

Ellex Medical Lasers Limited Annual General Meeting

26 November 2014



Ellex – your Company at a glance

- A leading global supplier of ophthalmic lasers, ultrasound and glaucoma devices for treating eye disease that affects approx 148m people world wide. World leader in supply of lasers for glaucoma.
- Underlying growth in global market due to ageing, obesity and demand in developing countries.
- Established brand with proven product portfolio to exploit the market growth opportunity.
- In-place engineering, manufacturing, and global sales and distribution (direct and via distributors).
- 2RT™ Proprietary technology (and first to market opportunity in progress) with growing clinical acceptance for treatment of early AMD, a disease afflicting an additional 110 million people world wide.
- Ellex has emerged as a global leader in non-pharma treatment of glaucoma and early-stage macular degeneration.



Good growth achieved and improved earnings

- This time last year we stated that Ellex was strategically positioned for growth. This growth has been achieved.
- Strong revenue growth of 27% in FY14 driven by introduction of our SLT into the USA market and an increase in sales in Asia with improved profitability and cash flow.
- We expect that, given the opportunities we have and the portfolio of products, that profitable growth will continue through FY15.
- The focus of the business is on achieving sales growth with improved earnings and sustainable cash flow. Good progress was made during FY14 and more is planned and expected in FY15.



Sales composition FY14

	AUD \$'M		
	FY13	FY14	
Australia (direct sales)	9.4	9.5	Stable
USA (direct sales)	8.5	19.0	<ul style="list-style-type: none"> • SLT introduction • Revenues from canaloplasty business (approx \$2.3m)
EMEA (80% distributors and 20% direct)	9.9	10.3	Difficult economy, fall in value of AUD
Japan (direct sales)	10.7	10.4	Principally Fx impact*
ASIA (distributors)	3.2	3.9	Continued growth in this market
South America (distributors)	0.9	1.4	
	42.8	54.4	

* Revenues in YEN grew



FY14 – Operational Performance

	FY13	FY14	Change
Sales (A\$m)	42.8	54.3	+27%
Reported EBITDA (A\$m)	1.7	3.0	+76%
Underlying EBITDA (A\$m)	1.7	4.0	+135%
Reported Earnings before tax (A\$m)	0.14	1.3	Large
Underlying earnings before tax (A\$m)	0.10	2.3	Large

- Drivers of change against pcg :
 - Significant improvement in sales in USA of SLT and improved sales in Asia
 - Depreciating A\$ v's Euro and US\$
 - Improved gross margins due to new and improved product introductions
- Approximately \$0.6m of non-recurring costs related to intellectual property management and restructuring costs in Germany. In addition, approximately \$0.4m of unrealised foreign exchange losses on inventory held in USA and Japan

Ellex Product Portfolio & Opportunities

DIAGNOSTICS
Ophthalmic Ultrasound

eyecubed.

RETINAL DISEASE
General Retinal Laser
Treatments i.e. PRP

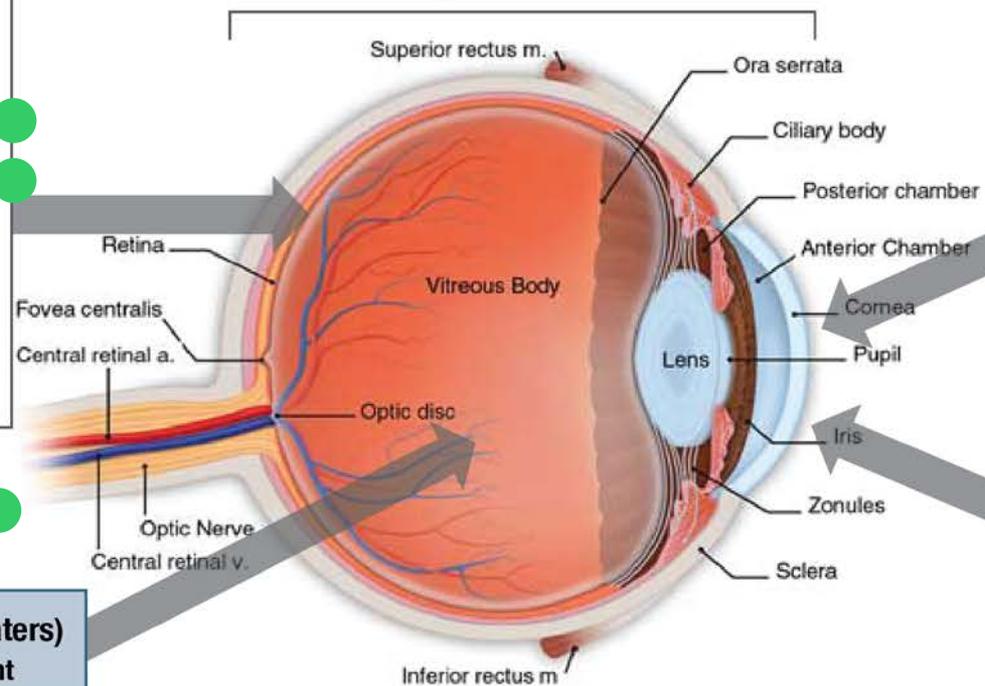
integrepro
scan.
integrepro.
solitaire.

EARLY AMD
Retinal Rejuvenation Laser
Treatment

2RT

VITREOUS OPACITIES (Floaters)
YAG Laser Vitreolysis Treatment

ultraQreflex.



