

Medistim ASA Fourth quarter 2018

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Thomas Jakobsen, CFO
February 27th, 2019

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1. Highlights 4th quarter



Highlights 4th quarter 2018

- Sales for the fourth quarter 2018 is the best ever for Medistim with a 19.1 % growth over Q4 2017, which was the previous all time high quarter
 - Currency neutral sales of own products up 25.5 %
 - 3rd party products down -6.9 %
 - Growth for the quarter was driven by high performance from USA and Asia
- EBIT up MNOK 11.4 to MNOK 27.8, a 69.6 % increase and the strongest operating profit for a quarter in Medistim's history
- Final results from the REQUEST study presented at EACTS in October
- The board suggests a dividend of NOK 2.25 per share

| Q4 2018 | Q o Q |
|-----------------------------|---|
| Revenue MNOK 97.9 (82.2) |  19.1% |
| EBIT MNOK 27.8 (16.4) |  69.6 % |
| Currency |  0.5 % |
| No of capital units sold: | |
| Flow systems 25 |  -34.2 % |
| Imaging systems 35 |  105.8 % |
| Flow probes 2 256 |  17.2 % |
| Imaging probes 43 |  34.4 % |
| Procedures (USA) 16 710 |  19.7 % |

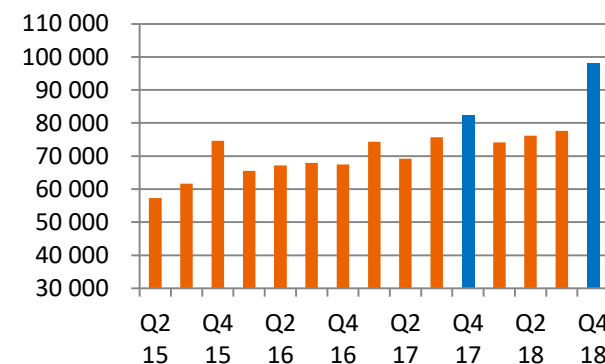
2. Financial statements



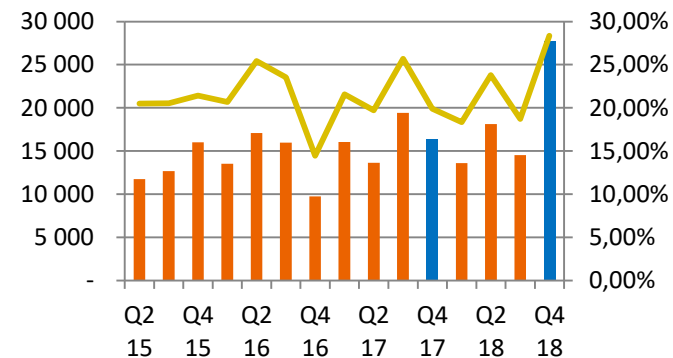
Profit and loss Q4 2018

| Profit & loss | Q4 2018 | Q4 2017 |
|--|---------------|---------------|
| <i>All numbers in NOK 1000</i> | | |
| Sales | 97 923 | 82 230 |
| Cost of goods sold | 20 999 | 20 576 |
| Salary and sosial expenses | 30 791 | 26 720 |
| Other operating expenses | 15 258 | 15 072 |
| Total operating expenses | 67 049 | 62 367 |
| Op. res. before depr. and write-offs (EBITDA) | 30 874 | 19 862 |
| <i>EBITDA %</i> | <i>31,5 %</i> | <i>24,2 %</i> |
| Depreciation | 3 120 | 3 495 |
| Write offs | - | - |
| Operating result (EBIT) | 27 754 | 16 368 |
| <i>EBIT %</i> | <i>28,3 %</i> | <i>19,9 %</i> |
| Financial income | 3 797 | 8 911 |
| Financial expenses | 1 210 | 6 935 |
| Net finance | 2 587 | 1 976 |
| Pre tax profit | 30 341 | 18 343 |
| Tax | 6 449 | 5 867 |
| Result | 23 892 | 12 476 |

