Medistim ASA
Second quarter and first half 2018

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Thomas Jakobsen, CFO
August 15th, 2018

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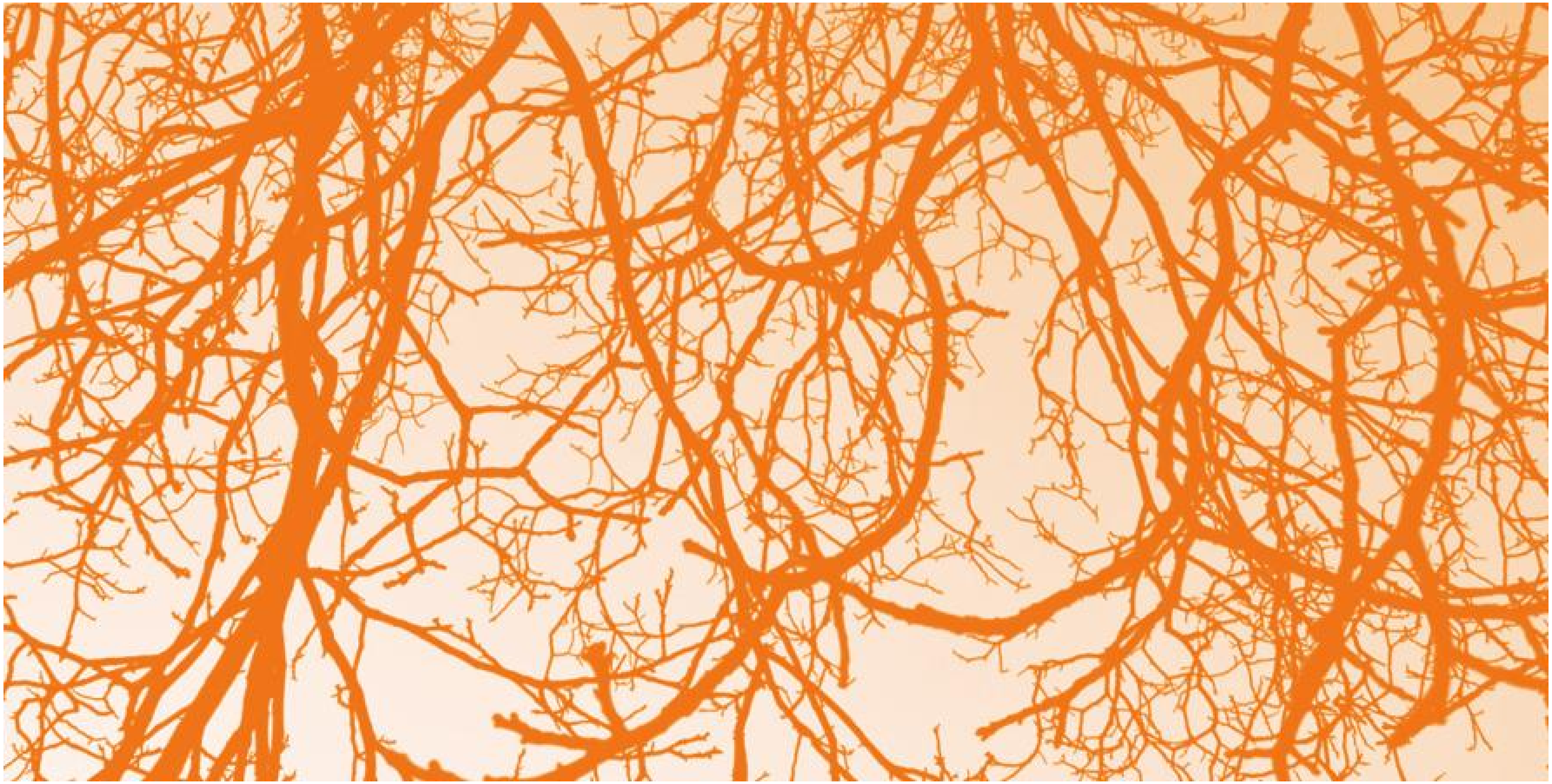
1. Highlights 2nd quarter

Highlights 2nd quarter 2018

- Back on track after a flat first quarter,
  Sales for the second quarter increased with 10.2 % in NOK
  - Currency neutral total sales up 10.4 %
  - Currency neutral sales of own products up 19.3 %
  - US sales up 1.3 % in USD, down 5.3 % in NOK
  - Number of procedures in the USA up 7.1 %
- EBIT up MNOK 4.5 to MNOK 18.1, a 33.0 % increase
- MiraQ received an updated recommendation by UK's NICE
- The first results from the REQUEST study was presented at AATS and concluded that there was a change in the surgical procedures in 26 % of the cases
- A dividend of NOK 2.00 per share (NOK 1.75) paid in the second quarter

