

Medistim ASA Second Quarter 2013

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1. Highlights second quarter



Highlights second quarter 2013







- Sales revenues increases with 11.4 %
 - 51.1 % growth sales of own products
 - 4.0 % increase in 3rd party products
 - Solid growth in VeriQ C revenue
 - Strong growth in system sales in Europe
 - Total US flow procedures flat

- Operating profit increases with 24.3 %

- Break-through in the UK with first VeriQ C sales since NICE endorsement

- Development project for new system platform continues according to plan

- Paid a dividend of NOK 1.10 per share (NOK 1.00)

Q2 2013		Q o Q
Revenue MNOK 49.0 (43.9)		11.4%
EBIT MNOK 12.8 (10.3)		24.3 %
Currency		-0.7 %
No of Products sold		
Systems 36		50.0 %
Flow probes 1 549		9.6 %
Procedures (USA) 7 456		-0.8 %

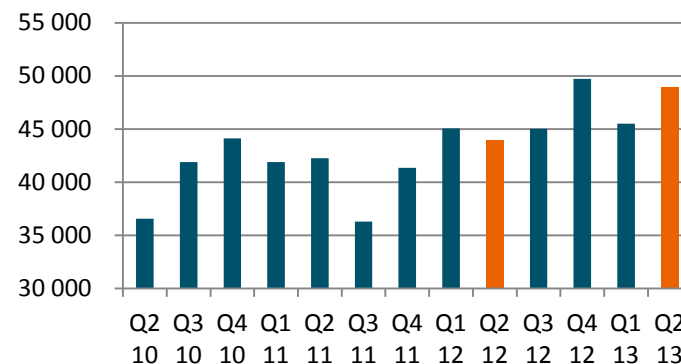
2. Financial statements



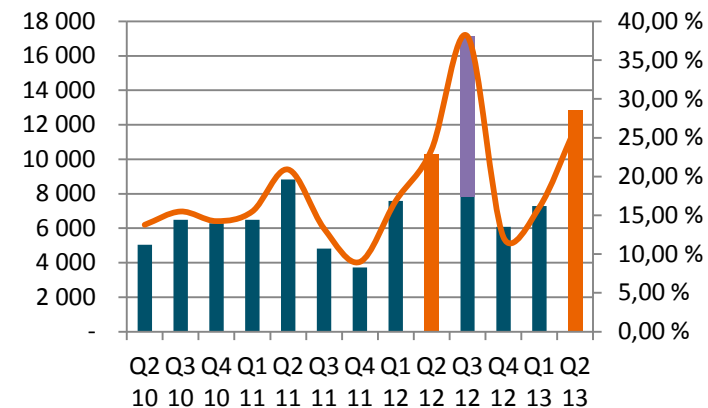
Profit and loss Q2 2013

Profit & loss	Q2 2013	Q2 2012
<i>All numbers in NOK 1000</i>		
Sales	48 962	43 948
Cost of goods sold	11 428	11 311
Salary and sosial expenses	13 205	11 622
Other operating expenses	9 609	9 151
Total operating expenses	34 242	32 084
Op. res. before depr. and writeoffs (EBITDA)	14 719	11 864
<i>EBITDA%</i>	<i>30,1 %</i>	<i>27,0 %</i>
Depreciation	1 888	1 542
Operating result (EBIT)	12 831	10 322
<i>EBIT%</i>	<i>26,2 %</i>	<i>23,5 %</i>
Financial income	2 899	1 857
Financial expenses	2 879	1 834
Net finance	20	24
Pre tax profit	12 851	10 345
Tax	4 182	3 537
Result	8 669	6 809

Sales per Quarter (TNOK)



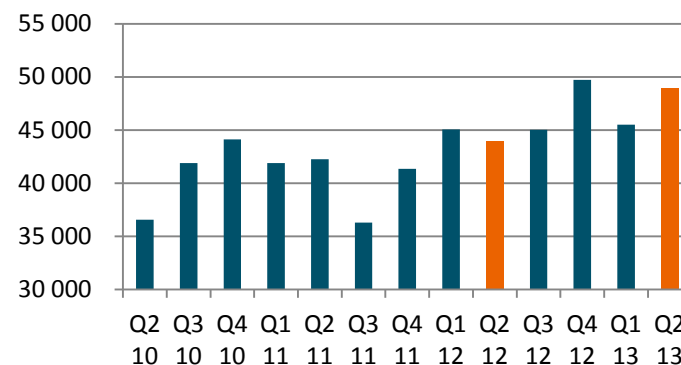
EBIT per Quarter (TNOK)