Sales per Quarter (TNOK)



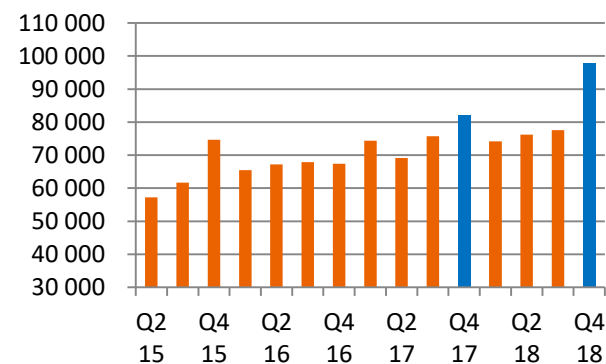
EBIT per Quarter (TNOK)



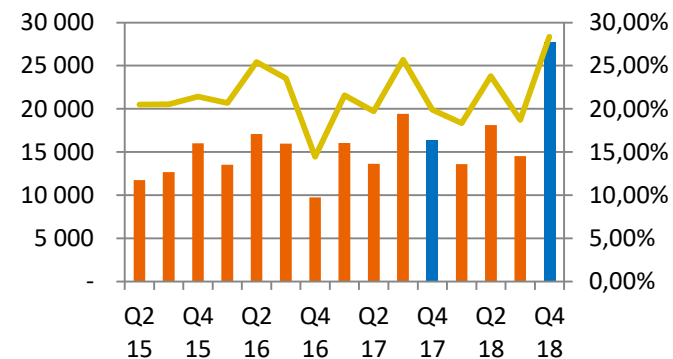
Profit and loss 2018

| Profit & loss | 2018 | 2017 |
|--|----------------|----------------|
| <i>All numbers in NOK 1000</i> | | |
| Sales | 325 890 | 301 461 |
| Cost of goods sold | 79 381 | 72 782 |
| Salary and sosial expenses | 105 314 | 98 281 |
| Other operating expenses | 54 857 | 51 705 |
| Total operating expenses | 239 553 | 222 768 |
| Op. res. before depr. and write-offs (EBITDA) | 86 337 | 78 693 |
| <i>EBITDA %</i> | <i>26,5 %</i> | <i>26,1 %</i> |
| Depreciation | 12 361 | 13 223 |
| Write offs | - | - |
| Operating result (EBIT) | 73 977 | 65 470 |
| <i>EBIT %</i> | <i>22,7 %</i> | <i>21,7 %</i> |
| Financial income | 7 977 | 8 838 |
| Financial expenses | 7 475 | 7 696 |
| Net finance | 502 | 1 142 |
| Pre tax profit | 74 479 | 66 612 |
| Tax | 17 423 | 19 038 |
| Result | 57 055 | 47 574 |

Sales per Quarter (TNOK)

