

Medistim ASA Fourth Quarter 2015

Kari E. Krogstad, President and CEO

Thomas Jakobsen, CFO

March 1st, 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 2014. 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 fourth quarter
2. Financial statements
3. Business segments update
4. Implementing the strategy










1. Highlights fourth quarter



Highlights forth quarter 2015

- All time high sales and strong growth driven by currency in Q4
 - Strong development in sales of imaging products, up 29 % to MNOK 12.1
 - US sales up 15.7 % to MNOK 19.9
 - Full year sales grows 17% to MNOK 251.4 (214.8)
- 10.7 % EBIT growth to MNOK 16.0 for the quarter
 - Full year EBIT growth is 15.9 % to MNOK 50.3 (43.4)
- Medistim enters into a strategic partnership with em-tec GmbH
- The REQUEST clinical study has enrolled >200 patients
- Profit per share grows 28.9% to NOK 2.23 (1.73)
- The Board will suggest a dividend of NOK 1.65 (1.40) per share to the shareholders meeting

Q4 2015	Q o Q
Revenue MNOK 74.6 (66.1)	 12.9%
EBIT MNOK 16.0 (14.4)	 10.7 %
Currency	 9.9 %
No of units sold:	
Systems 45	 -16.7 %
Flow probes 1 677	 0.4 %
Imaging probes 27	 68.8 %
Procedures (USA) 9 778	 1.4 %

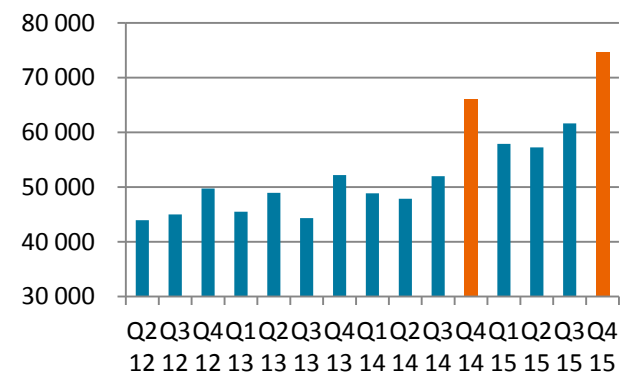
2. Financial statements



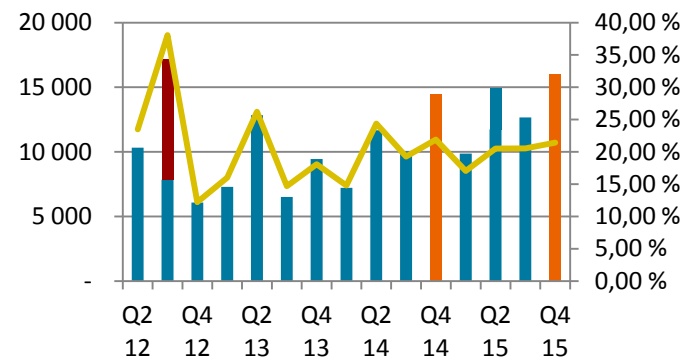
Profit and loss Q4 2015

Profit & loss	Q4 2015	Q4 2014
<i>All numbers in NOK 1000</i>		
Sales	74 621	66 092
Cost of goods sold	20 091	17 427
Salary and sosial expenses	23 378	21 523
Other operating expenses	12 847	10 594
Total operating expenses	56 317	49 545
Op. res. before depr. and write-offs (EBITDA)	18 305	16 548
<i>EBITDA%</i>	<i>24,5 %</i>	<i>25,0 %</i>
Depreciation	2 770	2 098
Write offs	(453)	-
Operating result (EBIT)	15 988	14 449
<i>EBIT%</i>	<i>21,4 %</i>	<i>21,9 %</i>
Financial income	2 518	4 203
Financial expenses	1 327	2 997
Net finance	1 190	1 206
Pre tax profit	17 178	15 655
Tax	4 951	4 598
Result	12 227	11 057

Sales per Quarter (TNOK)



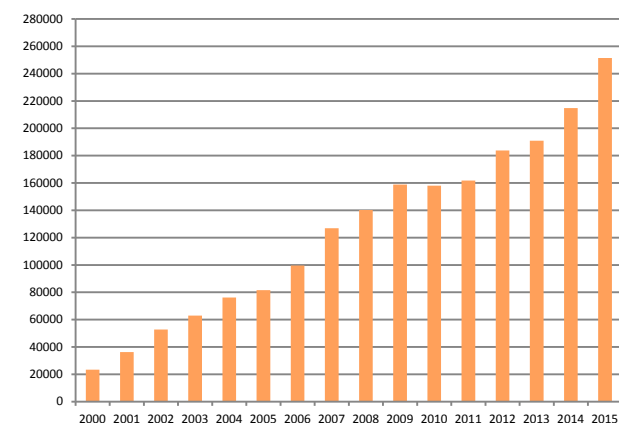
EBIT per Quarter (TNOK)