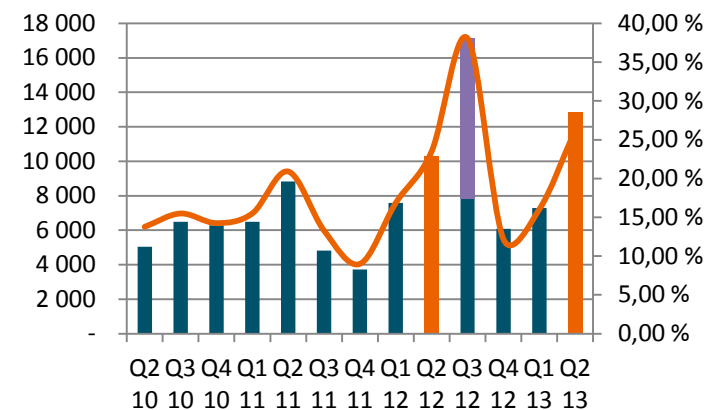
Profit and loss H1 2013

Profit & loss	1st half 2013	1st half 2012
<i>All numbers in NOK 1000</i>		
Sales	94 468	89 002
Cost of goods sold	23 619	23 956
Salary and social expenses	28 349	26 154
Other operating expenses	18 681	17 882
Total operating expenses	70 649	67 992
Op. res. before depr. and writeoffs (EBITDA)	23 819	21 010
<i>EBITDA%</i>	<i>25,2 %</i>	<i>23,6 %</i>
Depreciation	3 702	3 096
Operating result (EBIT)	20 117	17 914
<i>EBIT%</i>	<i>21,3 %</i>	<i>20,1 %</i>
Financial income	3 212	3 949
Financial expenses	2 679	3 431
Net finance	532	518
Pre tax profit	20 649	18 432
Tax	6 227	5 341
Result	14 423	13 091
Dividend	19 911	18 321

Sales per Quarter (TNOK)



EBIT per Quarter (TNOK)



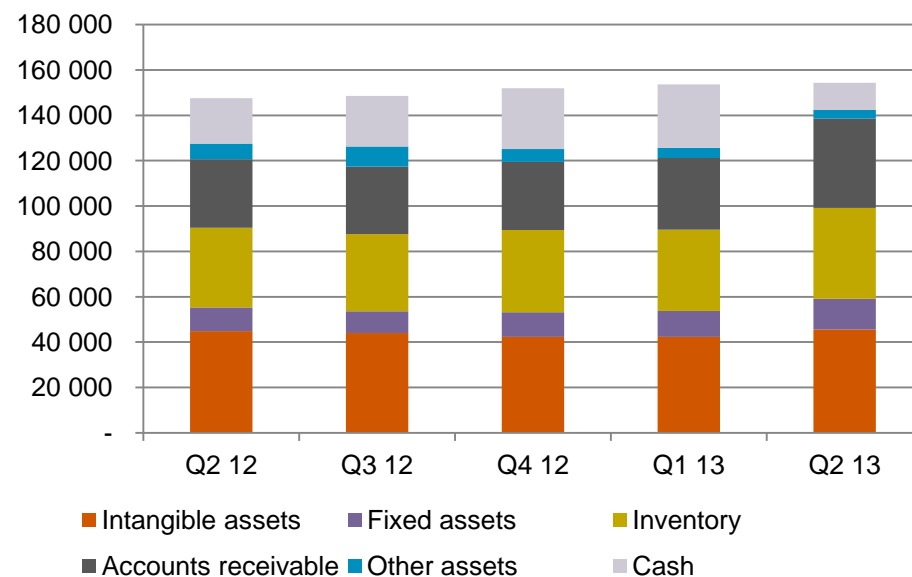
Balance sheet - Assets

Balance sheet 30.06.2013 31.12.2012

All numbers in NOK 1000

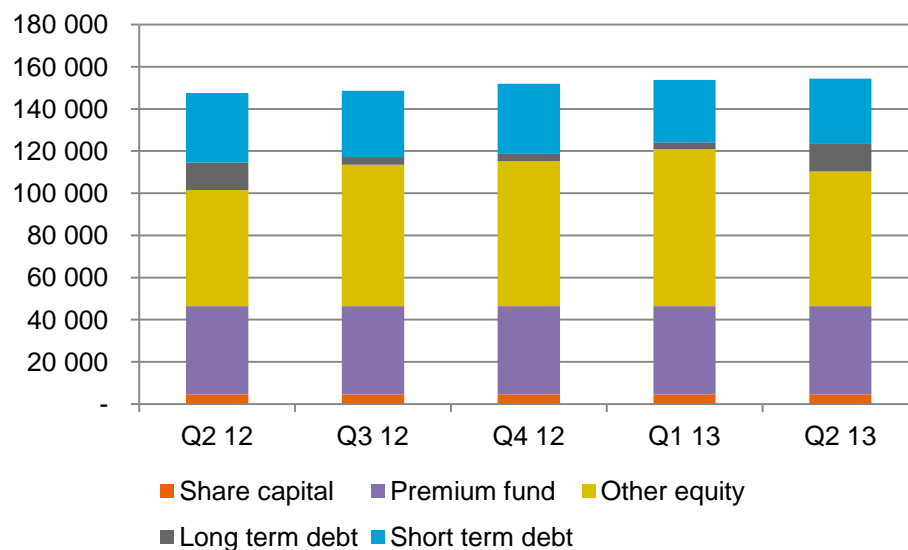
Assets

Intangible assets	45 518	42 288
Fixed assets	13 561	10 944
Total intangible and fixed assets	59 079	53 232
Inventory	40 055	36 174
Customers receivables	39 348	30 063
Other receivables	3 902	5 718
Cash	11 957	26 680
Total current assets	95 263	98 635
Total assets	154 342	151 867