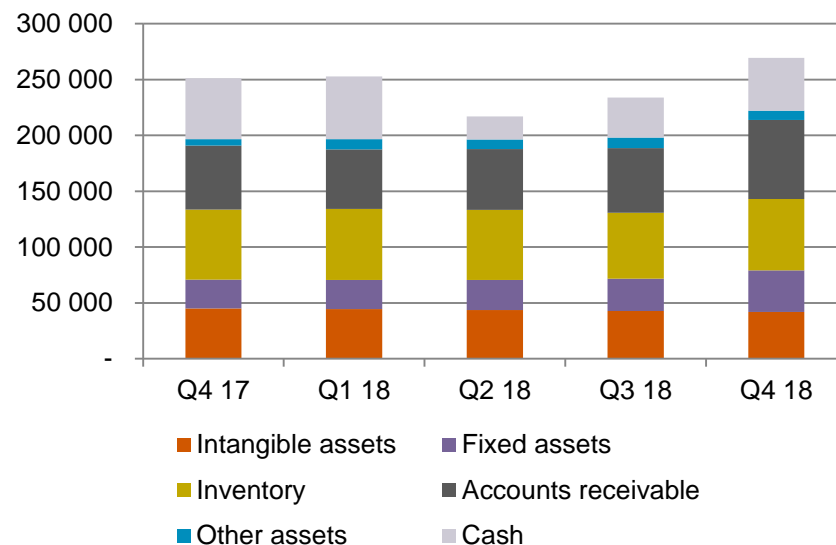


EBIT per Quarter (TNOK)



Balance sheet - Assets

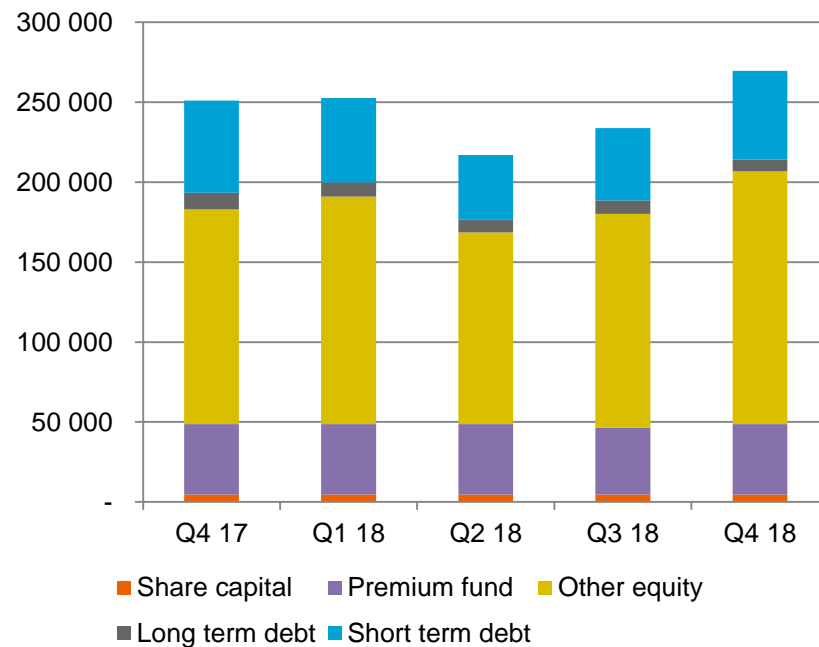
| Balance sheet | 31.12.2018 | 31.12.2017 |
|--|----------------|----------------|
| <i>All numbers in NOK 1000</i> | | |
| Assets | | |
| Intangible assets | 41 944 | 45 090 |
| Fixed assets | 37 198 | 25 744 |
| Total intangible and fixed assets | 79 142 | 70 834 |
| Inventory | 63 843 | 62 722 |
| Customers receivables | 70 807 | 57 307 |
| Other receivables | 8 309 | 5 825 |
| Cash | 47 490 | 54 411 |
| Total current assets | 190 449 | 180 265 |
| Total assets | 269 591 | 251 099 |



- Working capital continues to be high, related to increased customers receivables related to strong sales
- The board suggests a dividend of NOK 2,25 per share

Balance sheet - Equity and liability

| Balance sheet | 31.12.2018 | 31.12.2017 |
|-----------------------------------|-------------------|-------------------|
| <i>All numbers in NOK 1000</i> | | |
| Share capital | 4 585 | 4 585 |
| Premium fund | 44 172 | 44 172 |
| Other equity | 157 955 | 134 226 |
| Total equity | 206 712 | 182 983 |
| Total long term debt | 7 500 | 10 500 |
| Total short term debt | 55 380 | 57 616 |
| Total equity and liability | 269 592 | 251 099 |



- 10.5 MNOK in interest bearing debt
- Strong balance sheet with 76.7 % equity ratio