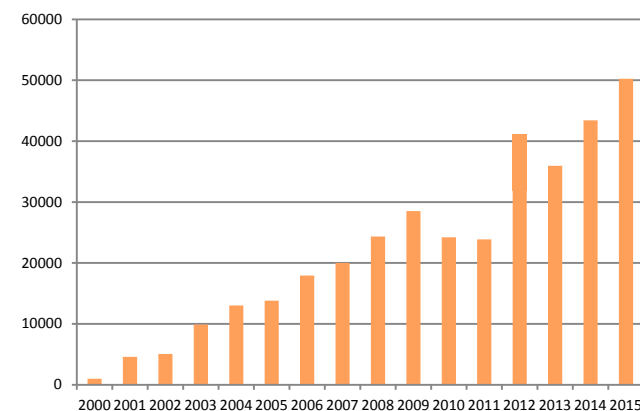
Profit and loss 2015

Profit & loss	2015	2014
<i>All numbers in NOK 1000</i>		
Sales	251 429	214 817
Cost of goods sold	64 653	55 571
Salary and sosial expenses	79 102	69 175
Other operating expenses	44 027	38 449
Total operating expenses	187 783	163 195
Op. res. before depr. and write-offs (EBITDA)	63 646	51 622
<i>EBITDA%</i>	<i>25,3 %</i>	<i>24,0 %</i>
Depreciation	10 642	8 260
Write offs	2 747	
Operating result (EBIT)	50 257	43 362
<i>EBIT%</i>	<i>20,0 %</i>	<i>20,2 %</i>
Financial income	10 755	9 495
Financial expenses	5 367	7 964
Net finance	5 388	1 531
Pre tax profit	55 645	44 892
Tax	15 223	13 647
Result	40 422	31 245

Sales per Year (TNOK)



EBIT per year (TNOK)