Balance sheet - Equity and liability

Balance sheet	30.06.2013	31.12.2012
<i>All numbers in NOK 1000</i>		
Share capital	4 585	4 585
Premium fund	41 852	41 852
Other equity	63 920	68 732
Total equity	110 357	115 170
Total long term debt	13 101	3 470
Total short term debt	30 883	33 227
Total equity and liability	154 342	151 867



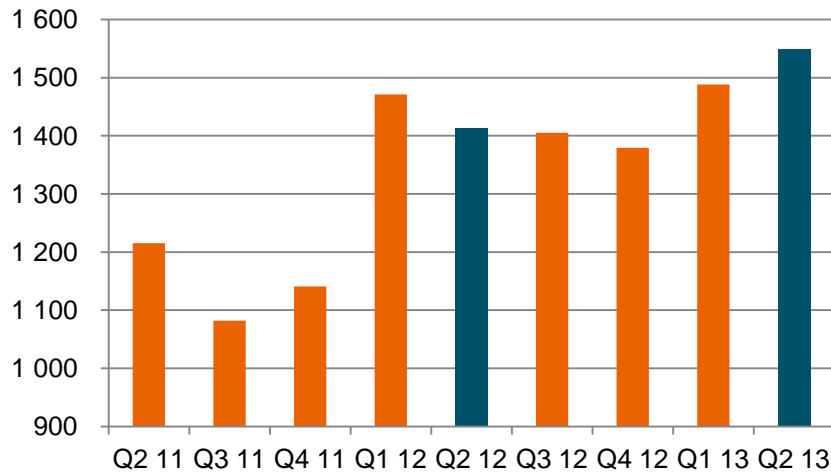
3. Business segments update



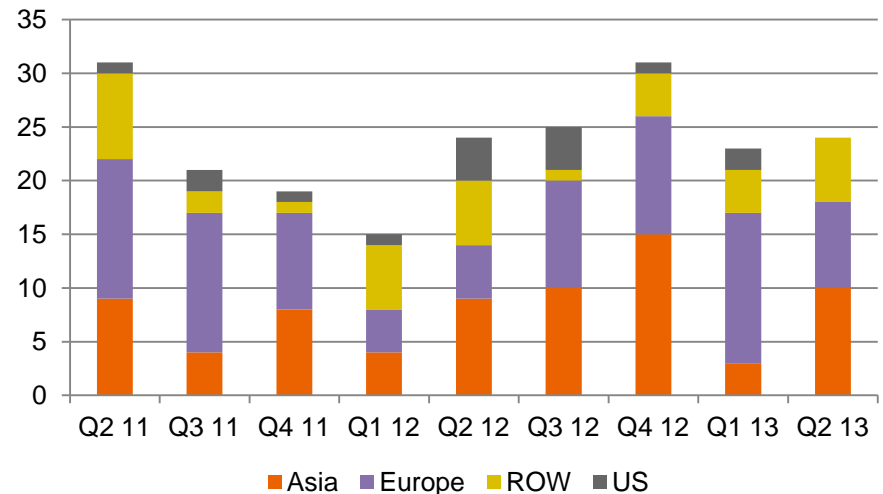
Flow probes and VeriQ sales in units



Flow probes in units



VeriQ systems in units



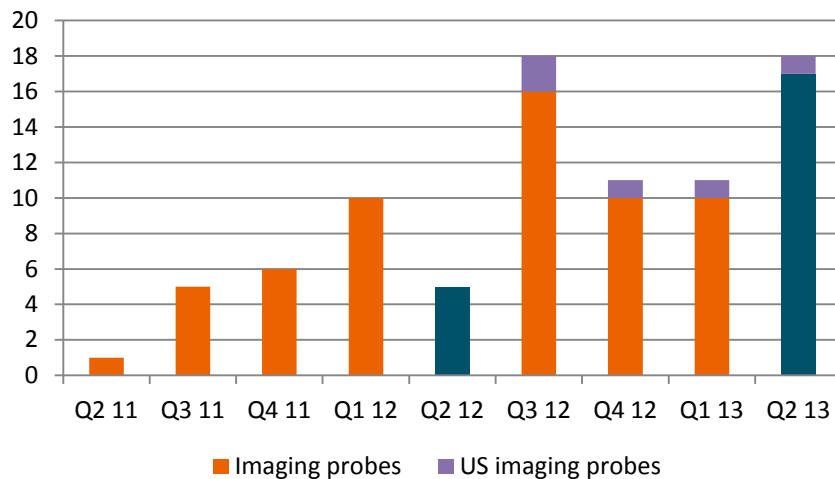
- Flow probe sales was strong in all regions in 2012
- The trend continues in Q2 and 1st half 2013

