

**Medistim ASA
First Quarter 2016**

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1. Highlights first quarter



Highlights first quarter 2016

- 13.1 % sales growth for the quarter
 - Sales of own products increased with 28.8 % to MNOK 49.1
 - US sales up 42.8 % to MNOK 22.9
 - 3. party sales down by 17.1 % to MNOK 16.4
- 37.2 % EBIT growth to MNOK 13.5 for the quarter
- Profit per share grows 26.8% to NOK 0.52 (0.41)
- The MiraQ product line launched in the USA
- The General Assembly decided to pay a dividend of NOK 1.65 (1.40) per share at the General Meeting 19th of April

Q1 2016		Q o Q
Revenue MNOK 65.5 (57.9)		13.1%
EBIT MNOK 13.5 (9.9)		37.2 %
Currency		8.1 %
No of units sold:		
Systems 27		-3.6 %
Flow probes 1 501		13.9 %
Imaging probes 15		16.6 %
Procedures (USA) 10 623		28.3 %

2. Financial statements



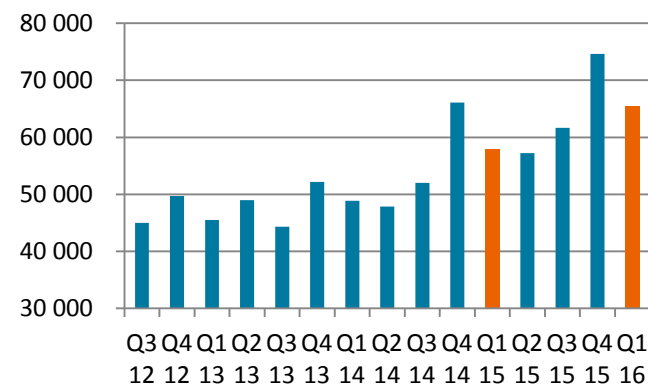
Profit and loss Q1 2016

Profit & loss

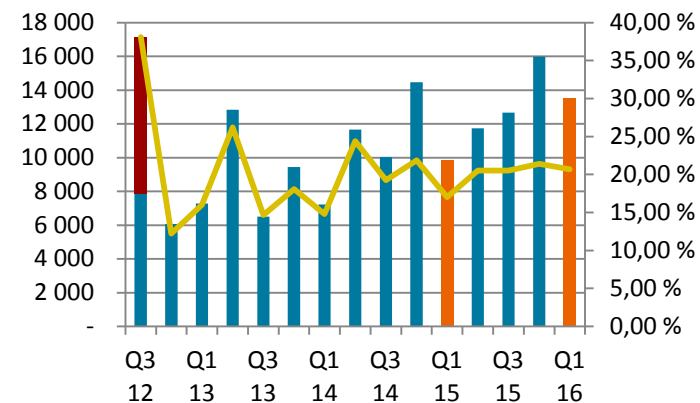
All numbers in NOK 1000

	Q1 2016	Q1 2015
Sales	65 500	57 907
Cost of goods sold	15 686	16 979
Salary and social expenses	22 397	18 864
Other operating expenses	11 044	9 640
Total operating expenses	49 127	45 483
Op. res. before depr. and write-offs (EBITDA)	16 373	12 424
<i>EBITDA %</i>	<i>25,0 %</i>	<i>21,5 %</i>
Depreciation	2 834	2 554
Operating result (EBIT)	13 539	9 870
<i>EBIT %</i>	<i>20,7 %</i>	<i>17,0 %</i>
Financial income	126	8 246
Financial expenses	1 065	7 208
Net finance	(939)	1 038
Pre tax profit	12 600	10 909
Tax	3 091	3 499
Result	9 509	7 410

Sales per Quarter (TNOK)



EBIT per Quarter (TNOK)