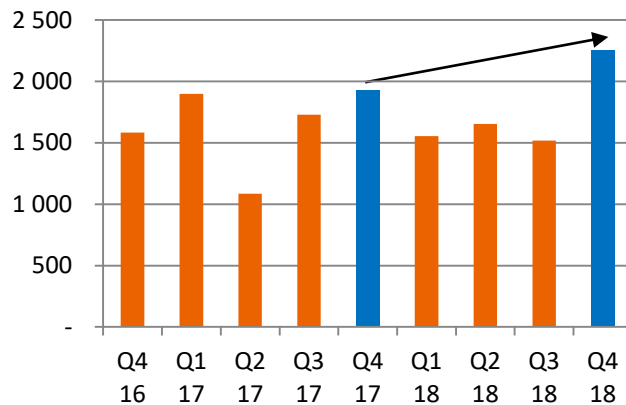
3. Business segments update



Flow probes and systems in units

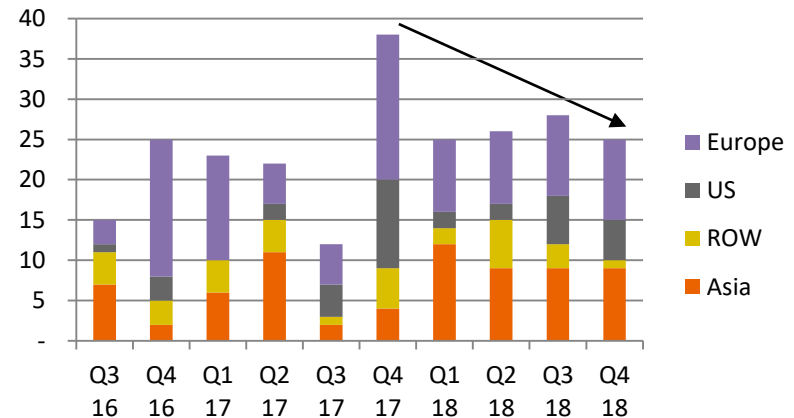


Flow probes in units (excl USA)



- 17.2% increase in flow probe sales quarter over quarter driven by strong sale of the combined flow-and-imaging system

Flow systems in units (VeriQ & MiraQ capital sales)

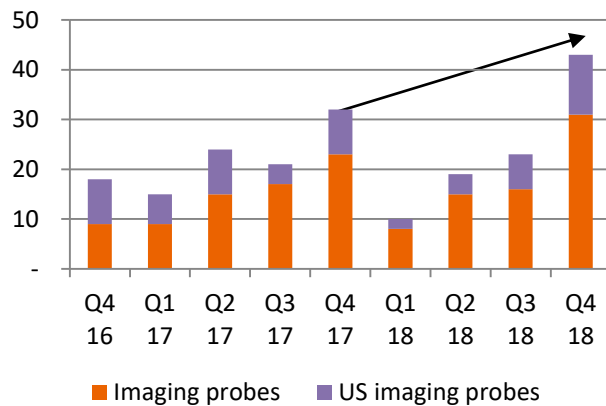


- 34 % decrease compared to Q4 17 which was the best system sales quarter ever for Medistim
- Compared to other quarters sales level is continuing at good rate