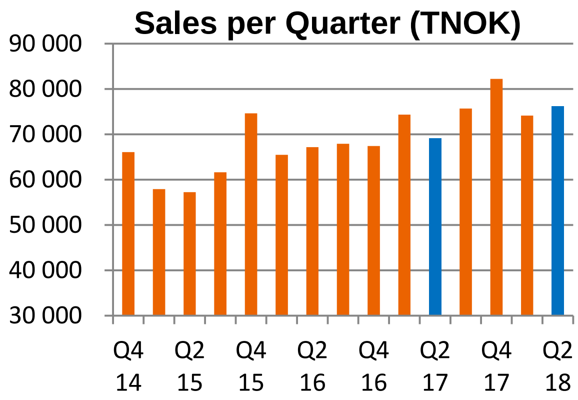
Q2 2018	Q o Q
Revenue MNOK 76.2 (69.2)	10.2%
EBIT MNOK 18.1 (13.6)	33.0 %
Currency	-0.2 %
No of capital units sold:	
Flow systems 26	18.2 %
Imaging systems 14	55.6 %
Flow probes 1 653	52.2 %
Imaging probes 19	-20.8 %
Procedures (USA) 12 417	7.1 %

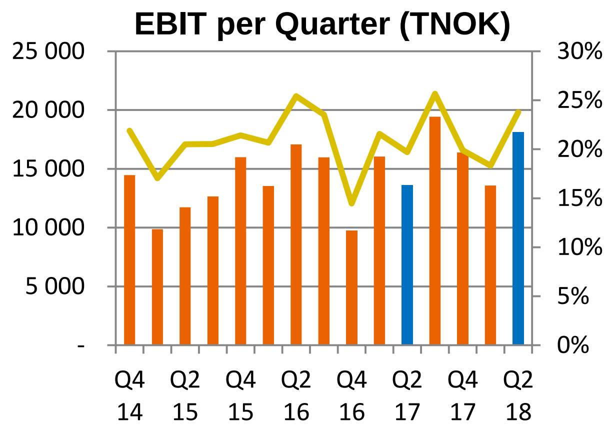
2. Financial statements



Profit and loss Q2 2018

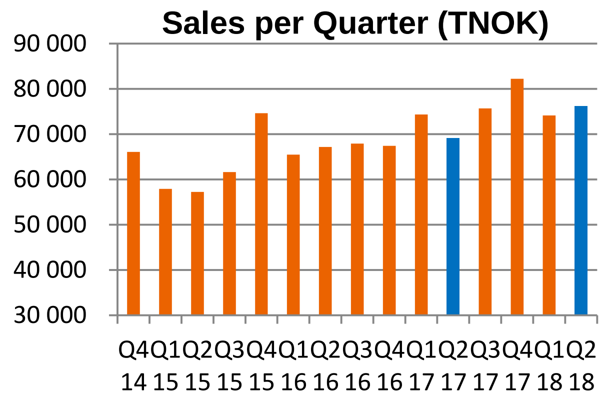
Profit & loss	Q2 2018	Q2 2017
All numbers in NOK 1000		
Sales	**76 221**	**69 177**
Cost of goods sold	18 606	19 026
Salary and sosial expenses	20 832	19 146
Other operating expenses	15 474	14 123
Total operating expenses	54 912	52 295
Op. res. before depr. and write-offs (EBITDA)	**21 309**	**16 882**
EBITDA %	*28,0 %*	*24,4 %*
Depreciation	3 183	3 252
Operating result (EBIT)	**18 126**	**13 629**
EBIT %	*23,8 %*	*19,7 %*
Financial income	1 368	1 720
Financial expenses	1 842	1 438
Net finance	(474)	282
Pre tax profit	**17 652**	**13 911**
Tax	4 958	4 090
Result	**12 693**	**9 822**

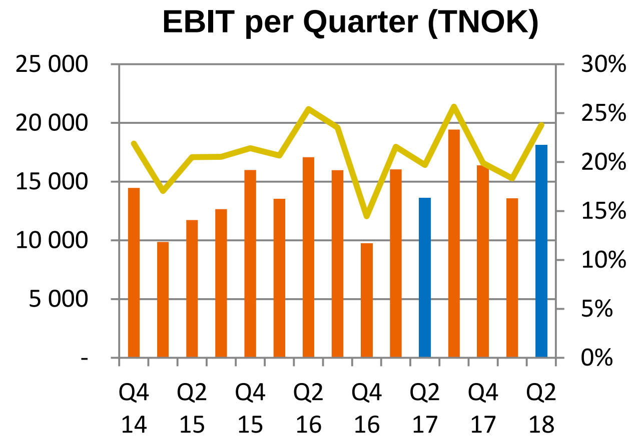




Profit and loss H1 2018

Profit & loss	**H1 2018**	**H1 2017**
All numbers in NOK 1000		
Sales	**150 354**	**143 537**
Cost of goods sold	36 861	36 885
Salary and sosial expenses	47 616	44 563
Other operating expenses	27 993	26 045
Total operating expenses	112 470	107 494
Op. res. before depr. and write-offs (EBITDA)	**37 884**	**36 043**
EBITDA %	*25,2 %*	*25,1 %*
Depreciation	6 171	6 371
Operating result (EBIT)	**31 714**	**29 672**
EBIT %	*21,1 %*	*20,7 %*
Financial income	2 754	3 833
Financial expenses	4 507	3 168
Net finance	(1 753)	665
Pre tax profit	**29 961**	**30 337**
Tax	7 824	8 657
Result	**22 138**	**21 680**





