quarter



NFR funding of new production technology development

- Medistim joins GE Vingmed Ultrasound and Sensocure in a collaborative project to develop new production technology (Press release 21.11.17)
- Funded by the Norwegian Research Council with MNOK 14.4 over 3 years
- A unique opportunity to develop new production technology that may bring today's production of ultrasound probes to the next level in terms of effectiveness and quality

- For a company with labor-intensive manufacturing in Norway, this can mean significant strengthening of our competitive edge in a global market

Project name:
«Advanced manufacturing technologies for high impact medical devices»

Goal:
To develop flexible and semi-automated processes for production of sensors. The consortium consists of Sensocure, GE Vingmed Ultrasound og Medistim, as well as the research and development partners SINTEF Raufoss Manufacturing, Norner Research AS and Høgskolen i Sørøst Norge

- Vi har jobbet målrettet for å bygge bro mellom helseforskning, pasient-nytte og markedsmulig-heter, sier helseminister Bent Høie. (Foto: Bjørn Stuedal)

- Prosjektene kobler unge, spenstige helseselskaper og utviklingsmiljøer, sier næringsminister Monica Mæland. (Foto: Hans Jørgen Brun)

- Norge evner å bygge videre på gode miljøer og erfarne aktører når vi nå skal bygge nye næringer, sier divisjonsdirektør Anne Kjersti Fahlvik. (Foto: Sverre Chr. Jarild, Lysbordet)

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20 largest shareholders (per 9. February 2018)

Shareholder	Number of shares	Shares in %	Nationality
INTERTRADE SHIPPING	4 003 500	21,83	NOR
SALVESEN & THAMS INV	1 862 500	10,16	NOR
JPMorgan Chase Bank, NORDEA TREATY ACCOUN	1 376 596	7,51	GBR
FOLLUM CAPITAL AS	1 000 000	5,45	NOR
PROTECTOR FORSIKRING Aksjer	784 155	4,28	NOR
Skandinaviska Enskil A/C CLIENTS ACCOUNT	774 317	4,22	DNK
Citibank Europe plc S/A SEB SA UCITS	706 412	3,85	LUX
BUANES ASBJØRN JOHN	494 936	2,70	NOR
GRANDEUR PEAK INTERN BROWN BROTHERS HARRI	420 559	2,29	USA
JPMorgan Chase Bank, JPMCB RE HB SWED FUN	415 893	2,27	SWE
HOLBERG NORGE VERDIPAPIRFONDET V/HOLBERG FONDSFORVA	398 656	2,17	NOR
RBC Investor service S/A LUX SCV-EXEMPT-U	353 515	1,93	LUX
DYVI INVEST AS	346 154	1,89	NOR
Danske Bank A/S 3993 NORDIC SETTLEME	281 234	1,53	DNK
REGENTS OF THE UNIVE The Bank of New York	255 952	1,40	USA
Danske Invest Norge	250 000	1,36	NOR
BNP Paribas Securiti BPSS MLN/PENSION FUN	228 408	1,25	ITA
NN PARAPLUFONDS 1 N. BNY MELLON SA/NV	222 579	1,21	NLD
Skandinaviska Enskil SEB AB, UCITS V - Sw	218 201	1,19	SWE
The Northern Trust C RE IEDP AIF CL. NON	207 782	1,13	GBR
Total	**14 601 349**	**79,62**	


Seeing is believing