Ellex Medical Lasers Limited

Annual General Meeting

25 November 2015

Ellex manufactures and sells innovative products that help eye surgeons around the world to effectively and efficiently treat eye disease; this is one powerful vision

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Ellex – Emerging as a Global Ophthalmic Brand

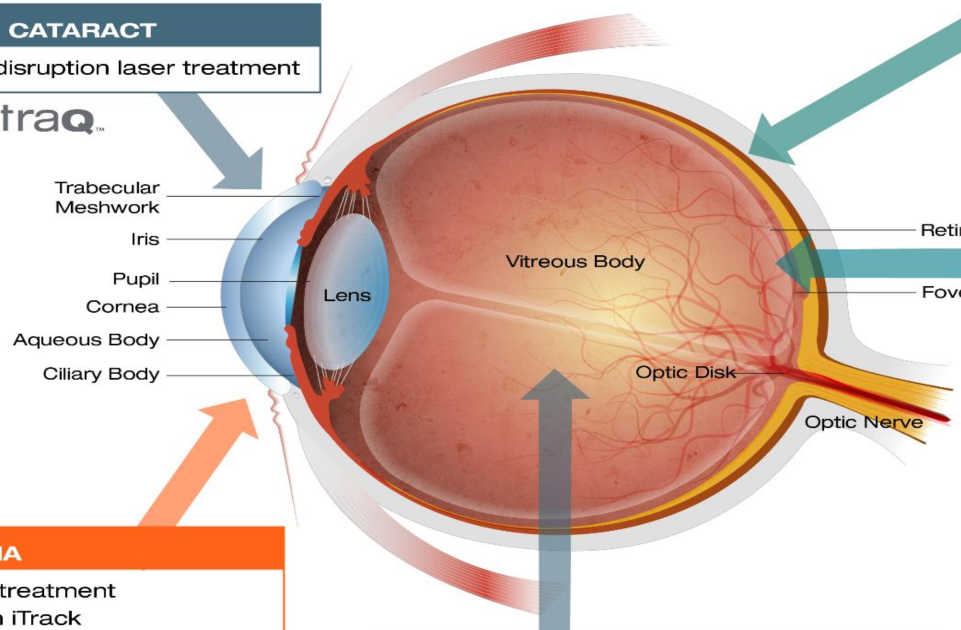
- 2015 financial year saw continuation of growth and improvement in all financial metrics for the business
- Ellex is transitioning from being a manufacturer of world-leading lasers to becoming a key global participant in a market for eye disease diagnosis and treatment of at least US$10 billion per annum and growing
- With our exciting product portfolio we reasonably expect the financial performance of the business to continue to improve and the value of your business to continue to grow in 2016 and beyond

ELLEX – OPHTHLAMIC PRODUCTS

DIAGNOSTIC
Ophthalmic ultrasound
eyecubed

SEONDARY CATARACT
(YAG) photodisruption laser treatment
ultraQ

RETINAL DISEASE
General retinal laser treatments i.e. PRP
solitaire
integreproscan
integrepro



EARLY AMD
Retinal rejuvenation laser intervention
2RT

GLAUCOMA
1. SLT laser treatment
2. ABiC with iTrack

solo
tango
itrack

FLOATERS AND VITREOUS OPACITIES
(YAG) laser vitreolysis treatment
ultraQ reflex

Products for a large global market:

- 112 million people with early stage age-related macular degeneration
- 79 million people with glaucoma
- 50 million people with retinal disease primarily diabetes related
- 24 million cataract operations every year

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Ellex – Large Market Potential

Disease	Current Ellex Devices	Total annual spend on disease treatment with pharma and devices	Current device-market accessible to Ellex [2]	Assessed device-market position against listed peers [1]
Glaucoma – early stage	SLT with Tango™, Solo™	US$4.6 billion[1]	US$60 million (CAGR 4.5% plus more with pharma replacement)	1. Ellex 2. Lumenis
Glaucoma – later stage	iTrack™ (approx. US$50m invested prior to acquisition by Ellex)		US$90 million (CAGR 44%)	1. Glaukos 2. Ellex
Cataracts and Vitreous Floaters	Ultra Q™ and Ultra Q Reflex™	US$3.3 billion plus 24 million cataract operations per year[1]	US$65 million (CAGR 4.5% plus more with vitreous floater treatment)	1. Ellex 2. Lumenis
Diabetic Disease of Retina	Integre Pro™ and Integre Pro Scan™	US$1.5 billion[3]	US$305 million (CAGR 4.5% plus more with pharma replacement)	1. Iridex (IRIX:NASDAQ) 4. Ellex
Early-Stage AMD and Clinically Significant Macula Edema	2RT™	US$5.1 billion[4] (CAGR 7%) in just 7 major economies	Emerging - market will be a function of the current annual spend of US$5.1b	1. Ellex (assessed by

(1) MarketScope LLC Reports, (2) Combination of Ellex estimate and MarketScope LLC Reports (3) "Global Diabetic Retinopathy Market 2015 to 2019" Technavio Insights (4)PharmaPoint: Macular Edema and Macular Degeneration- Global Drug Forecast and Market analysis to 2023" published in Dec 2014

