

# Medistim ASA First Quarter 2015

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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 %



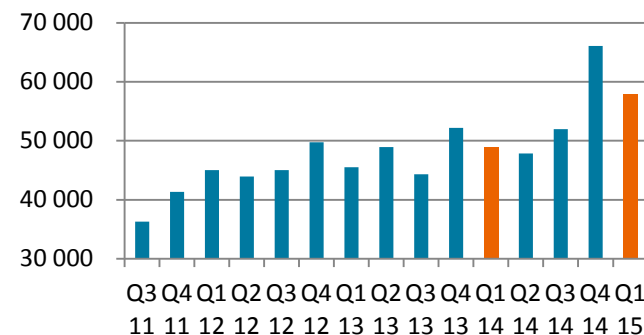
## 2. Financial statements



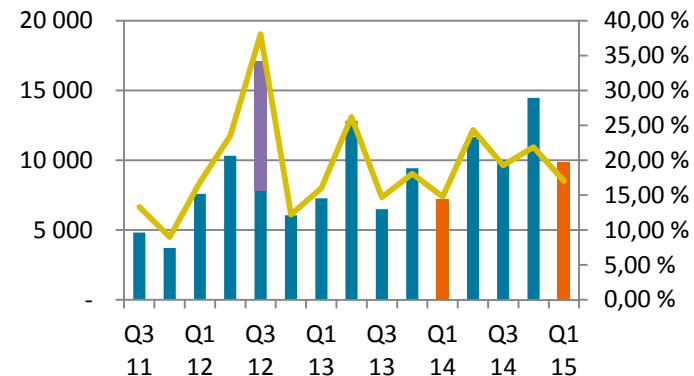
# Profit and loss Q1 2015

<b>Profit &amp; loss</b>	<b>Q1 2015</b>	<b>Q1 2014</b>
<i>All numbers in NOK 1000</i>		
<b>Sales</b>	<b>57 907</b>	<b>48 857</b>
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
<b>Op. res. before depr. and write-offs (EBITDA)</b>	<b>12 424</b>	<b>9 257</b>
<i>EBITDA %</i>	<i>21,5 %</i>	<i>18,9 %</i>
Depreciation	2 554	2 038
<b>Operating result (EBIT)</b>	<b>9 870</b>	<b>7 219</b>
<i>EBIT %</i>	<i>17,0 %</i>	<i>14,8 %</i>
Financial income	8 246	1 112
Financial expenses	7 208	1 091
<b>Net finance</b>	<b>1 038</b>	<b>21</b>
<b>Pre tax profit</b>	<b>10 909</b>	<b>7 240</b>
Tax	3 499	2 037
<b>Result</b>	<b>7 410</b>	<b>5 203</b>

### Sales per Quarter (TNOK)



### EBIT per Quarter (TNOK)



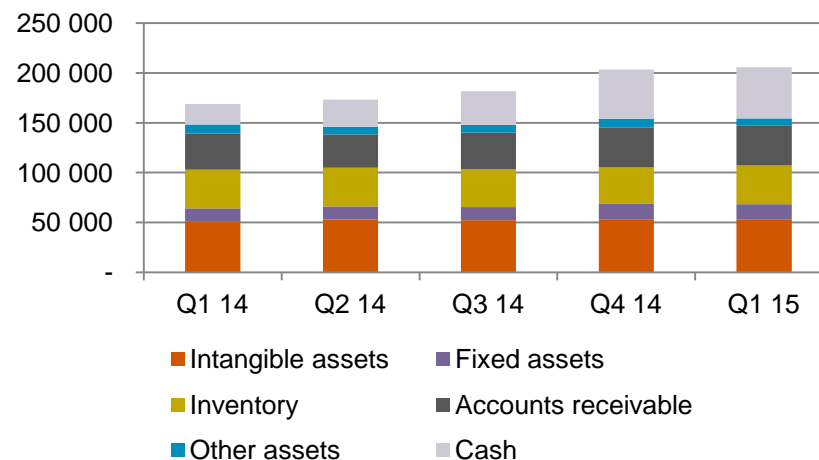
## Balance sheet - Assets

### 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
<b>Total intangible and fixed assets</b>	<b>68 217</b>	<b>68 533</b>
Inventory	38 943	36 874
Customers receivables	39 721	39 948
Other receivables	7 447	8 658
Cash	51 281	49 475
<b>Total current assets</b>	<b>137 392</b>	<b>134 955</b>
<b>Total assets</b>	<b>205 609</b>	<b>203 488</b>