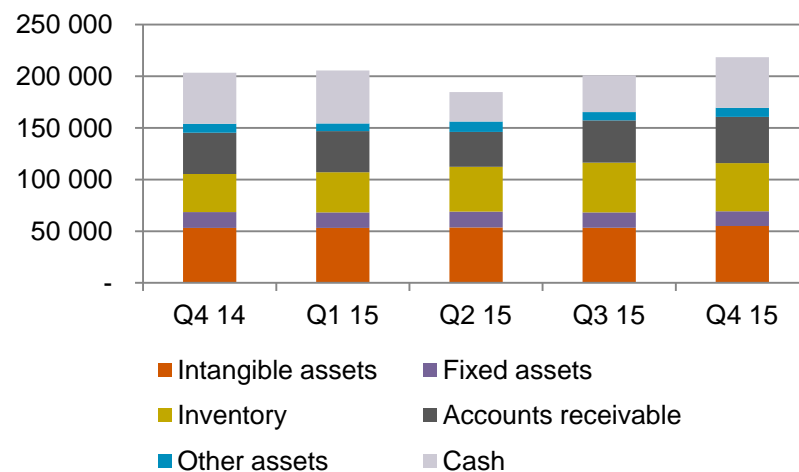
Balance sheet - Assets

Balance sheet 31.12.2015 31.12.2014

All numbers in NOK 1000

Assets

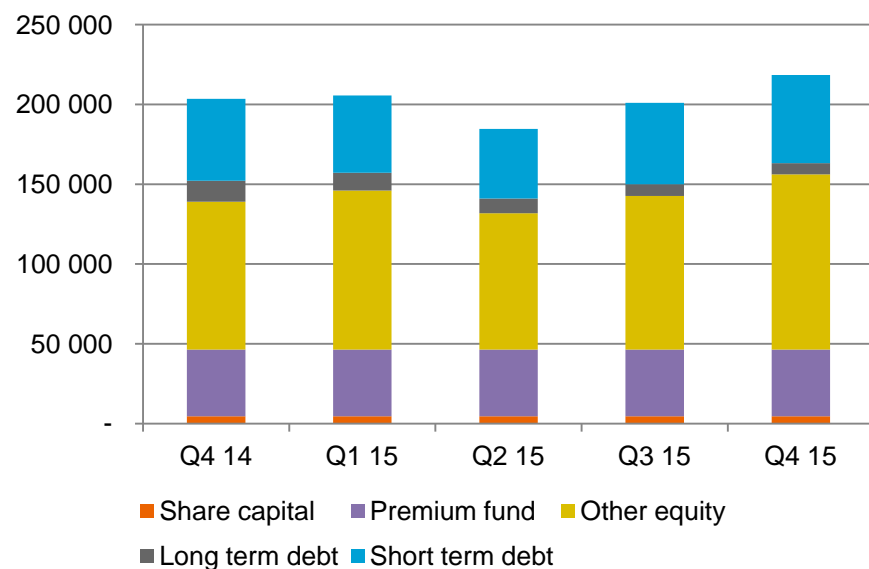
Intangible assets	55 122	53 257
Fixed assets	14 158	15 276
Total intangible and fixed assets	69 280	68 533
Inventory	46 613	36 874
Customers receivables	44 831	39 948
Other receivables	8 787	8 658
Cash	48 925	49 475
Total current assets	149 156	134 955
Total assets	218 436	203 488



- Inventory build up related to MiraQ product line introduction
- Strong sales in Q4 and 43 % of sales landed in December increases receivables

Balance sheet - Equity and liability

Balance sheet	31.12.2015	31.12.2014
<i>All numbers in NOK 1000</i>		
Share capital	4 585	4 585
Premium fund	41 852	41 852
Other equity	109 727	92 659
Total equity	156 164	139 096
Total long term debt	7 001	13 117
Total short term debt	55 271	51 275
Total equity and liability	218 436	203 488



- 11.0 MNOK in interest bearing debt
- The board suggests a dividend of NOK1.65 per share