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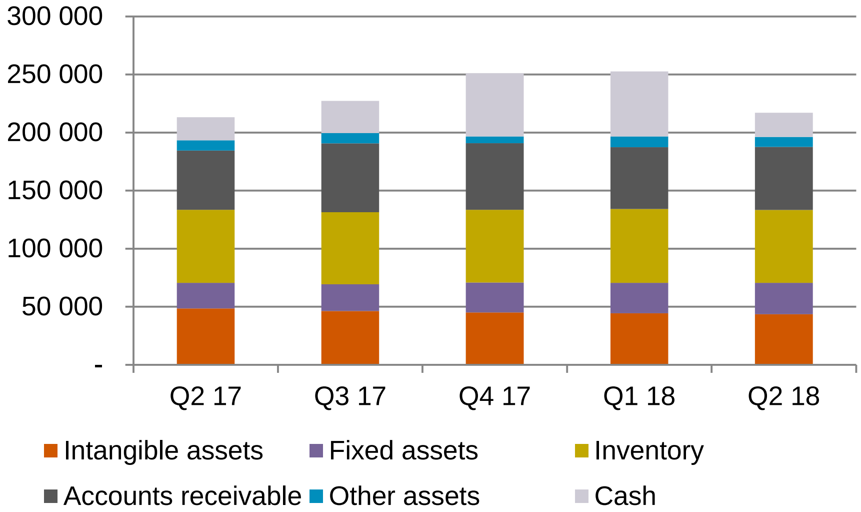
Balance sheet - Assets

Balance sheet	**30.06.2018**	**31.12.2017**
All numbers in NOK 1000		
Assets		
Intangible assets	43 590	45 090
Fixed assets	27 040	25 744
Total intangible and fixed assets	**70 630**	**70 834**
Inventory	62 691	62 722
Customers receivables	54 353	57 307
Other receivables	8 582	5 825
Cash	20 812	54 411
Total current assets	**146 437**	**180 265**
Total assets	**217 067**	**251 099**



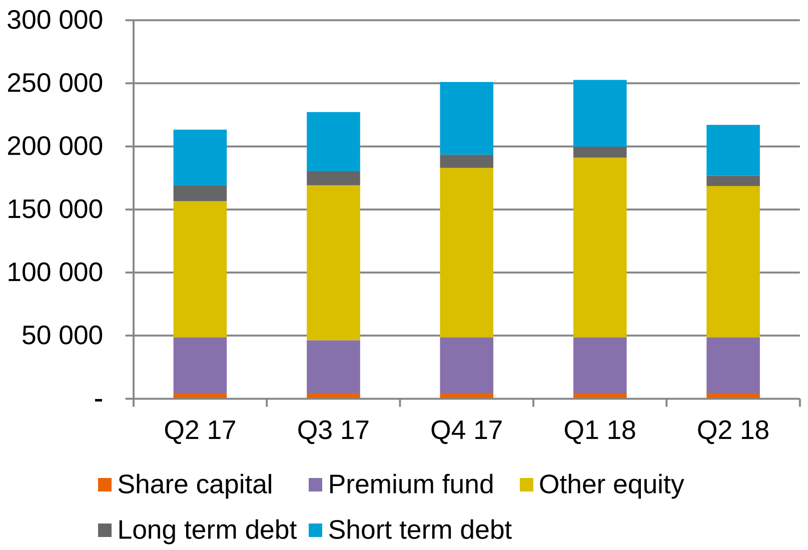
Working capital continues to be high, related to:

- MiraQ product line introduction while maintaining the VeriQ/VeriQC products with last-time-buy of components
- Securing safety level of critical components

However, inventory is stabilized compared to year end and customer receivables are reduced