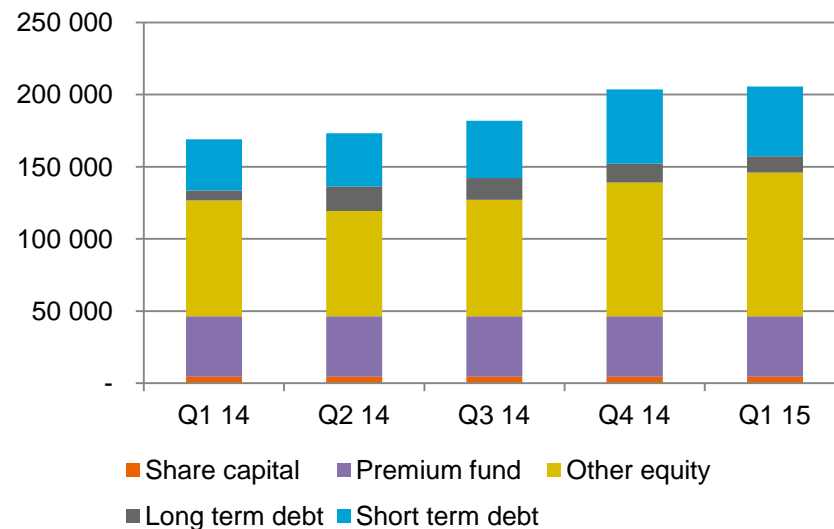


- No major changes in the balance sheet compared to year end
- Positive cash flow