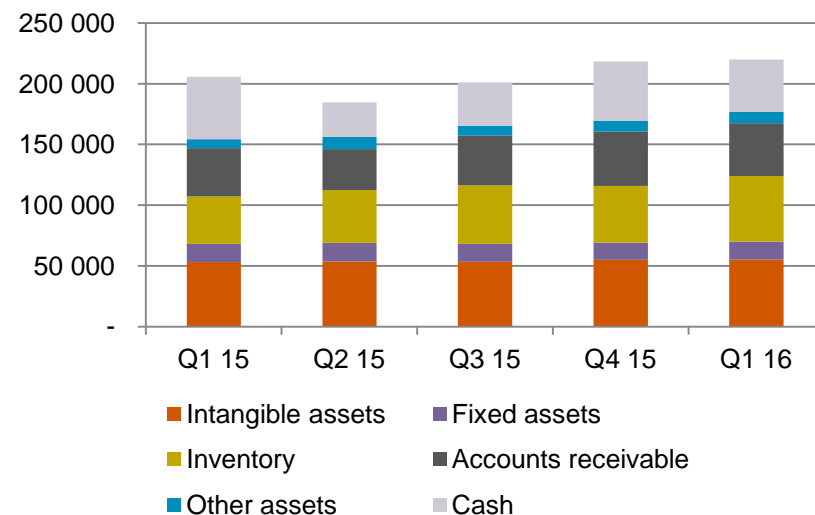
Balance sheet - Assets

Balance sheet 31.03.2016 31.12.2015

All numbers in NOK 1000

Assets

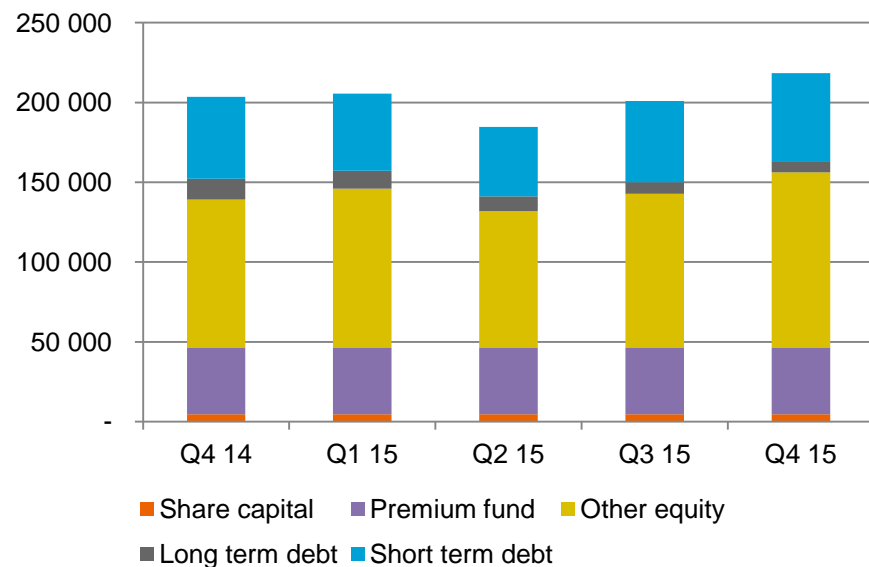
Intangible assets	55 347	55 122
Fixed assets	14 707	14 158
Total intangible and fixed assets	70 054	69 280
Inventory	53 996	46 613
Customers receivables	43 546	44 831
Other receivables	9 113	8 787
Cash	43 282	48 925
Total current assets	149 937	149 156
Total assets	219 991	218 436



- Inventory build-up related to MiraQ product line introduction
- Compensation for returned inventory to Medtronic due in April

Balance sheet - Equity and liability

Balance sheet	31.03.2016	31.12.2015
<i>All numbers in NOK 1000</i>		
Share capital	4 585	4 585
Premium fund	41 852	41 852
Other equity	119 269	109 727
Total equity	165 706	156 164
Total long term debt	6 721	7 001
Total short term debt	47 564	55 271
Total equity and liability	219 991	218 436



- 9.3 MNOK in interest bearing debt
- The General Meeting decided a dividend of NOK1.65 per share