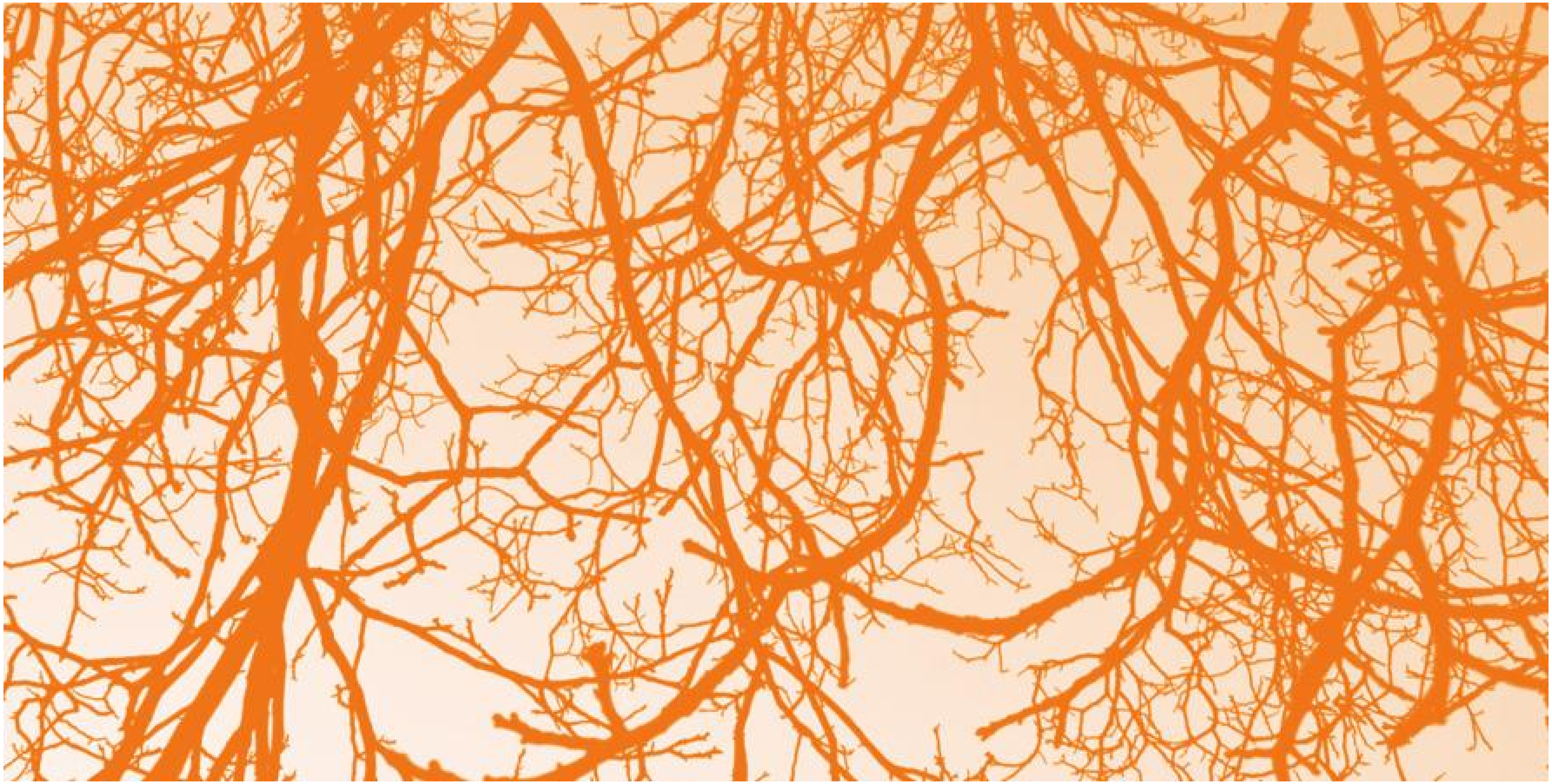
Balance sheet - Equity and liability

Balance sheet	30.06.2018	31.12.2017
All numbers in NOK 1000		
Share capital	4 585	4 585
Premium fund	44 172	44 172
Other equity	119 873	134 226
Total equity	**168 630**	**182 983**
Total long term debt	**8 063**	**10 500**
Total short term debt	**40 374**	**57 616**
Total equity and liability	**217 067**	**251 099**



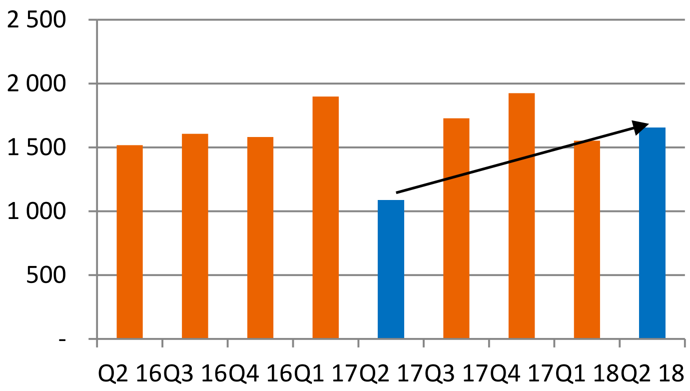
- 12.0 MNOK in interest bearing debt
- A dividend of NOK 2,00 per share, MNOK 36.4 in total, was paid in the second quarter

3. Business segments update

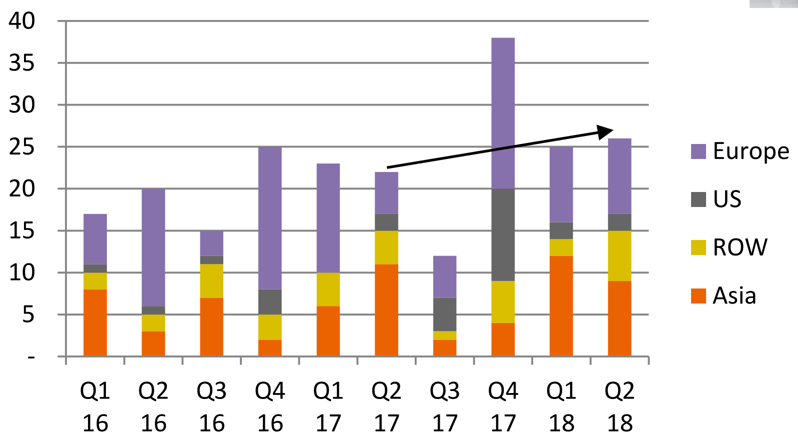


Flow probes and systems in units

Flow probes in units (excl USA)