## Balance sheet - Equity and liability

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



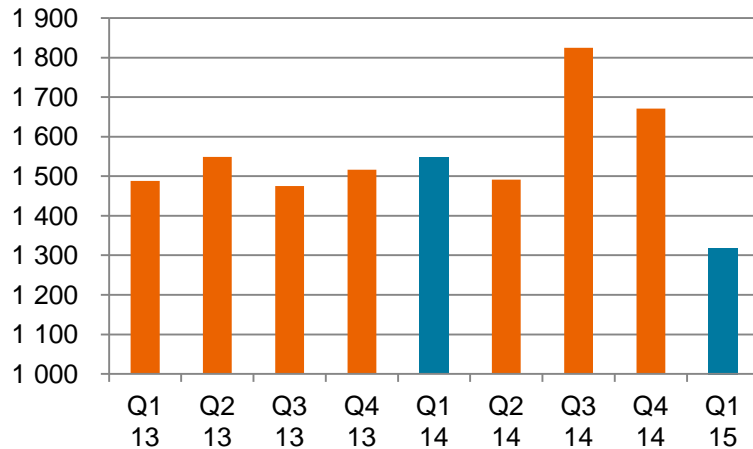
- 16.4 MNOK in interest bearing debt

### 3. Business segments update

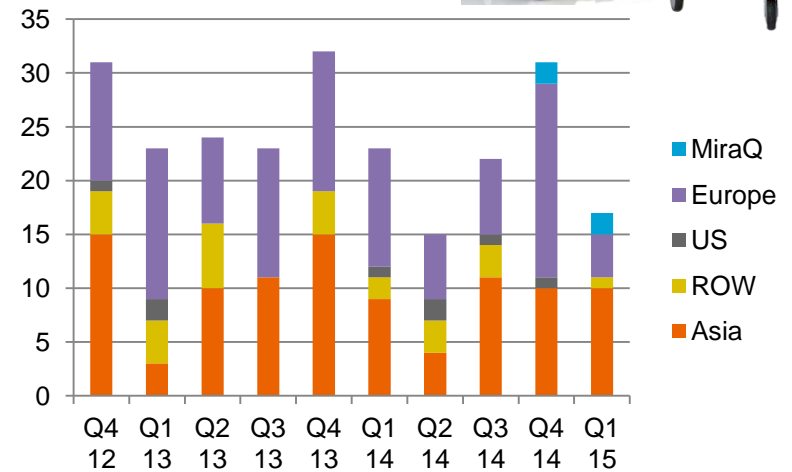


# Flow probes and systems in units

Flow probes in units



VeriQ and MiraQ systems



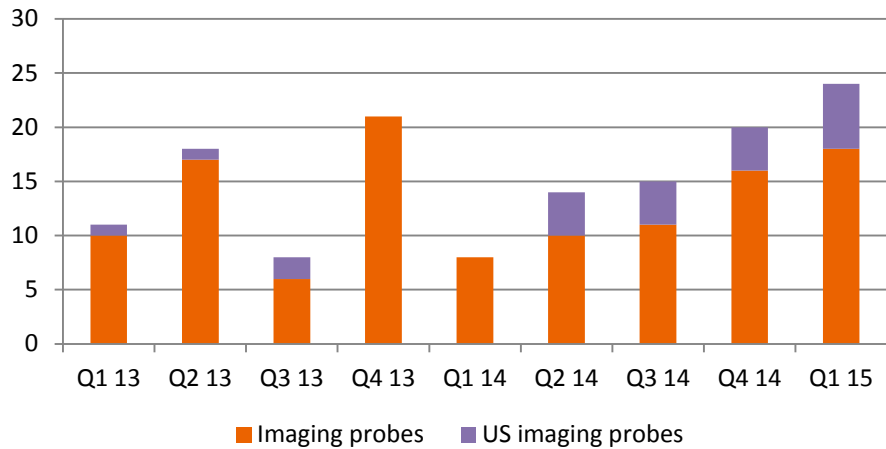
- After two very strong quarters, the number of flow probes sold are down by 230 probes, -14.9 %, by and large driven by Europe
- Asia is the only region with an increase, up 64 %

- Slow quarter in Europe after a record strong Q4 2014

# Imaging probes and systems in units

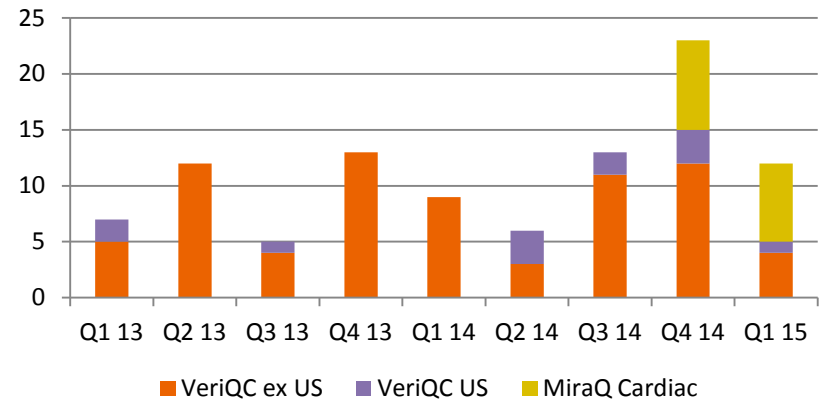


Imaging probes in units



- 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
<b>Total</b>	<b>57,9</b>	<b>48,9</b>	<b>18,5 %</b>	<b>214,8</b>

- **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
<b>Total revenues</b>	<b>57,9</b>	<b>48,9</b>	<b>18,5 %</b>	<b>214,8</b>

- **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.
- **3<sup>rd</sup> party products:** Very strong quarter with 22.9 % growth.