Imaging probes and systems in units

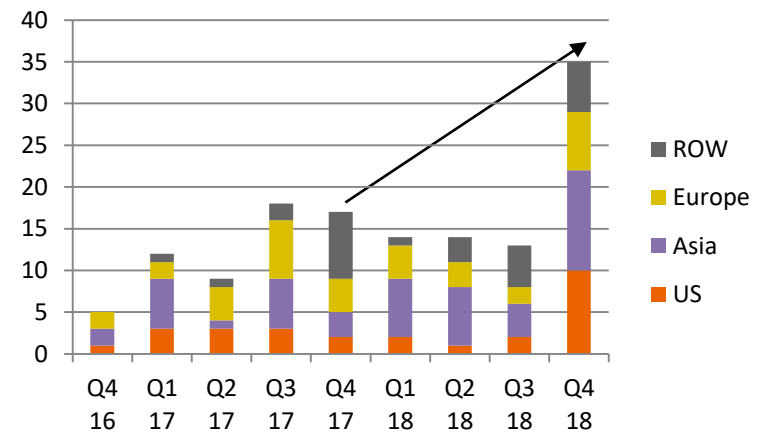


Imaging probes in units (incl USA)



- 34 % increase of imaging probes
- Record sales of imaging probes for a quarter

Imaging systems in units (VeriQC & MiraQ capital sales)



- 105% increase in sales of imaging systems
- Record sales of imaging systems for a quarter
- Contributes to drive increased sale of consumable flow probes

Q4 and YTD revenue performance by region

| Mill NOK | Q4 '18 | Q4 '17 | Q / Q | 2018 | 2017 | Y/Y |
|----------------------------|-------------|-------------|---------------|--------------|--------------|--------------|
| Europe | 38,8 | 40,0 | -3,2 % | 154,8 | 150,3 | 3,0 % |
| USA | 38,8 | 27,5 | 41,0 % | 113,1 | 104,6 | 8,2 % |
| Asia & Jp | 13,8 | 5,7 | 143,7 % | 38,7 | 27,0 | 43,4 % |
| ROW (MEA, CAN, SA, AUS) | 6,5 | 9,0 | -27,5 % | 19,3 | 19,6 | -1,7 % |
| Total | 97,9 | 82,2 | 19,1 % | 325,9 | 301,5 | 8,1 % |

- **In Europe**, sales decreased with 3.2 % in Q4. Sale of own products was at the same level as last year while 3. party products decreased with 6.9 %. For the year own products increased with 6.5 % while third party decreased with 0.8 %.
- **In the USA**, sales in NOK increased with 41 %, and currency neutral sales was up 43 %. For 2018 the growth was 8,2 % in NOK and currency neutral growth was 10 %.
- **Both Asia/Japan and ROW** are so far smaller sales territories with significant quarter to quarter variation. Q4 2018 was a very strong quarter for China in particular. The growth for the year is driven by sales to China as well.

Positive currency effects for the full year 2018 vs 2017 was 1.9 MNOK .

Average actual exchange rate for USD 8.13 and EUR 9.60 versus last year USD 8.27 and EUR 9.33.

Q4 and YTD revenue performance by product

| Mill NOK | Q4 '18 | Q4 '17 | Q/Q | 2018 | 2017 | Y/Y |
|--|-------------|-------------|---------------|--------------|--------------|--------------|
| Procedures (USA) | 27,5 | 21,6 | 27,3 % | 89,5 | 86,0 | 4,0 % |
| Flow probes | 25,0 | 22,9 | 8,9 % | 85,7 | 78,9 | 8,7 % |
| Flow systems (VeriQ & MiraQ) | 7,8 | 9,4 | -17,7 % | 32,5 | 23,3 | 39,3 % |
| Imaging systems (VeriQ C & MiraQ) | 19,2 | 8,7 | 121,0 % | 39,9 | 32,0 | 24,9 % |
| Imaging probes | 1,9 | 1,5 | 32,4 % | 4,3 | 4,2 | 3,0 % |
| 3rd party | 16,6 | 17,8 | -6,9 % | 71,1 | 71,7 | -0,8 % |
| Other | 0,0 | 0,3 | -113,8 % | 2,9 | 5,4 | -46,7 % |
| Total revenues | 97,9 | 82,2 | 19,1 % | 325,9 | 301,5 | 8,1 % |