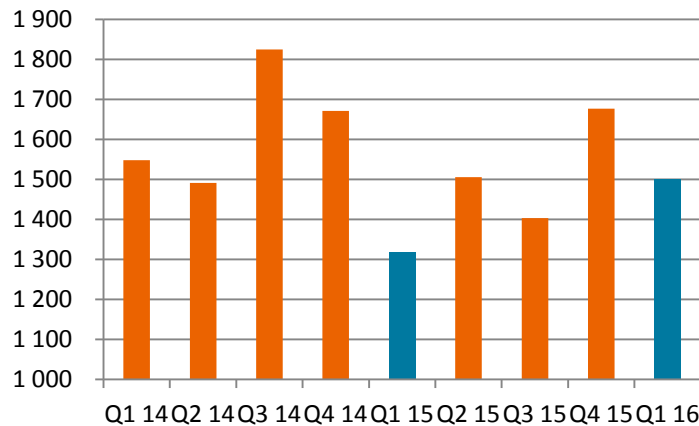
3. Business segments update



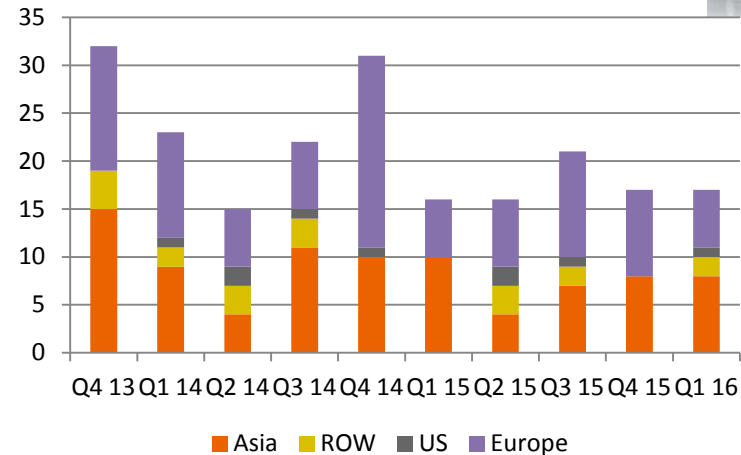
Flow probes and systems in units



Flow probes in units (excl USA)



Flow systems in units (VeriQ & MiraQ)



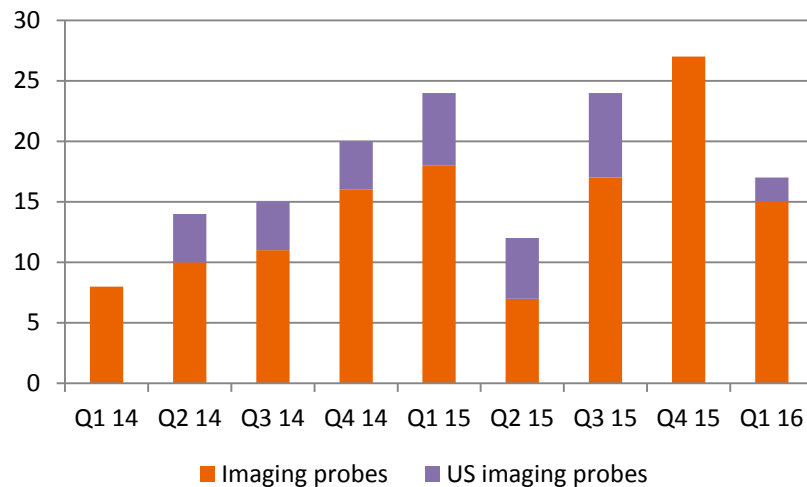
- Strong quarter with 13.9 % overall growth in units, driven by Asia and RoW
- After a strong fourth quarter probe sales in Europe, first quarter 2016 ended at the same level as for the comparable quarter in 2015

- Number of units sold was 17 compared to 16 systems for the comparable quarter
- Higher level of sales to end customer rather than distributors gives increased system sales revenues for the quarter
- Of the 17 flow systems sold, 5 were MiraQ systems sold in Europe

Imaging probes and systems in units

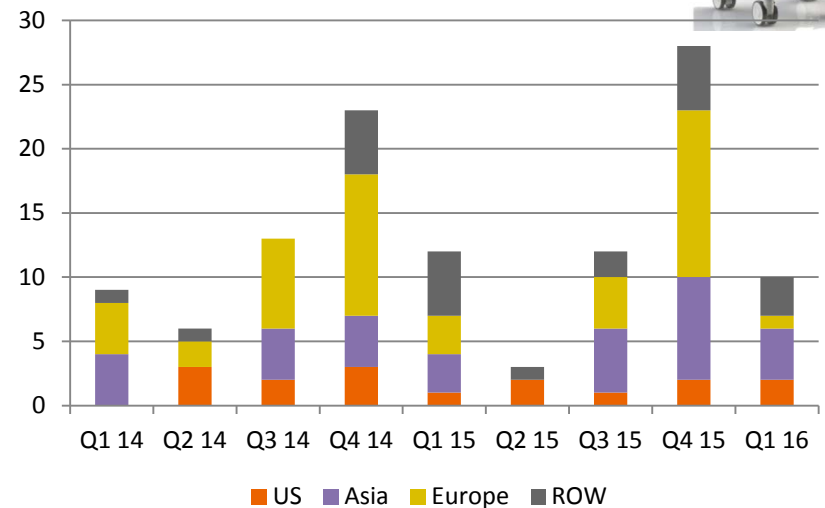


Imaging probes in units (incl USA)