SECONDARY CATARACT
YAG Photodisruption Laser
Treatment

ultraQ.
superQ.

GLAUCOMA
1. SLT Laser Treatment
2. Canaloplasty Surgery

tango.
solo.
itrack.

● = Released between Nov 13 & Nov 14



One Powerful Vision

Ellex new products and recent growth trends

Product	Key Growth Opportunities
Ultra Q Reflex	Treating vitreous floaters, provides “wow” factor for patients and new revenue stream for doctors. Strong initial sales in FY14 have continue strongly into FY15
Integre Pro and ProScan	Regionally staged market release of Integre Pro balancing sales with increasing production rates has provided sales growth since 30 June 2014. Pre-release activities of “ProScan” at AAO, ESCRS, JOC and RANZCO is building demand for H2 FY15 sales



Ellex new products and recent growth trends cont'd

Product	Key Growth Opportunities
Canaloplasty	Total revenue in FY15 will benefit from full year of canaloplasty. Reinvigorated marketing since acquisition has driven USA sales during FY15
SLT (Tango & Solo)	Ellex reinforced global leadership in SLT with strong growth in the USA achieved in FY14. SLT is growing in acceptance as primary therapy for glaucoma. Strong prospects for Ellex in Asian markets.
FiberTech Endoscopes	Distribution agreement with FiberTech (subsidiary of Fujikura) in June 2014 to distribute endoscopes in Japan provides consumable sales growth opportunity.



Canaloplasty update

- Acquisition on 31 December 2013 for US\$1.5m plus an earn-out based on future revenues.
- Acquisition was funded by share placement in December 2013. (Placement also provided additional cash reserves).
- Provides Ellex with recurring revenue stream from a consumable product line.
- Investment in relaunching product under the Ellex brand resulting in growth during first four months of FY15 compared with the pcp.



FY15 Progress

- Q2 is important selling season for our business (particularly in USA where it is the end of the tax year).
- New Ellex-product sales during Q1 FY15 have been strong with improved gross margins compared with pcp.
- Increased SLT competition in USA places negative pressure on revenues.
- Increased sales of third parties particularly in Japan erodes margin.



FY15 Progress cont'd

- Provided trends continue, production runs to schedule and having regard to the addition of canaloplasty, we expect an increase in revenue for the first-half of approximately 15% compared with pcp.
- Expecting a corresponding increase in EBITDA compared with pcp, subject particularly to Fx impact on year-end inventory on hand.
- Sales to operating expenditure ratio has improved during the 4 months to 31 October 2014 compared with the pcp.
- One-off cost of restructuring Japanese sales operation to increase sales and improve business efficiencies expected to increase costs in FY15.

Intellectual property protection update

- Proprietary position Ellex has in glaucoma (both SLT and canaloplasty) and AMD (2RT™) markets will be protected.
- FY14 included costs for Lightmed action.
- SLT/YAG technology patent issued by USA patent office in November 2014 and European Patent for iTrack 250 catheter issued in May 2014, provide important pillars for future protection activities in FY15.



Ellex 2RT™ - progress accelerating

- Regulatory approval
 - Major Milestone achieved in March 2014 with CE Mark approval of 2RT as a treatment for symptoms of early stage AMD.
- Clinical and Scientific program
 - Two papers published in peer reviewed journals (March and November 2014) reporting positive outcomes at 12 and 24 months after treatment of a 50 patients.
 - The 24-month study describes “Method of Action”.
 - LEAD trial recruitment at CERA continuing on target with recruitment conclusion at March 2015.



Ellex 2RT™ - progress accelerating cont'd

- Intellectual property
 - Patents in place in all important domains.
- Commercial roll-out
 - Sales to key early adopters commenced late in FY14 are on target FY15 with the availability of additional clinical data.
 - Strong cooperation from early adopters is helping expansion of the clinical understanding of 2RT™.



2RT market potential

- Ellex currently has a leading position in the supply of lasers for treatment of diabetic retinal disease, glaucoma and secondary cataracts.
- Market Scope* estimates that in 2014 approximately 148 million people in the world have diabetic retinal disease, glaucoma and secondary cataracts.
- Market Scope* also estimates that there are an additional 110 million people in the world with early-stage AMD.
- Ellex estimates that early adopters who have purchased 2RT™ since March 2014 have treated between almost 250 patients as part of our clinical co-operation program.

* Market Scope – “2013 Comprehensive Report on the Global Ophthalmic Laser Market”



Example of market dynamic for AMD treatment - Australia

- Information released by Specsavers in “Insight” magazine November 2014
- Eye disease diagnoses in a single week at a single Specsavers store in suburban Australia and New Zealand
- Includes diagnoses with retinal cameras delivered by Ellex over 2012 and 2013
- Approx 350 stores in Australia and New Zealand

	Approx Cases/Week per Store
Glaucoma	14
Diabetic Retinopathy	10
Cataract (Secondary)	3
Diagnoses of Disease currently treatable by ophthalmologists with Ellex Product	27
AMD* Diagnoses	11

* Potentially treatable by Ellex proprietary 2RT equipment



Summary and Recap

- Ellex has a leading global position in a growing market.
- The business is profitable with improving margins through new product introductions.
- Treatment of early AMD with 2RT™ is a major opportunity for Ellex and that potential is beginning to emerge.



Thank you