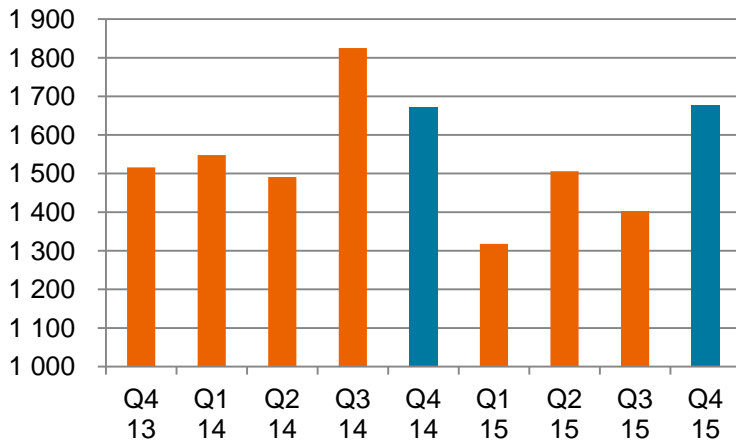
3. Business segments update



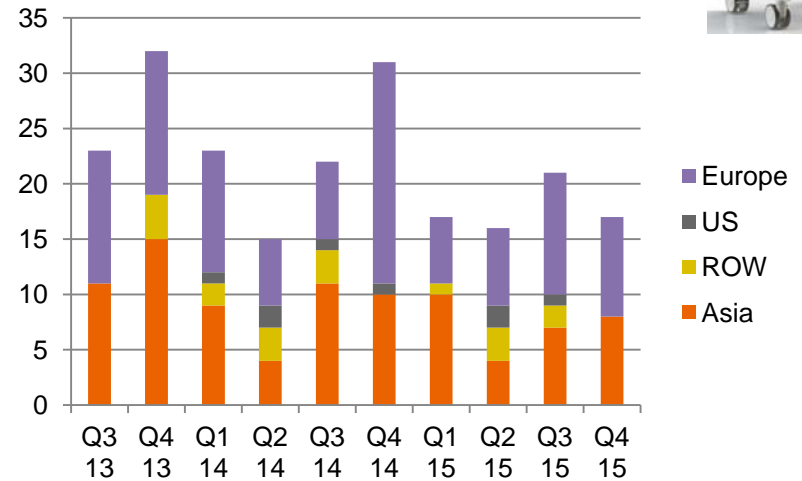
Flow probes and systems in units



Flow probes in units



VeriQ and MiraQ systems in units



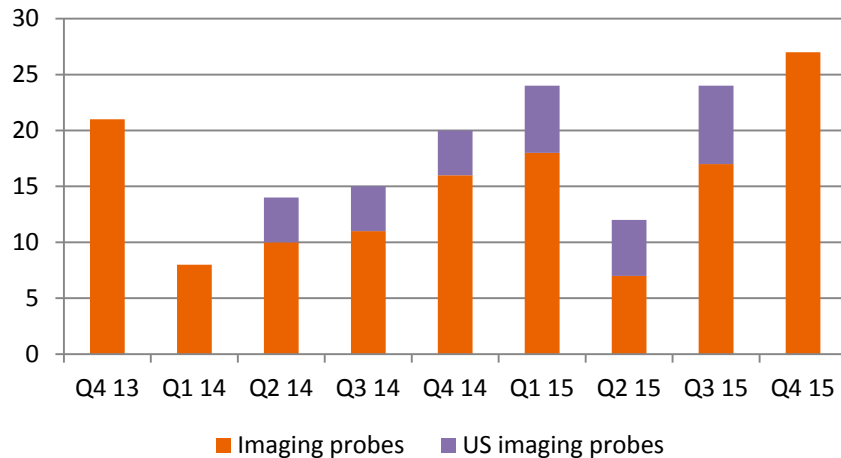
- Strong quarter for Asia with 11% growth in units
- Europe delivers 5% growth despite the lower number of probes sold in Germany due to the switch from probes approved for 30 times use to 50 times use. This resulted in 800 fewer units sold in 2015 compared to 2014.

- Lack of growth in flow systems is compensated by strong sales of combined flow-and-imaging systems
- Of the 17 flow systems sold, 7 were MiraQ systems sold in regions with regulatory approval, 6 in Europe and 1 in Asia

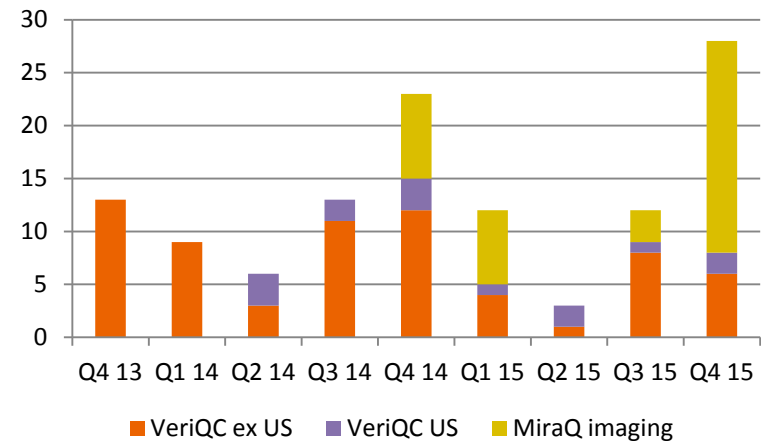
Imaging probes and systems in units



Imaging probes in units



VeriQ C & MiraQ systems in units



- Positive trend with 27 imaging probes sold in Q4, up 35 % compared to LY

- Shift in system sales from flow-only to combined flow-and-imaging systems
- Of the 28 imaging systems sold, 20 were MiraQ systems, 11 were sold in Europe, 5 in ROW and 4 in Asia

Q4 revenue performance by region

Mill NOK	Q4 '15	Q4 '14	Q / Q	2015	2014	Y/Y
Europe	42,5	39,8	6,6 %	141,7	128,8	10,1 %
USA	19,9	17,2	15,7 %	76,2	56,5	34,8 %
Asia & Jp	8,1	5,4	50,9 %	21,7	18,7	15,9 %
ROW (MEA, CAN, SA)	4,2	3,7	12,1 %	11,8	10,8	9,4 %
Total	74,6	66,1	12,9 %	251,4	214,8	17,0 %

- **In Europe**, the quarterly performance was driven both by 3. party products and own products, with 6.4% and 6.8% growth respectively. For the year, 3. party product growth was very strong with 10.9 MNOK or 16.7 %. Sale of own products was up a moderate 3.2 % due to the change from 30x use probes to 50x use.
- **In the USA**, the strong growth in NOK in Q4 is driven by favorable currency, as currency neutral sales for the quarter shows a 8.8 % decline, driven by lack of capital sales compared to Q4 LY. This weak quarter slows down the annual growth, which ends up at 4.6 % for the full year (currency neutral).
- **Both Asia/Japan and ROW** are so far smaller sales territories for Medistim and quarterly performance varies significantly. Performance YTD is positive for both territories.

Positive currency effects for Q4 with 6.5 MNOK and accumulated YTD December with 21.3 MNOK.

Average rate to USD was 8.07 in 2015 vs 6.30 in 2014. Average rate to EUR was 8.95 in 2015 vs 8.35 in 2014.