- **Procedure sale in the USA:** The total number of procedures increased with 19.7 % in Q4 and increased with 7.7 % in 2018. The variation in NOK compared to volume growth is due to currency.
- **Flow probes:** 17.2 % increase in units but only 8.9 % increase in NOK for the quarter, due to higher sales through the distributor sales channel. For the full year 2018 number of units increased with 5.2 %, while sales in NOK increases with 8.7 % due to favorable currency.
- **Flow systems:** 34.2 % decrease in units and 17.7 % decrease in NOK for the quarter. In 2018 growth in units was 9.5 % in units and 39% in NOK. The higher growth in NOK is driven by higher level of direct sales, system product configuration and currency.
- **Imaging systems and probes:** Imaging systems increase with 106 % in units and 121 % in NOK. In 2018 number of units is up 35.7 % and NOK revenue up 24.9 % due to less sales in direct markets and more units sold through distributors. Probe revenue at the same level for the year.
- **3rd party products:** Weak quarter with a 6.9 % decline. Sale at the same level as last year for the year.

4. Implementing the strategy



Growth opportunities – in developing Medistim markets

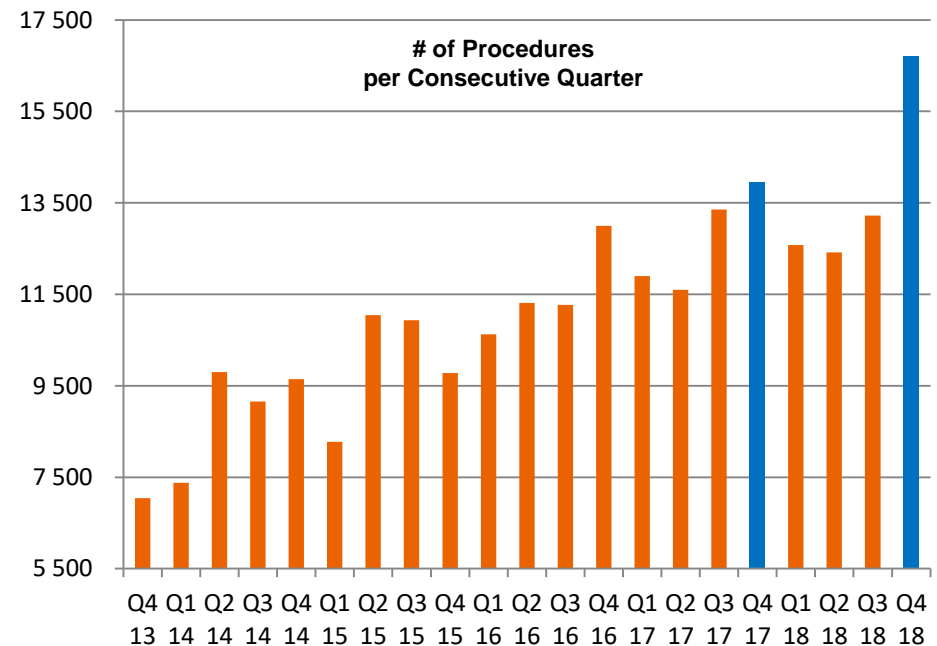
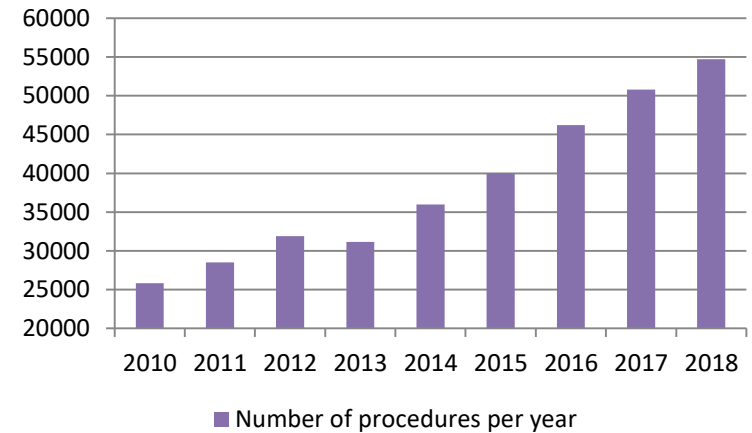
| | | | |
|---|------------------------------------|---|---|
| Emerging, high-growth economies (e.g. brIC) | 4 | | |
| Developing Medistim markets (e.g. USA, UK, Fra) | 2 | | |
| Strong Medistim markets (e.g. Jp, Nordic, Germany) >50% CABG share | 1 | 3 | |
| GEOGRAPHIES | CABG surgery (2 BNOK) | Vascular 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, **Guidelines** and 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