- Continued increased instrument sale in Europe despite the economic downturn
- Lack of capital sale in the US is the main reason for the decline in US Q2 sales

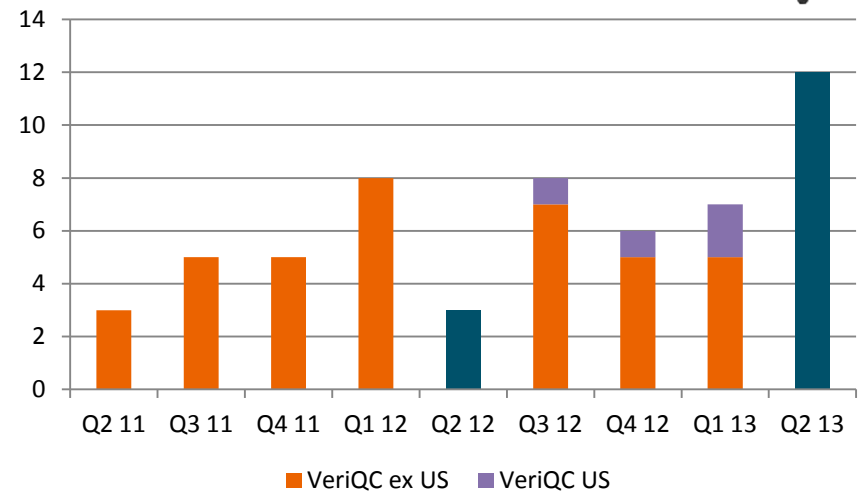
Imaging probes and VeriQ C sales in units



Imaging probes in units



VeriQ C systems in units



- System sales growth and increasing installed base creates imaging probe sales.

- The strong VeriQ C sales in Q2 was driven by Europe with 6 units and MEA with 5 units.

Q2 revenue performance by region

Mill NOK	Q2 '13	Q2 '12	Q/Q	H1'13	H1' 12	H/H	2012
Europe	31,1	25,3	23,0 %	57,8	51,9	11,4 %	107,0
USA	10,3	12,4	-16,6 %	23,1	23,7	-2,4 %	48,5
Asia & Jp	2,9	3,4	-14,7 %	6,5	8,2	-20,7 %	18,4
ROW (MEA, CAN, SA)	4,6	2,8	64,3 %	7,0	5,2	34,6 %	9,8
Total	49,0	43,9	11,5 %	94,5	89,0	6,1 %	183,7

- **In Europe**, there was positive development in sales of own products for both systems and probes. Sales of own products increased with 51.1 % in Q2 and 27.9 % in H1. 3rd party sales increased by 4.0 % in Q2 and was at the same level as last year for H1.
- **In the US**, the total procedures sale was at same level as last year, and it is the lack of capital sales that explains the drop in Q2 revenues.
- **Both Asia/Japan and ROW** are so far smaller sales territories for Medistim, and quarterly performance varies significantly. VeriQ C continues the positive development in ROW.

Negative currency effects for the quarter with 0.3 MNOK.