- A slow quarter after a strong fourth quarter 2015
- 50 % of the imaging probes were sold in Asia

Imaging systems in units (VeriQC & MiraQ)



- A slow quarter after a strong fourth quarter in 2015
- Of the 8 imaging systems sold, 4 were MiraQ systems; 1 were sold in the UK, 2 in the USA and 1 in ROW

Q1 revenue performance by region

Mill NOK	Q1 '16	Q1 '15	Q / Q
Europe	31,7	33,4	-5,0 %
USA	23,0	16,1	42,8 %
Asia & Jp	7,1	5,9	22,0 %
ROW (MEA, CAN, SA)	3,7	2,6	41,8 %
Total	65,5	57,9	13,1 %

- **In Europe**, 3. party products declined by 17.1 % due to the loss of the Medtronic agency. Own products increased with 12.8 % mainly driven by favorable currency.
- **In the USA**, the strong growth in NOK in Q1 was driven by both volume growth and favorable currency. Currency neutral sales for the quarter shows a 24.6 % increase. The growth came from both capital sales and procedure sales (PPP).
- **Both Asia/Japan and ROW** are so far smaller sales territories for Medistim and quarterly performance varies significantly. Sales in China drives the growth in the first quarter.

Positive currency effects for Q1 with 4.7 MNOK.

Average actual exchange rate for USD 8.65 and EUR 9.53 versus last year USD 7.72 and EUR 8.73.

Q1 revenue performance by product

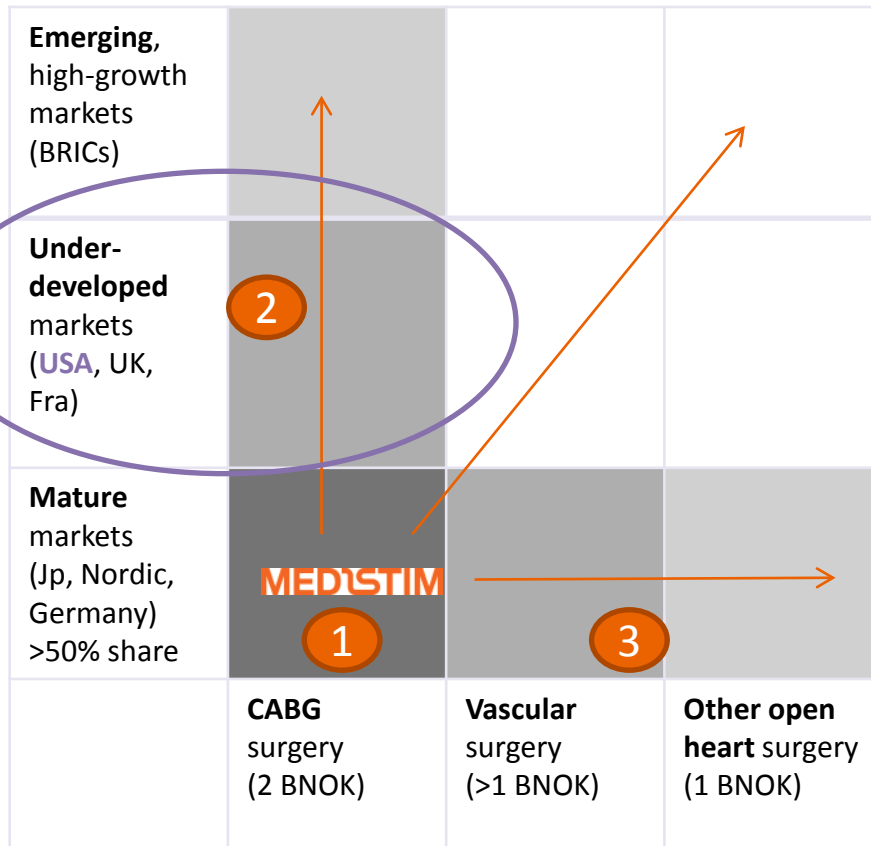
Mill NOK	Q1 '16	Q1 '15	Q/Q
Procedures (USA)	20,5	15,4	32,9 %
Flow probes	17,2	13,8	24,5 %
Flow systems (VeriQ & MiraQ)	4,3	2,7	59,9 %
Imaging systems (VeriQ C & MiraQ)	5,9	4,6	26,6 %
Imaging probes	0,8	0,9	-7,7 %
3rd party	16,4	19,8	-17,1 %
Other	0,4	0,6	-36,6 %
Total revenues	65,5	57,9	13,1 %

- **Procedure sale in the USA:** Flow procedures are up 27.5% and imaging procedures are up 35.9 % in Q1. Strong contribution from probes sold to capital investments.
- **Flow probes revenue:** Volume growth was 13.9 % and remaining sales increase is related to favorable currency.
- **Flow systems:** Sold 1 more unit compared to last year. Revenue increase is related to higher level of sales to end customers rather than through distributors, in addition to favorable currency.
- **Imaging systems and probes:** 3 sales to end users drive the increase; 2 capital sales in the US and 1 in UK.
- **3rd party products:** Decrease in sales due to the loss of the Medtronic agency.