Flow systems in units (VeriQ & MiraQ capital sales)



- 52.2% increase in flow probe number of units
- Solid growth in Europe and Asia
- No back order of probes by quarter end

- 18.2 % increase in flow system in number of units
- Strong quarter for Europe (9 vs 5 systems LY) and ROW (4 vs 2)

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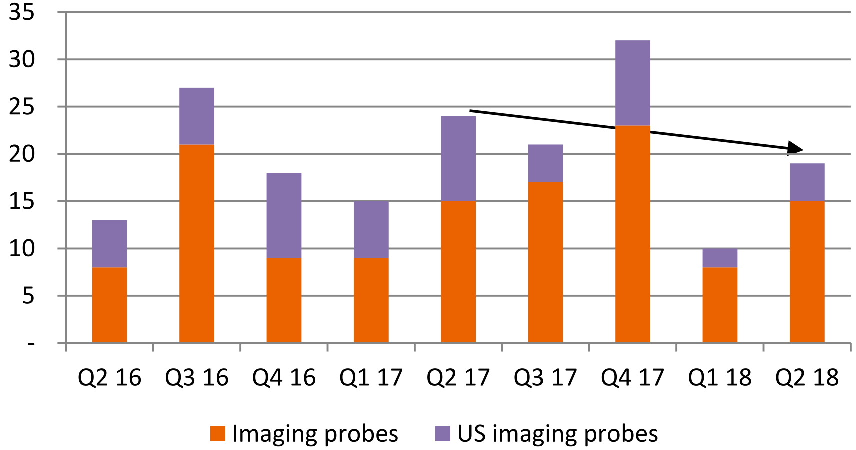
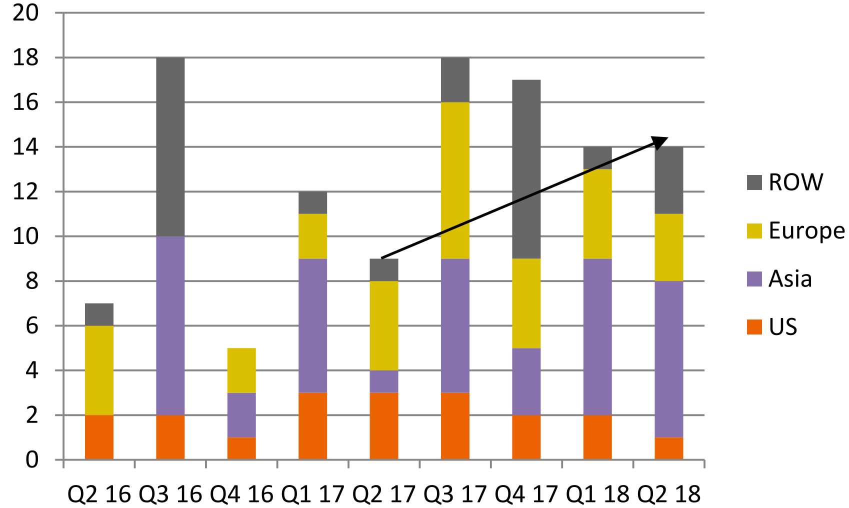
Imaging probes and systems in units

Imaging probes in units (incl USA)



Imaging systems in units (VeriQC & MiraQ capital sales)



- After a weak quarter, imaging probe sales is back to an average level

- 55.6 % increase in imaging systems number of units
- Strong growth in Asia (7 vs 1 systems LY)

Q2 and H1 revenue performance by region

Mill NOK	Q2 '18	Q2 '17	Q / Q	H1 18	H1 17	Y/Y	2017
Europe	38,3	37,3	2,7 %	78,5	73,5	6,8 %	150,3
USA	23,9	25,2	-5,3 %	46,9	49,8	-5,8 %	104,6
Asia & Jp	9,4	3,5	171,1 %	17,8	13,1	36,2 %	27,0
ROW (MEA, CAN, SA, AUS)	4,7	3,2	45,9 %	7,1	7,2	-1,0 %	19,6
Total	**76,2**	**69,2**	**10,2 %**	**150,4**	**143,5**	**4,7 %**	**301,5**

- In Europe, sales increased with 2.7 % in Q2. Own products increased with 19.1 % of which 5.1 % was due to favorable currency. 3. party products decreased with 11.9 %.
- In the USA, sales in NOK decreased with 5.3 %, but currency neutral growth was 1.3 %.
- Both Asia/Japan and ROW are so far smaller sales territories with significant quarter to quarter variation. Q2 2018 was a very strong quarter for Asia in particular.