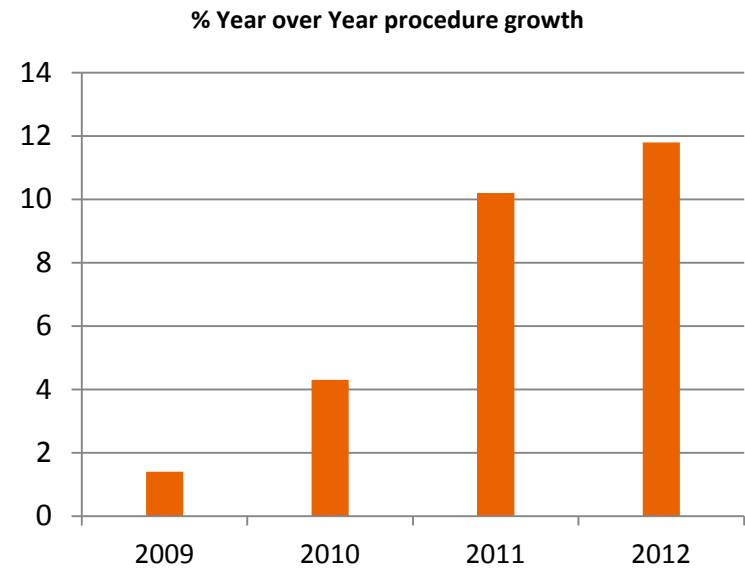
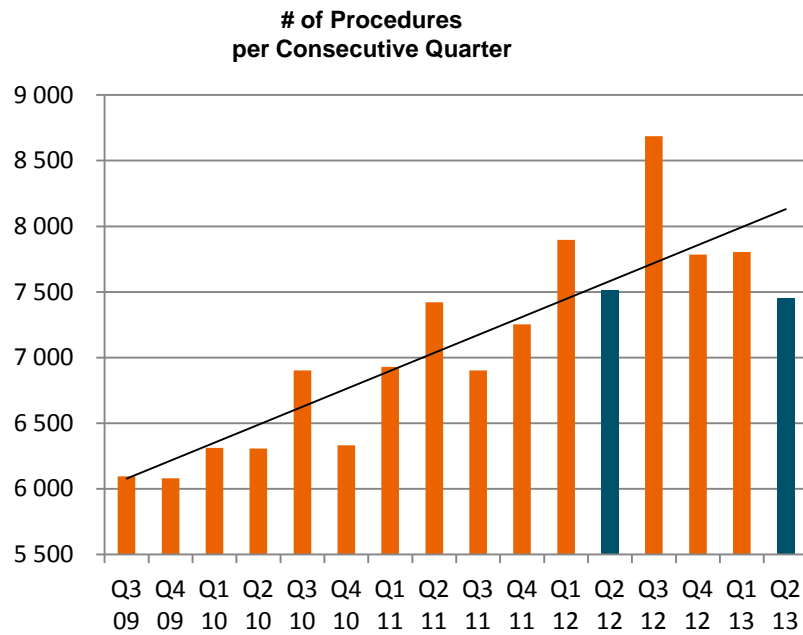
Q2 revenue performance by product

Mill NOK	Q2 '13	Q2 '12	Q/Q	H1 '13	H1 '12	H/H	2012
Procedures (USA)	10,3	10,7	-3,7 %	20,9	21,5	-2,8 %	42,8
Flow probes	13,1	11,7	12,0 %	25,7	24,2	6,2 %	47,3
Flow systems (VeriQ)	4,0	5,1	-21,6 %	8,0	7,9	1,3 %	17,9
Imaging systems (VeriQ C)	3,8	0,7	442,9 %	7,0	3,2	118,8 %	9,0
Imaging probes	1,0	0,1	900,0 %	1,4	0,8	75,0 %	1,8
3rd party	15,8	15,2	4,0 %	30,5	30,5	0,0 %	63,2
Other	0,9	0,4	125,0 %	1,0	0,8	25,0 %	1,8
Total revenues	48,9	43,9	11,4 %	94,5	88,9	6,3 %	183,8

- **Procedure sale in the USA:** The total number of procedures are marginally down, imaging procedures up >300 %.
- **Flow probes revenue:** The positive trend from last year continues.
- **VeriQ flow systems:** Strong system sales continues in Europe, however, the lack of US capital sales this quarter explains the revenue decline (0 MNOK vs 2.2 MNOK in Q2 12) .
- **VeriQ C imaging systems :** Strong sales in Europe and the Middle-East. No sales in Japan and the US this quarter.
- **Imaging probes:** Solid growth in sales as installed base increases.
- **3rd party products:** Modest growth due to lost agency and delayed product installations within the ophthalmic portfolio.

Trend shift in the US market

Trend shift in procedure growth



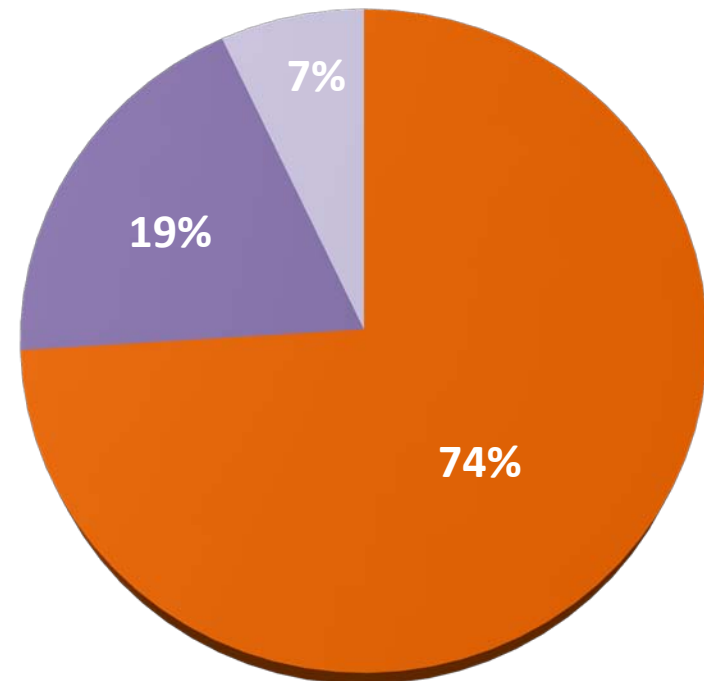
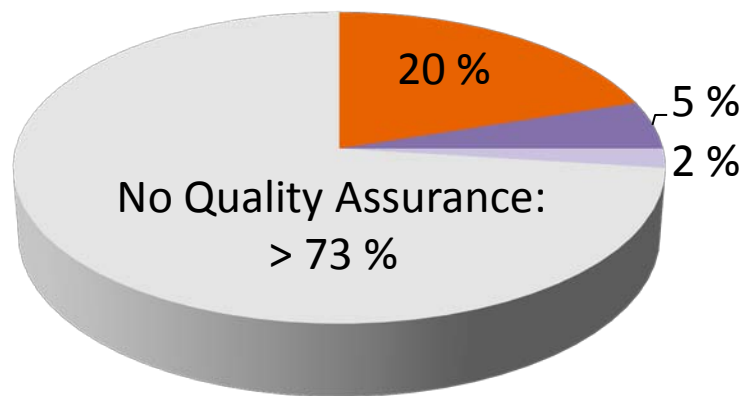
4. Implementing the strategy