Performance US sales organization

RESULTS 2018

- Revenues up 10 % in USD
 - Revenues up 8.2 % in NOK, to MNOK 113.1, due to unfavorable currency
- Total number of procedures up by 7.7 %
 - 7.7 % growth in flow procedures
 - 7.8 % growth in imaging procedures
- Continued growth in new customers
 - 14 completely new accounts in Q4, 35 YTD



Growth opportunities – in developed Medistim markets

| | | | |
|---|------------------------------------|---|---|
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REQUEST

Clinical Study
2018 EACTS

Prof. DP Taggart
Oxford University

.....

Prof. G Di Giammarco
University of Chieti

.....

Dr. J Puskas
Mount Sinai St Luke's

.....

Dr. D Wendt
University of Essen

.....

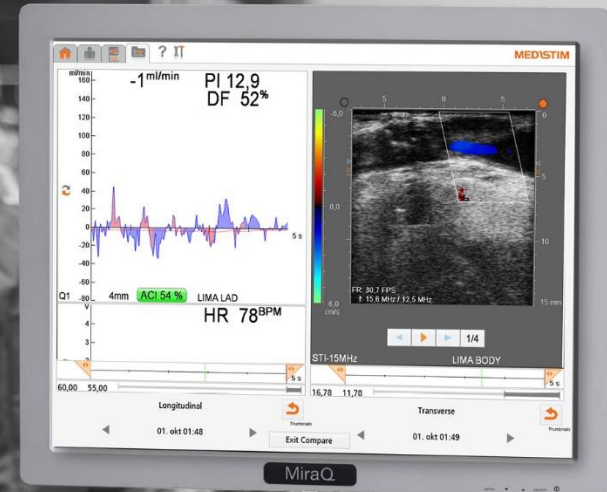
Dr. G Trachiotis
George Washington University

.....