Q4 revenue performance by product

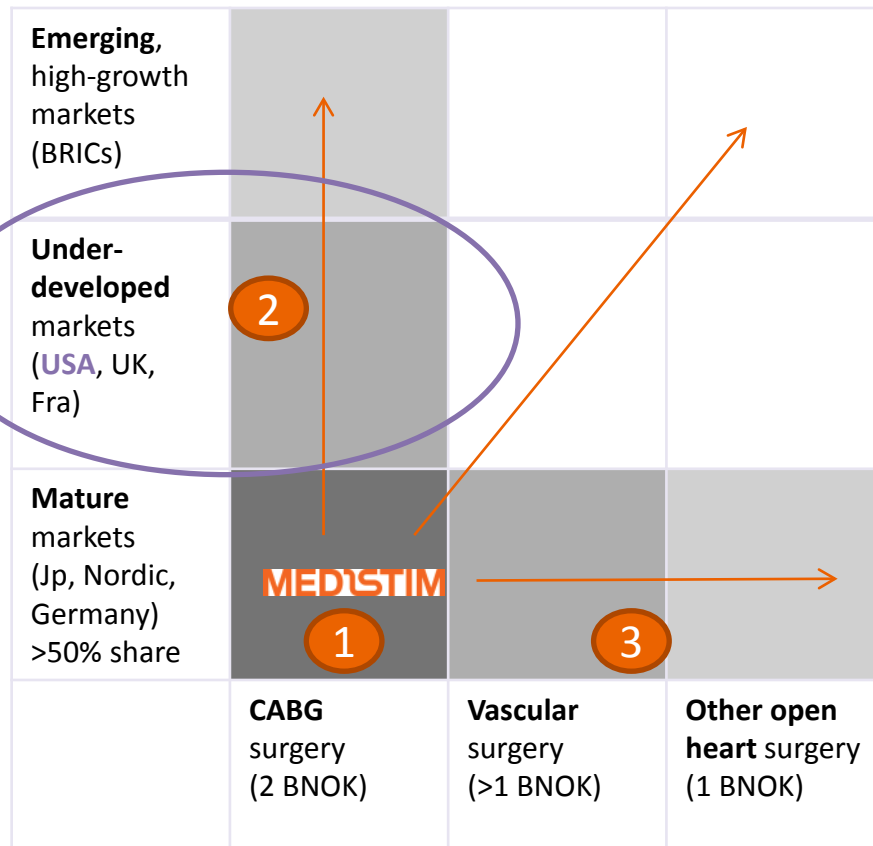
Mill NOK	Q4 '15	Q4 '14	Q/Q	2015	2014	Y/Y
Procedures (USA)	18,0	14,0	28,8 %	69,7	48,3	44,3 %
Flow probes	19,9	17,2	16,0 %	64,1	61,6	4,2 %
Flow systems (VeriQ & MiraQ)	3,6	6,6	-44,7 %	12,9	17,0	-24,4 %
Imaging systems (VeriQ C & MiraQ)	10,3	8,4	22,9 %	23,3	19,8	17,4 %
Imaging probes	1,8	1,0	80,3 %	3,9	2,4	62,9 %
3rd party	20,9	19,7	6,4 %	76,1	65,2	16,7 %
Other	0,0	-0,7	-100,0 %	1,5	0,5	176,9 %
Total revenues	74,6	66,1	12,9 %	251,4	214,8	17,0 %

- Procedure sale in the USA:** The lower number of capital orders in Q4 gives a lower number of procedures as well. Flow procedures are up 1.4% and imaging procedures are down 21.7 % in Q4. However, for the full year, flow procedures are up 10.1 % and imaging procedures are up 23.2 %. The high growth in NOK is due to favorable currency.
- Flow probes revenue:** About half of the revenue growth in Q4 is currency driven. The moderate annual growth is due to the switch from probes for 30x use to 50x use.
- Flow systems:** Flow system sales is low compared to LY both for the quarter and year, explained by increasing interest for imaging systems.
- Imaging systems and probes:** Good development for the imaging portfolio for the quarter and for the full year 2015.
- 3rd party products:** Very strong in year with a 16.7 % growth in sales.