Medistim owns a high share of an underdeveloped market

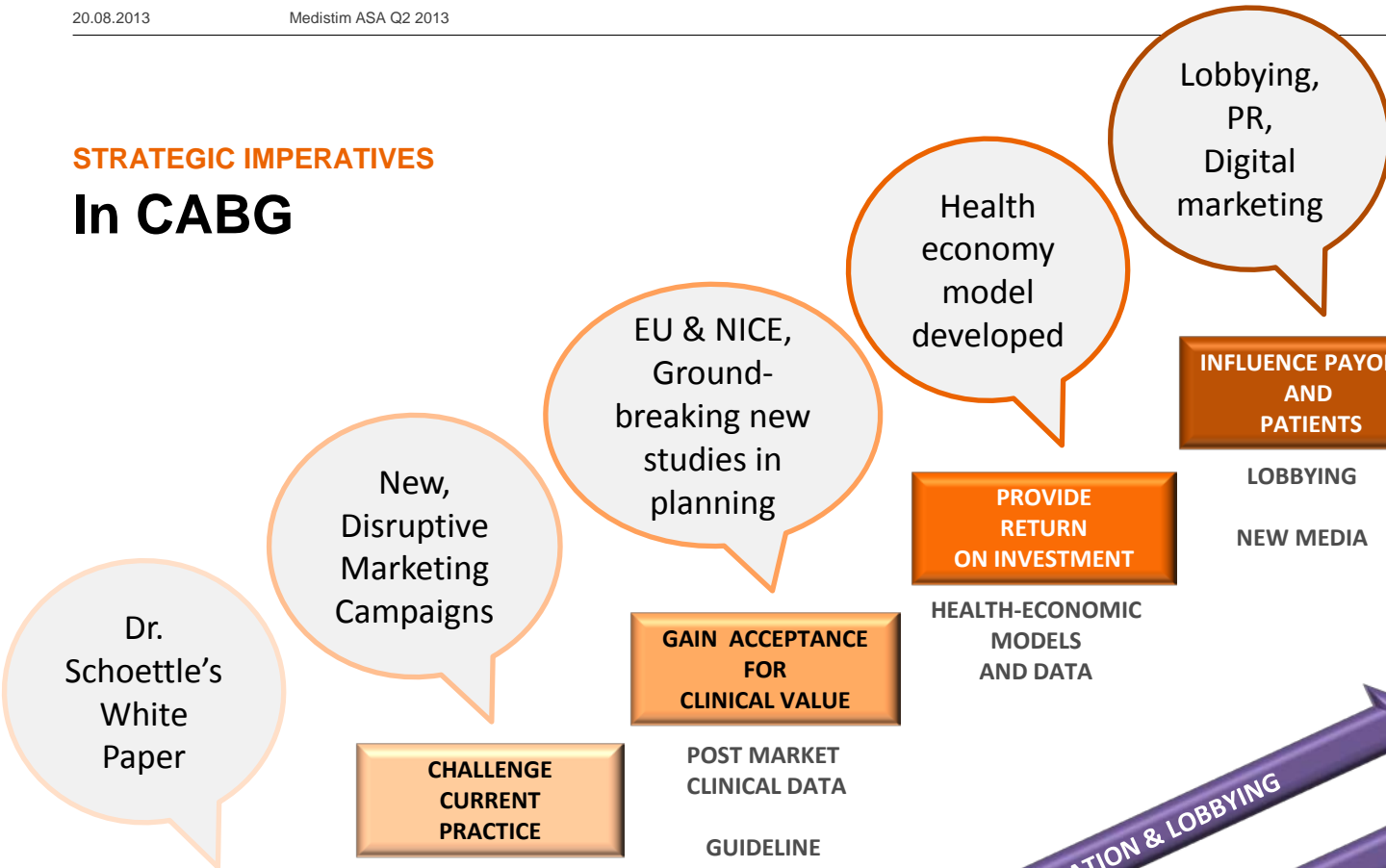
CABG MARKET PENETRATION

SHARE OF PENETRATED MARKET



- Medistim
- Transonic
- Other
- No Quality Assurance

STRATEGIC IMPERATIVES In CABG



INFLUENCE PAYORS AND PATIENTS

LOBBYING

NEW MEDIA

PROVIDE RETURN ON INVESTMENT

HEALTH-ECONOMIC MODELS AND DATA

GAIN ACCEPTANCE FOR CLINICAL VALUE

POST MARKET CLINICAL DATA

GUIDELINE ENDORSEMENT

CHALLENGE CURRENT PRACTICE

PALPATION VS PRECISION

IMAGINATION VS IMAGING

RE-DEFINE A SUCCESSFUL OUTCOME

30 DAYS MORTALITY VS MACCE, RE-INTERVENTIONS AND QUALITY OF LIFE