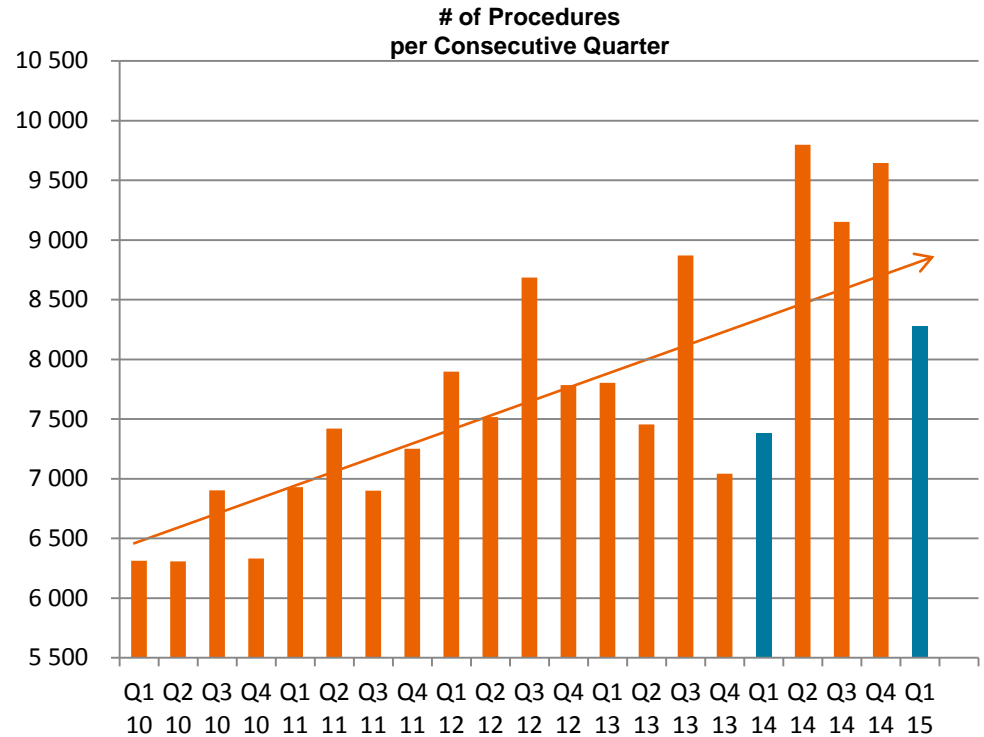
## 4. Implementing the strategy



# Back on track in the USA

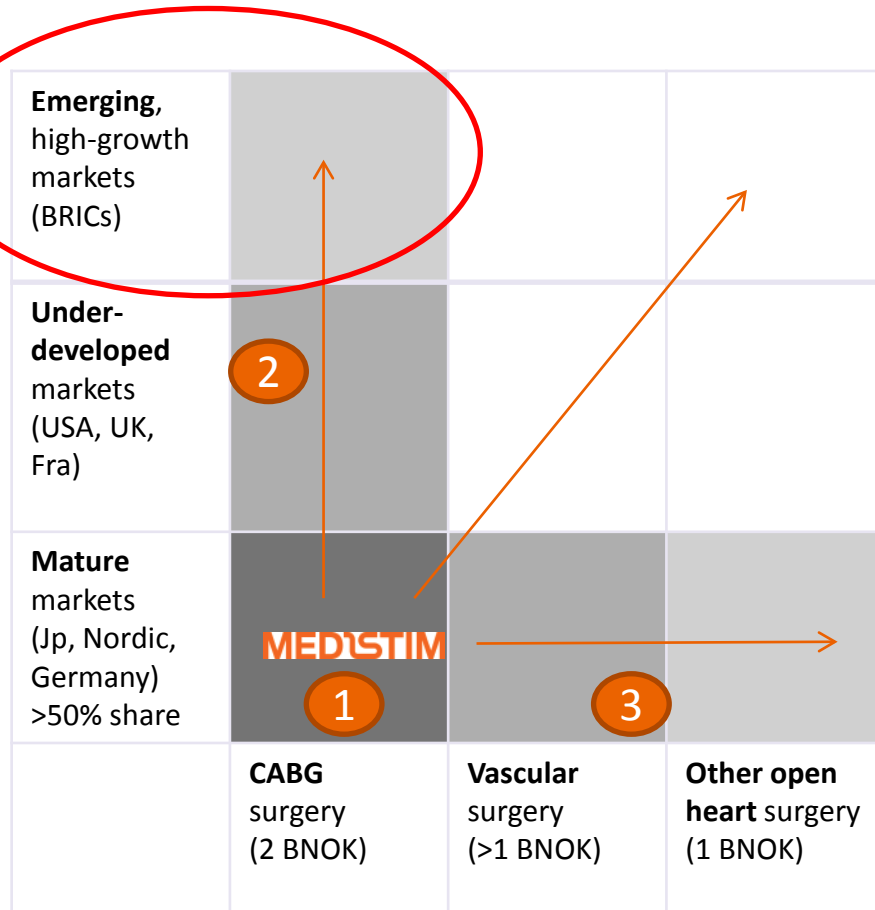
## RESULTS Q1 2015

- 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

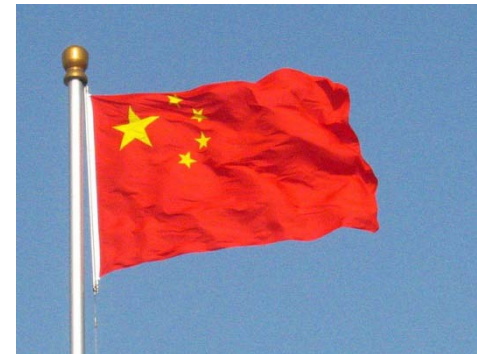
## VeriQ C cleared for sale in China

- 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 market 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 30<sup>th</sup>
- 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