4. Implementing the strategy

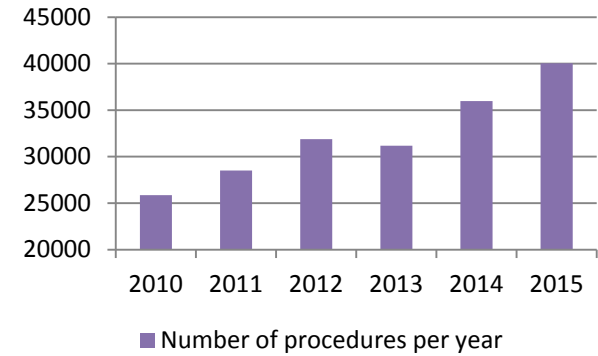


Growth opportunities – in underdeveloped markets



- 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
 - **Increased sales capacity**
- 3. Product innovation** and positioning to target new segments in vascular and open heart surgery
 - MiraQ Vascular
 - Entry-level flowmeter for price sensitive segments

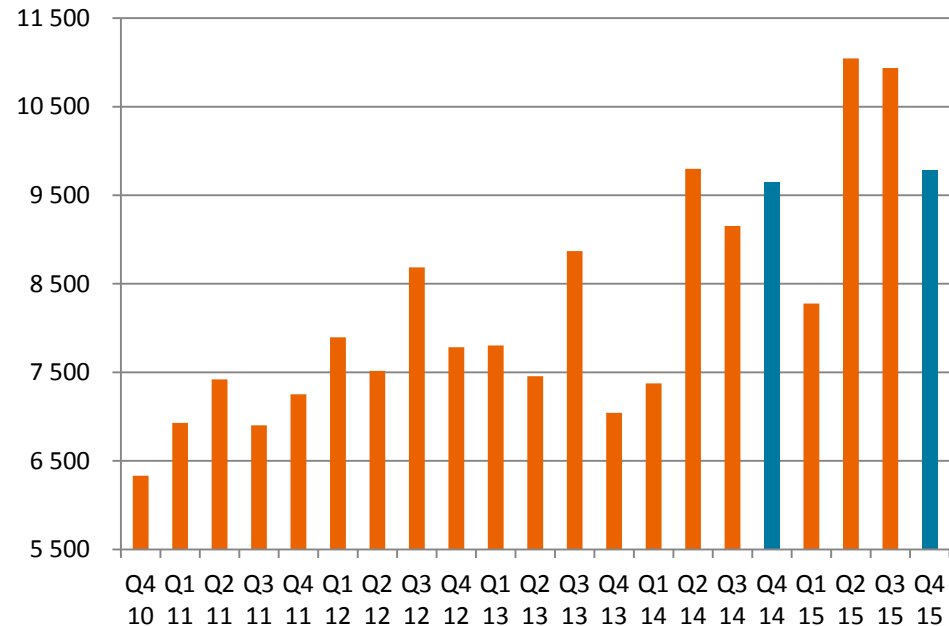
High performance US sales organization



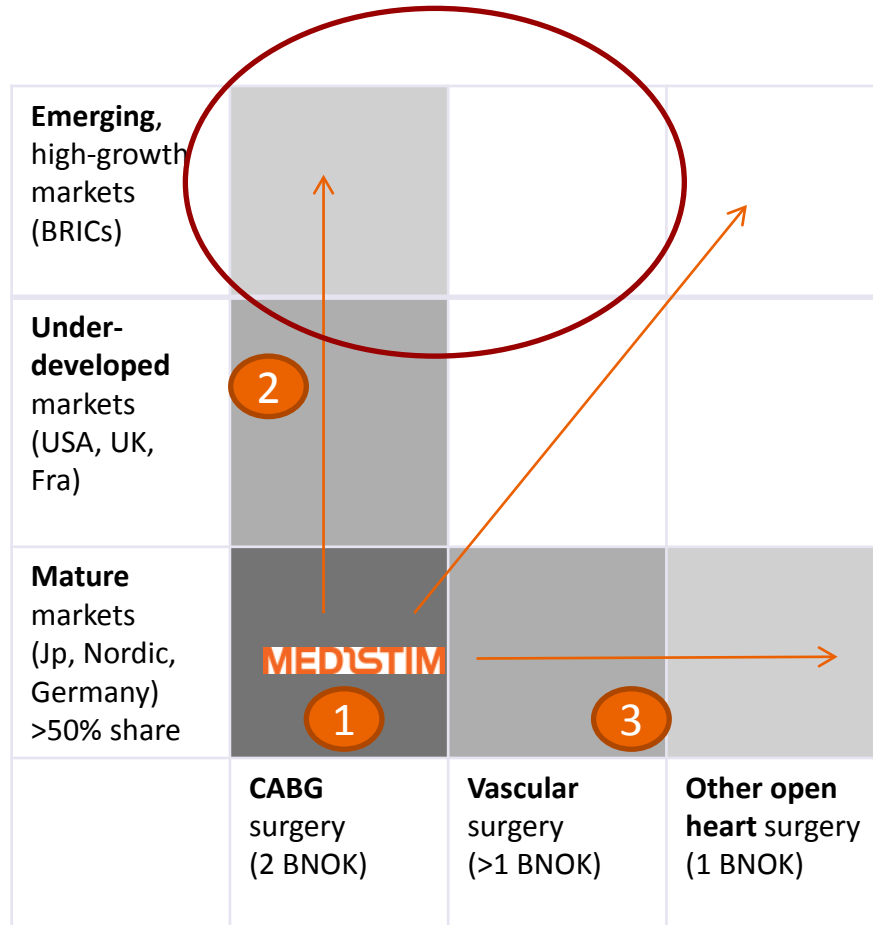
RESULTS 2015

- Revenues up by 34.8 % in NOK, a moderate 4.6 % in USD, driven by low capital revenues in Q4
- Number of procedures up by 11.3%
 - 10.1 % growth in flow procedures
 - 23.2 % growth in imaging procedures
- 25 new accounts
- 6 TTFM accounts converted to Imaging

of Procedures per Consecutive Quarter



Growth opportunities – in 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
 - Increased sales capacity
- 3. Product innovation** and positioning to target new segments in vascular and open heart surgery
 - MiraQ Vascular
 - **Entry-level flowmeter for price sensitive segments**

Agreement signed October 22nd: **Medistim** enters into a strategic partnership with **em-tec**

Under the License and OEM agreement:

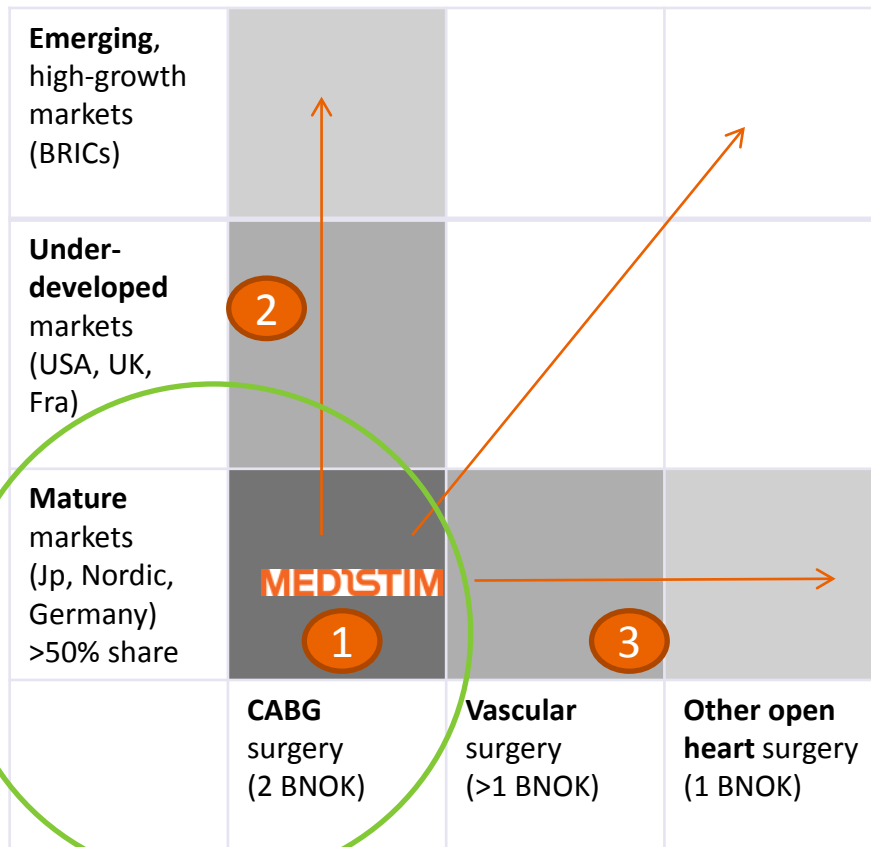
- **Medistim obtains exclusive, eternal, world-wide rights** to market and sell em-tec's transit time flow measurement (TTFM) technology for use on human blood vessels within cardiac-, vascular- and transplant surgery
- Medistim gets time- and cost efficient access to **a basic, entry-level** customer solution that meets **lower price-point market segments and fills a gap within Medistim's product portfolio**
- Medistim gets access to a highly competent flow technology development partner for **future technology and product development**
- Upfront fee approx. €300,000
- Minimum purchase commitments
- First product to be launched 2016

em-tec



Current em-tec product

Growth opportunities – in mature markets



- 1. Strengthen our position as market leader** by establishing combined TTFM & Imaging as the new standard of care through
 - o **Early adopter KOL support**
 - o Easier conversion to imaging with MiraQ
- 2. Fight ignorance and indifference to QA** by increasing the level of evidence and awareness through
 - o **Clinical marketing**
 - o Educational programs
 - o Increased sales capacity
- 3. Product innovation** and positioning to target new segments in vascular and open heart surgery
 - o MiraQ Vascular
 - o Entry-level flowmeter for price sensitive segments