IMPACTFUL MARKET COMMUNICATION & LOBBYING

EFFECTIVE SALES AND CHANNEL STRATEGY

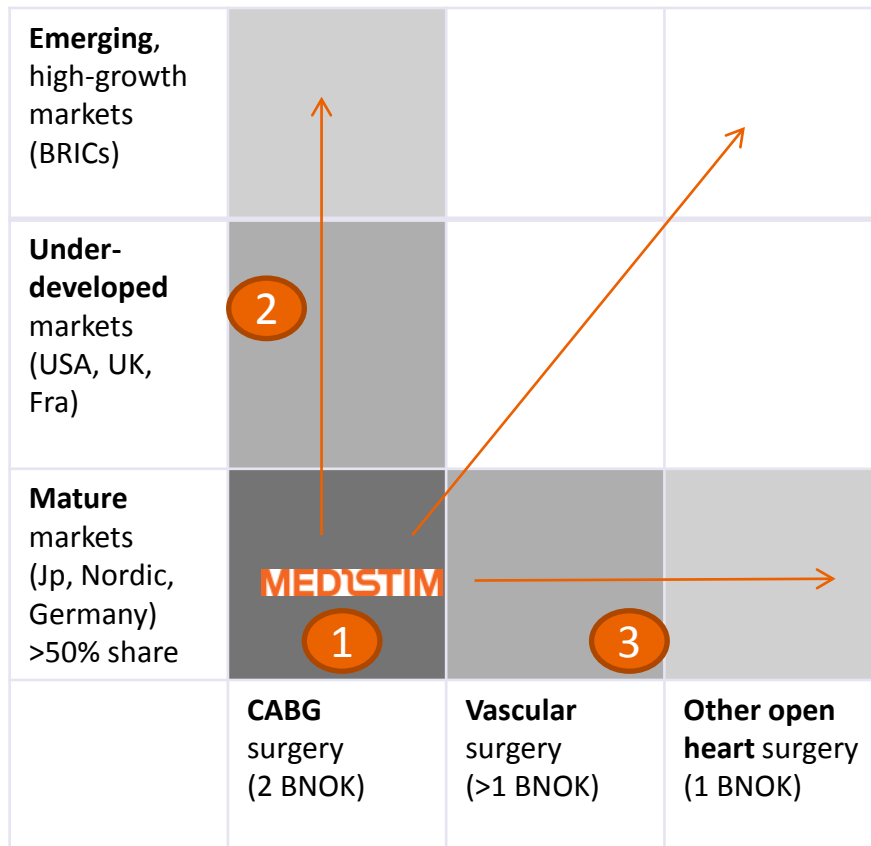
PRODUCT INNOVATION LEADERSHIP



Building Organizational Excellence

EXPANDING OUR STRATEGY

Strategic directions and priorities



1. Within mature markets for CABG; **convert** our large installed base of flowmeters to our latest innovation the VeriQ C™
2. Through marketing and **product development**, offer differentiated products and solutions to win new, high- growth geographies for CABG
3. Through **product and applications innovation**, target new segments in vascular surgery and open heart surgery