Negative currency effects for 2018 vs 2017 was 0.3 MNOK .

Average actual exchange rate for USD 7.93 and EUR 9.59 versus last year USD 8.48 and EUR 9.18.

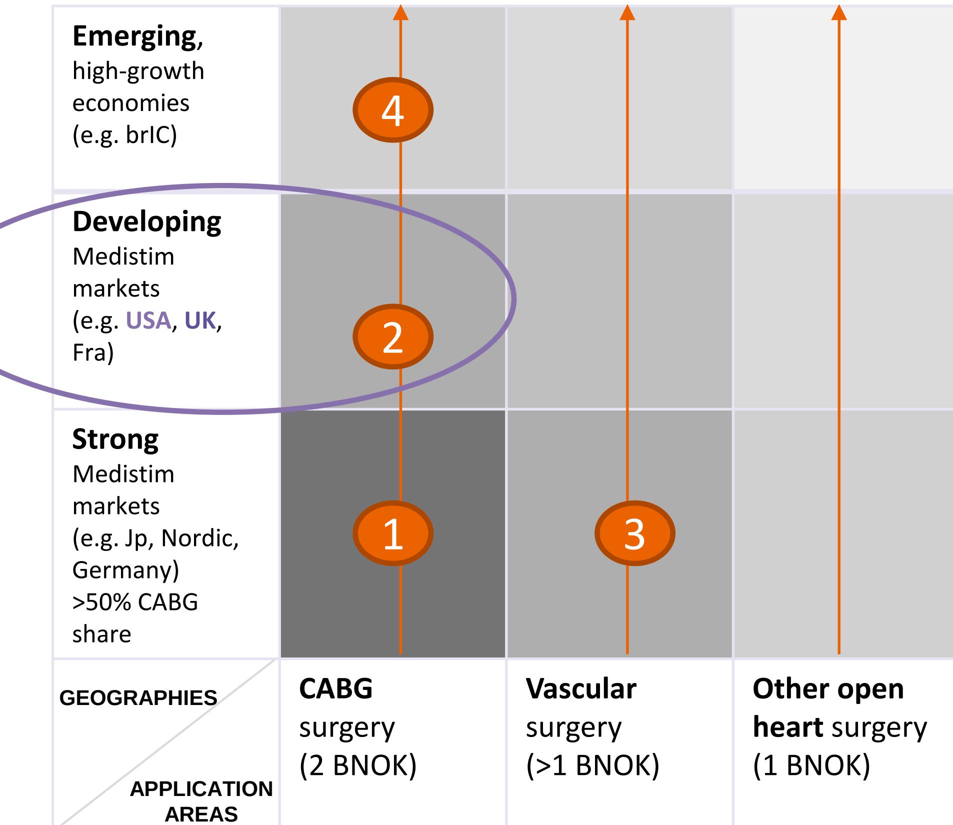
Q2 and H1 revenue performance by product

Mill NOK	Q2 '18	Q2 '17	Q/Q	H1 2018	H1 2017	Y/Y	2017
Procedures (USA)	21,6	21,6	0,1 %	41,2	43,1	-4,4 %	86,0
Flow probes	21,4	13,9	53,5 %	41,8	34,8	20,1 %	78,9
Flow systems (VeriQ & MiraQ)	7,0	4,7	50,4 %	13,8	9,4	45,9 %	23,3
Imaging systems (VeriQ C & MiraQ)	6,5	6,6	-1,1 %	13,8	13,5	2,3 %	32,0
Imaging probes	0,9	1,1	-13,3 %	1,5	1,8	-15,6 %	4,2
3rd party	17,4	19,8	-11,9 %	36,2	37,6	-3,9 %	71,7
Other	1,3	1,5	-13,4 %	2,1	3,3	-35,6 %	5,4
Total revenues	**76,2**	**69,2**	**10,2 %**	**150,4**	**143,5**	**4,7 %**	**301,4**

- Procedure sale in the USA: The total number of procedures increased with 7.1 % in Q2 and 6.4 % in H1. Decline in NOK is due to currency.
- Flow probes: 52.2 % increase in units and 53.5 % increase in NOK for the quarter, manly coming from distributor sales territories. Increase in units for the first half is 7.4 % while sales in NOK increases with 20.1 %. The increase is related to higher level of direct sales (7.5 %) and favorable currency (5.2 %).
- Flow systems: 18.2 % increase in units, the strong 50.4% growth in NOK is driven by higher level of direct sales and currency.
- Imaging systems and probes: Imaging systems increase with 55 % in units while revenue in NOK is flat is due to less sales in direct markets and more units sold through distributors.
- 3rd party products: Weak quarter but first half is close to the same level as last year.