4. Implementing the strategy

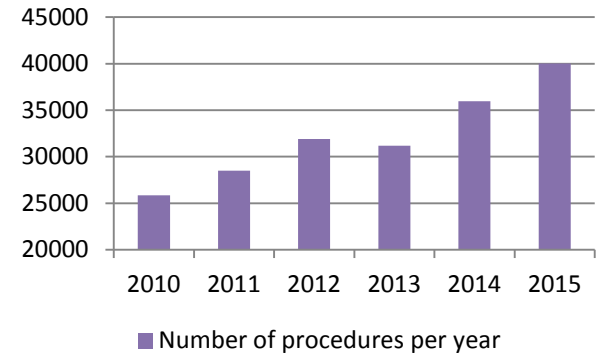


Growth opportunities – in underdeveloped markets



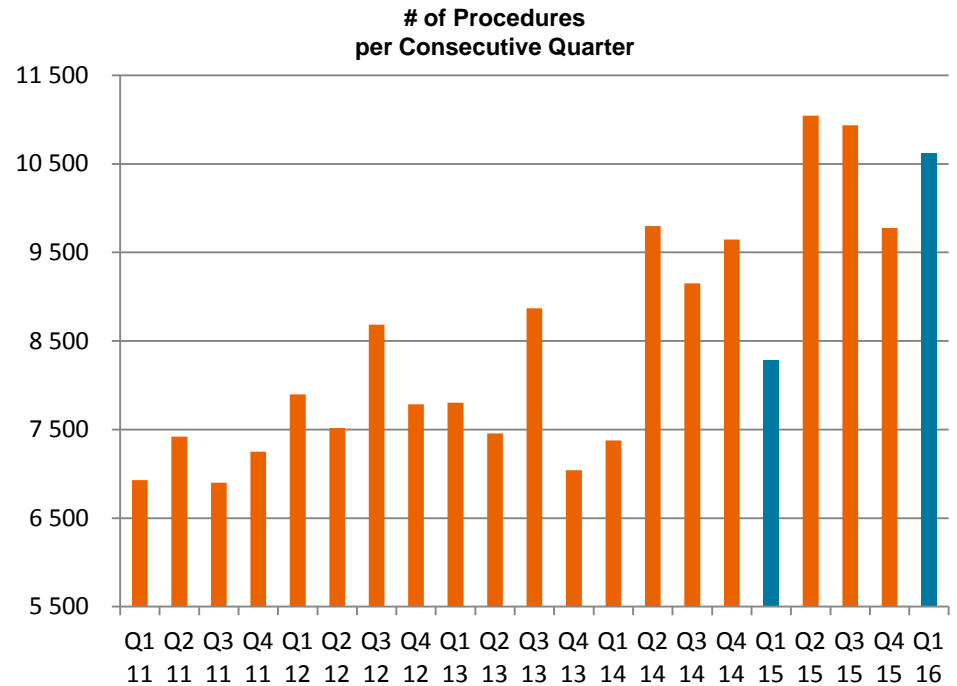
- 1. Strengthen our position as market leader** by establishing combined TTFM & Imaging as the new standard of care through
 - Early adopter KOL support
 - Easier conversion to imaging with MiraQ
- 2. Fight ignorance and indifference to QA** by increasing the level of evidence and awareness through
 - 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 42.8 % in NOK
- 24.6 % growth in USD
- Number of procedures up by 28.3%
 - 27.5 % growth in flow procedures
 - 35.9 % growth in imaging procedures
- 1 new account
- 1 TTFM account converted to Imaging



The MiraQ system family launched in the USA

- 23-25. January 2016:
MiraQ **Cardiac**, **Vascular** and Ultimate launched at the Society of Thoracic Surgery meeting in Phoenix, Az
- Sales team fully trained
- Over half of the pipeline deals are MiraQ
- Complete vascular product package provides further opportunities for growth in the USA