REQUEST

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

A study that is documenting the clinical findings from routine use of TTFM and HF-ECUS for ultrasonic surgical guidance & quality assessment in CABG

Reduce strokes

Optimize graft strategy

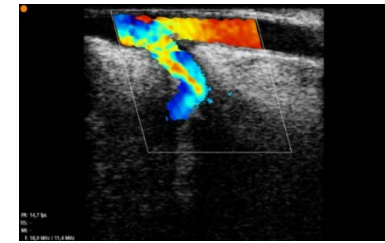
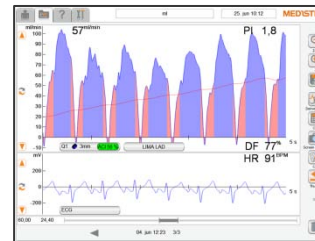
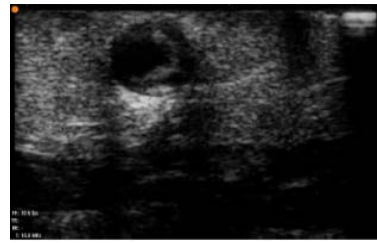
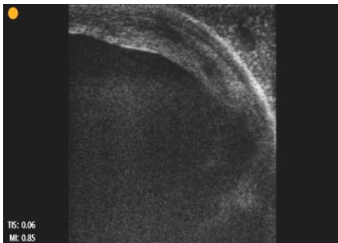
Verify graft functionality...revise when needed

Evaluate ascending aorta prior to any manipulation

Evaluate morphology of target coronaries & grafts

Assess graft functionality
PI<5, DF>50%, Q>15ml/min

Evaluate morphology of anastomosis



Improve surgical outcome, demonstrate quality and increase cost efficiency

REQUEST

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

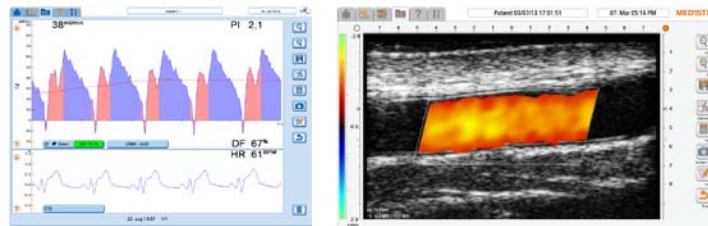
- REQUEST – a prospective, multicenter registry study:
 - Performed by leading heart programs in Europe, USA and Canada:
 - Erasmus MC, Rotterdam, NL /
Coordinating Investigator Prof. A. P. Kappetein
 - University of Oxford, UK /
Principal Investigator Prof. David Taggart
 - University of Essen, GER /
Principal Investigator Dr. Daniel Wendt
 - University G D'Annunzio-Chieti, IT /
Principal Investigator Prof. Gabriele Di Giammarco
 - Mount Sinai Beth Israel, New York, USA /
Principal Investigator Prof. John D. Puskas
 - George Wash. Univ., VA MC, Washington DC, USA /
Principal Investigator Dr. Gregory D. Trachiotis
 - University of Calgary, CAN /
Principal Investigator Dr. Teresa Kieser
- Medistim's role
 - Sponsoring with EUR 1 million
- Timelines:
 - Study kicked off in Q2 2015
 - Plan to enroll 1,000 patients over 18-24 months
- Status
 - Progressing according to plan
 - All 7 centers are actively enrolling patients
 - >200 patients enrolled in total

REQUEST

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

WHAT'S THE BIG DEAL?

- A groundbreaking study...
investigating the clinical value of implementing **both TTFM and HF-ECUS** intraoperatively



- **Fight ignorance and indifference**, build awareness and interest in surgical guidance and graft assessment as a means to improve outcomes in CABG
- Gain **support from leading experts** in the field based on clinical evidence
- Create consensus for a **recommended workflow (protocol)**
- Obtain **guideline endorsements** for this workflow



Seeing is believing