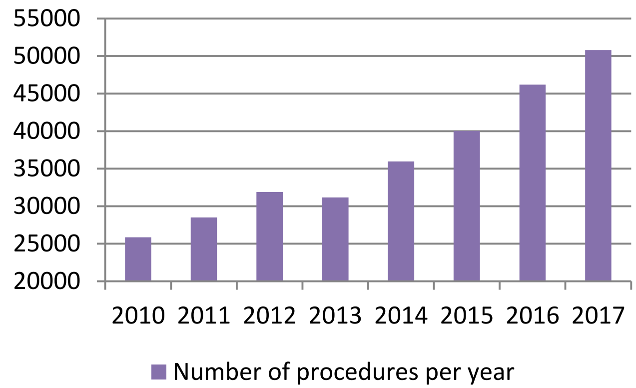
4. Implementing the strategy

Growth opportunities – in developing Medistim markets



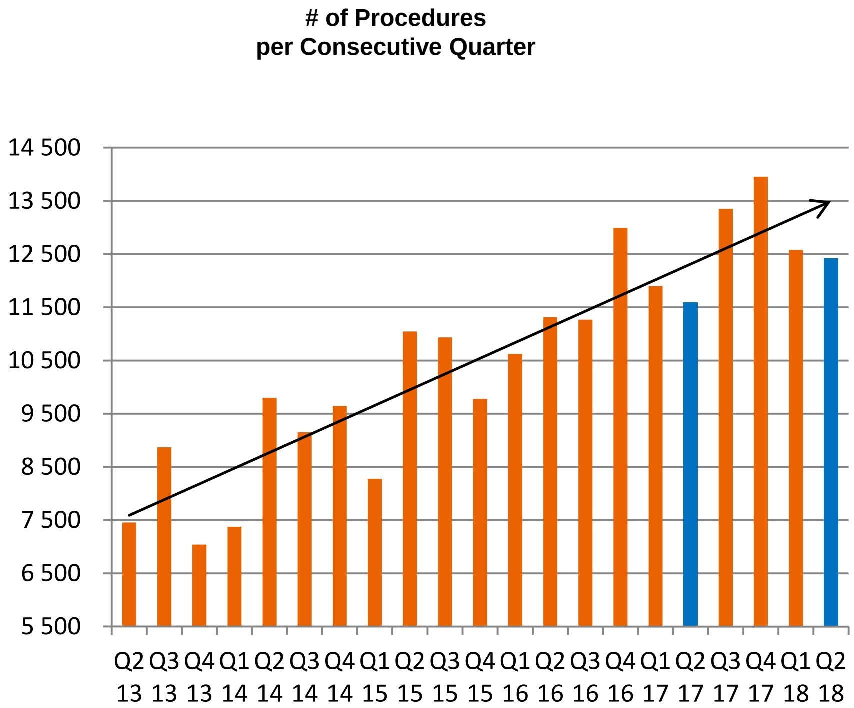
1. **Convert the routine Flow market to a Flow-and-Imaging market** by establishing *Surgical Guidance and Quality Assessment* as the new standard of care through
   - Early adopter & KOL support
   - REQUEST study
   - Ease conversion from flow to imaging with MiraQ
2. **Achieve routine use** of both Flow and Imaging by fighting ignorance, indifference and ease-of-use objections through
   - Clinical marketing, **Guidelines** and 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