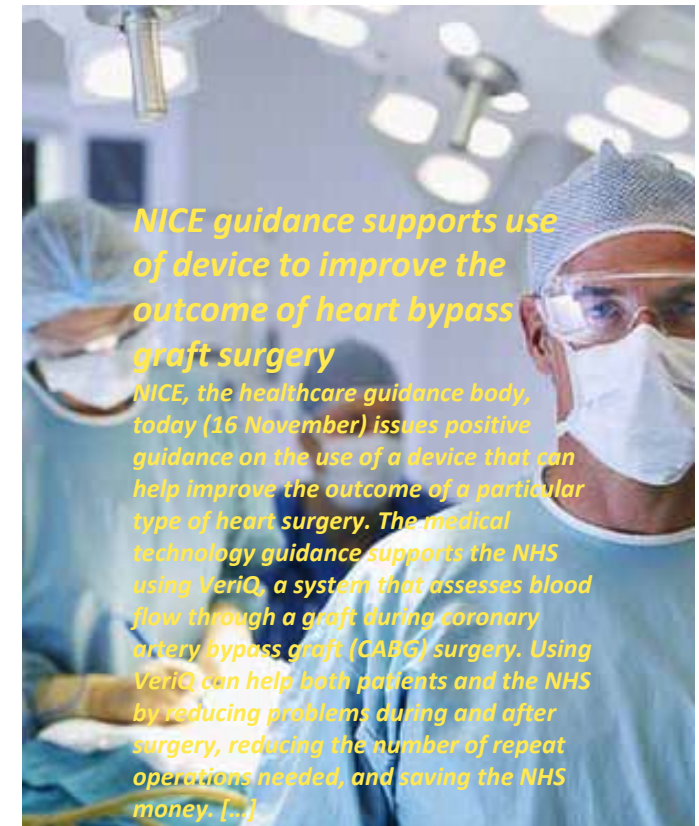
 ***Doubling market potential***

Significant Endorsement Achieved from NICE



National Institute for
Health and Clinical Excellence

- On November 16th, NICE issued guidance supporting the routine use of Medistim's VeriQ™ flowmeter system within UK's National Health Service
- Both the clinical and economical benefit of VeriQ utilization were recognized:
*“The VeriQ system is associated with an estimated **cost saving of £115 per patient** compared with clinical assessment alone, when it is used routinely for assessing coronary artery bypass grafts during surgery.”*
- Expected to open up the UK market, as well as other underpenetrated European markets and the USA

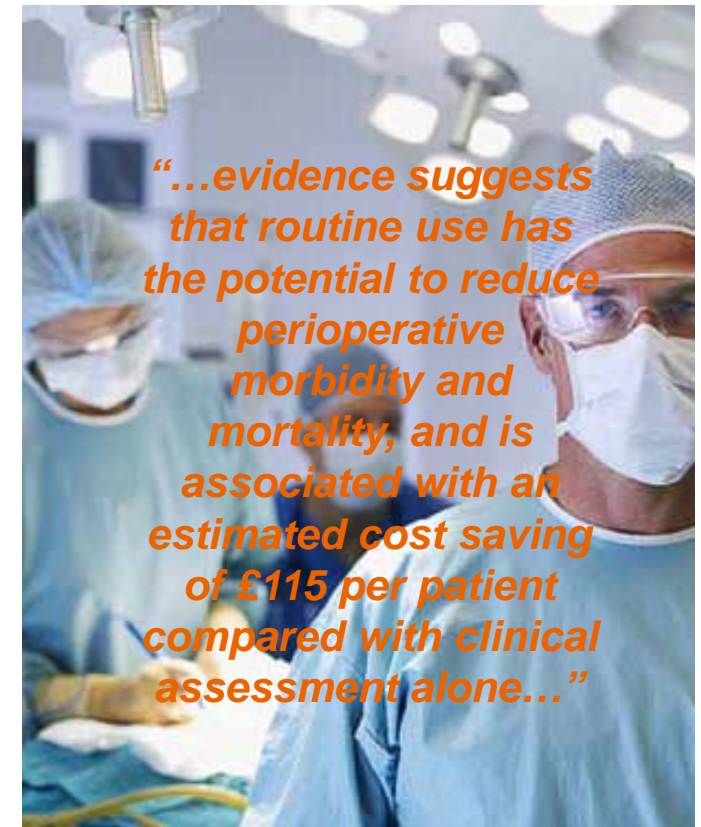


Break-through in the UK

- First sales order from the UK since establishing a subsidiary and direct sales force in 2012
- This is a direct result from the NICE endorsement from late 2011
- Medistim's goal is to establish quality assessment of CABG surgery as the standard of care in the UK
- The UK market:
 - About 25.000 CABG procedures per year
 - About 40 % are performed by the 15 largest cardiac centers
 - About 80 % is performed by the public NHS
 - The CABG market alone represents a market opportunity of about 16 MNOK per year.

NHS

*National Institute for
Health and Clinical Excellence*



A great reference center

- Queen Elizabeth Hospital Birmingham is part of the University Hospitals Birmingham NHS Foundation Trust, which is the leading university teaching hospital in the West Midlands, UK
- This trust is one of the most consistently high performing trusts in the NHS and has been rated "excellent" for both financial management and for quality of clinical services by the Healthcare Commission
- A range of quality indicators has been developed by the Cardiac Surgery Team for coronary artery bypass graft procedures

"At the Queen Elizabeth hospital, we recognize the importance of quality assurance in cardiac surgery. The Medistim TTFM / VeriQ C technology offers a significant advance in intraoperative evaluation during cardiac surgical procedures; thereby potentially optimizing postoperative recovery and long term outcomes. [...] the QEHB is delighted to have the ability to add this level of quality assurance to the cardiac surgical program."





Seeing is believing