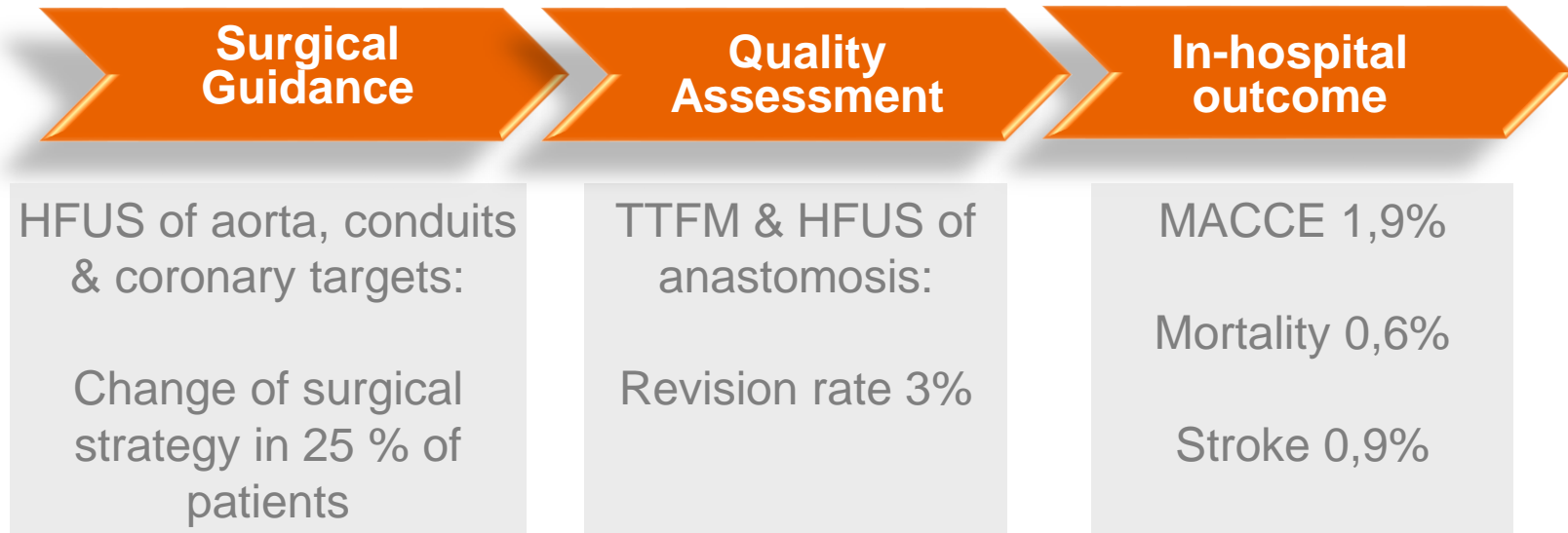
Dr. T Kieser
University of Calgary

.....

Prof. AP Kappetein
Erasmus MC Rotterdam



Final results from the REQUEST study



*In the hands of experienced cardiac surgeons
(40% OPCABG and 55% of patients with 2 or more arterial grafts),
and state-of-the-art surgical procedure,
HFUS & TTFM for surgical guidance and graft assessment
was associated with a 25% change to planned surgical strategy
3% graft revision rate and
low-level in-hospital MACCE rates (especially mortality and stroke)*

20 largest shareholders (per February 25th 2019)

| Shareholder | Number of shares | Shares in % |
|------------------------------------|------------------|-------------|
| INTERTRADE SHIPPING AS | 4 003 500 | 21,83 % |
| SALVESEN & THAMS INVEST AS | 1 862 500 | 10,16 % |
| SWEDBANK ROBUR SMABOLAGSFOND | 1 375 246 | 7,50 % |
| Skandinaviska Enskilda Banken AB | 1 041 753 | 5,68 % |
| FOLLUM CAPITAL AS | 1 000 000 | 5,45 % |
| State Street Bank and Trust Comp | 882 111 | 4,81 % |
| Skandinaviska Enskilda Banken S.A. | 845 616 | 4,61 % |
| Skandinaviska Enskilda Banken AB | 657 828 | 3,59 % |
| BUANES | 494 936 | 2,70 % |
| HSBC TTEE MARLB EUROPEAN TRUST | 420 656 | 2,29 % |
| GRANDEUR PEAK INTERNATIONAL OPPORT | 420 559 | 2,29 % |
| HOLBERG NORGE | 410 000 | 2,24 % |
| Danske Bank A/S | 278 061 | 1,52 % |
| BNP Paribas Securities Services | 270 201 | 1,47 % |
| RBC INVESTOR SERVICES BANK S.A. | 251 463 | 1,37 % |
| Danske Invest Norge Vekst | 250 000 | 1,36 % |
| NN PARAPLUFONDS 1 N.V. | 212 707 | 1,16 % |
| Nordnet Bank AB | 206 035 | 1,12 % |
| Bank Julius Bär & Co. AG | 200 000 | 1,09 % |
| Danske Bank A/S | 188 310 | 1,03 % |
| Total 20 largest | 15 271 482 | |
| Total number of shares outstanding | 18 337 336 | |
| 20 largest shareholders in % | 83,28 % | |