Performance US sales organization

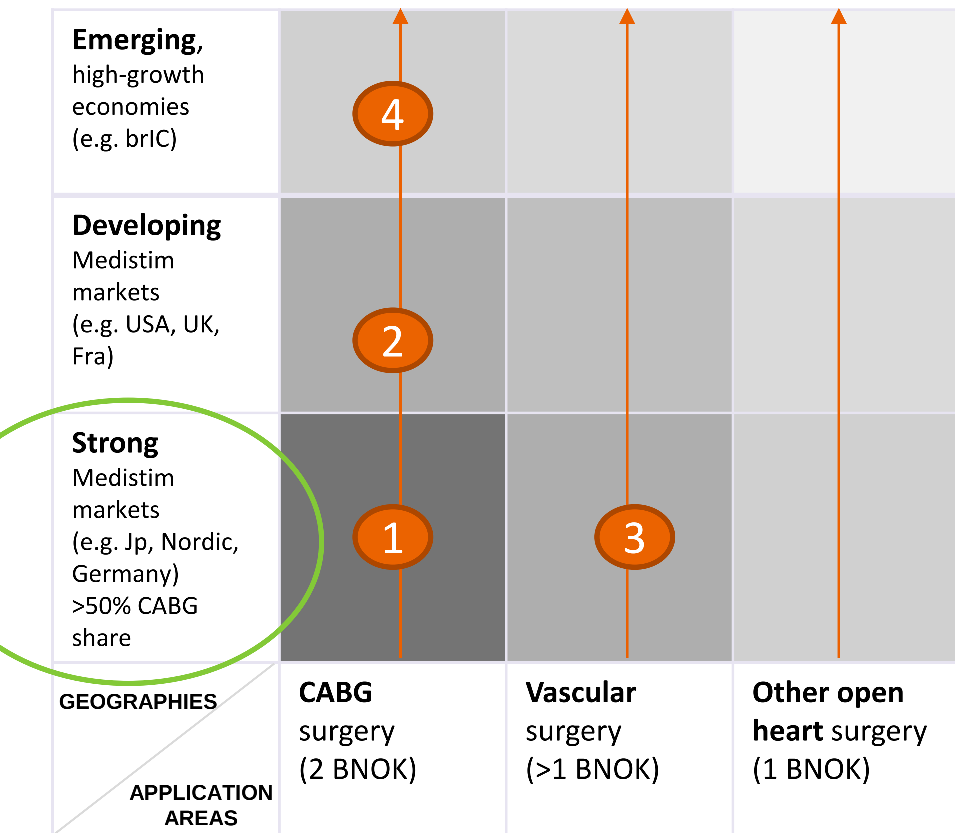


RESULTS H1

- Revenues up 1 % in USD
  - Revenues down 5.8 % in NOK, to MNOK 23.9
  - Currency has a negative 6.8 % impact
  - Capital revenues were MNOK 5.6 vs. MNOK 6.7 last year
- Number of procedures up by 7.1 %
  - 6.3 % growth in flow procedures
  - 7.0 % growth in imaging procedures
- Continued growth in new customers
  - 7 completely new accounts in Q2, 14 YTD



Growth opportunities – in developed Medistim markets



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REQUEST | Registry for Quality Assessment with Ultrasound Imaging and TTFM in Cardiac Surgery

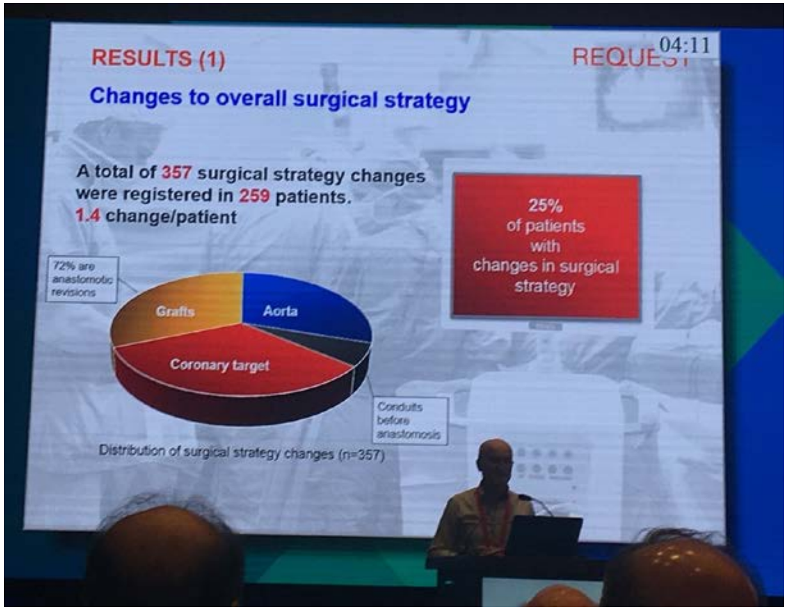
Presentation of the first findings from the REQUEST register study

REQUEST | Registry for Quality Assessment with Ultrasound Imaging and TTFM in Cardiac Surgery

Presentation of the first findings from the REQUEST register study

- All 1.000 patients are now included in the study

- The first findings from the study were presented at
    - The American Association for Thoracic Surgery (AATS) conference taking place in San Diego on May 1st
    - The International Coronary Congress (ICC) in Beijing August 2nd



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20 largest shareholders (per August 8th 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	1 375 246	7,50	GBR
Skandinaviska Enskil A/C CLIENTS ACCOUNT	1 034 379	5,64	DNK
FOLLUM CAPITAL AS	1 000 000	5,45	NOR
Skandinaviska Enskil	743 220	4,05	LUX
State Street Bank an SSB LUX OBO ITS CLIE	721 949	3,94	USA
BUANES ASBJØRN JOHN	494 936	2,70	NOR
GRANDEUR PEAK INTERN BROWN BROTHERS HARRI	420 559	2,29	USA
HOLBERG NORGE VERDIPAPIRFONDET V/HOLBERG	398 656	2,17	NOR
HSBC TTEE MARLB EURO HSBC Bank Plc	360 656	1,97	GBR
PROTECTOR FORSIKRING Aksjer	321 859	1,76	NOR
Skandinaviska Enskil SEB AB, UCITS V - Sw	318 201	1,74	SWE
RBC Investor service S/A LUX SCV-EXEMPT-U	309 658	1,69	LUX
Danske Bank A/S 3993 NORDIC SETTLEME	284 852	1,55	DNK
BNP Paribas Securiti BPSS MLN/PENSION FUN	258 938	1,41	ITA
Danske Invest Norge	250 000	1,36	NOR
REGENTS OF THE UNIVE The Bank of New York	236 386	1,29	USA
NN PARAPLUFONDS 1 N. BNY MELLON SA/NV	202 346	1,10	NLD
Bank Julius Bär & Co s/a Client Assets	200 000	1,09	CHE

Total 20 largest shareholders	14 797 841
Total number of shares outstanding	18 337 336
20 largest shareholders in % of total shares	80,70 %


Seeing is believing