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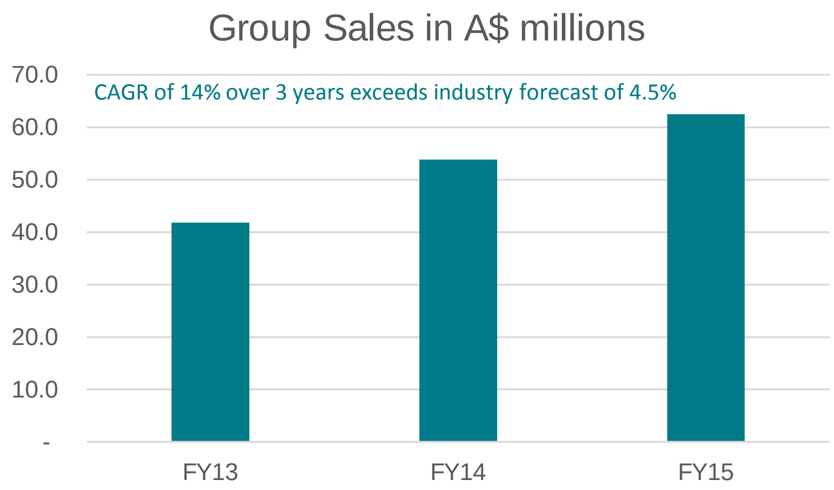
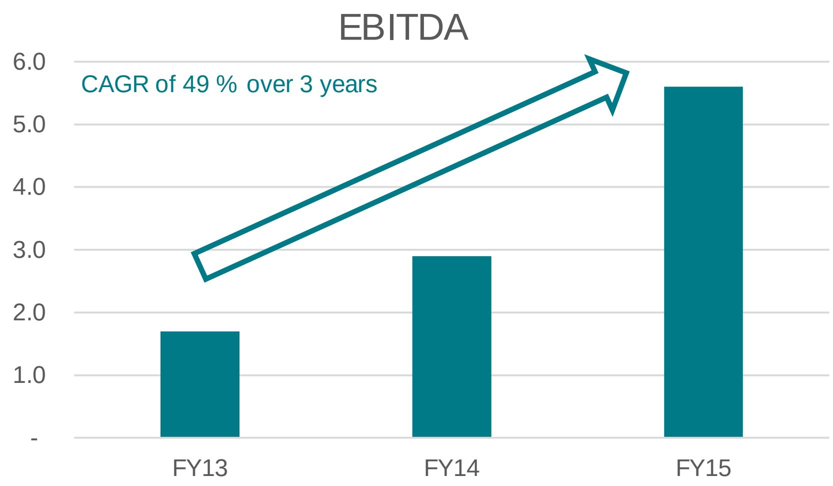
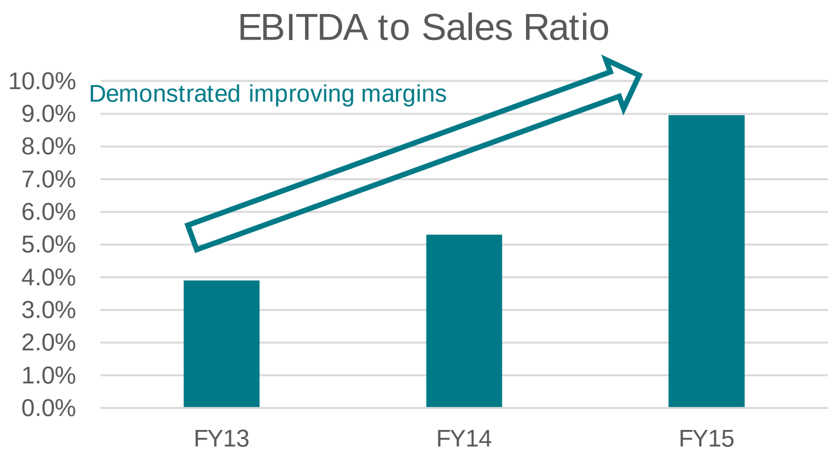
One Powerful Vision

Ellex – Balancing Annual Profit with Growth







- Last 3 years have seen Ellex consistently improve both top and bottom line performance
- Reported EBITDA in FY15 negatively impacted by $1m of investments for FY16 and beyond growth for 2RT™, iTrack™ and SLT expansion in Asia.

Financial Summary – Sales

	FY13	FY14	FY15	Change
Australia	9.5	9.4	11.8	+26%
USA	8.5	17.9	20.5	+14%
EMEA	10.0	11.4	15.4	+35%
Japan	10.7	10.4	8.4	-19%
Asia	3.2	3.9	4.4	13%
South America	0.9	1.4	2.2	+55%
TOTAL	42.8	54.4	62.7	+15%
Recurring Ellex-branded consumables & service component (% of total)	**2.1 (5%)**	**4.7 (9%)**	**8.3 (13%)**	

- Sales team improvements
- Contract manufacturing growth

- Full year of iTrack
- Falling A$ against US$
- Improved sales of new products Integre Pro and UltraQ Reflex™

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- Management Change

- Continued growth in China, Thailand and South Korea

- Application of specific additional sales management

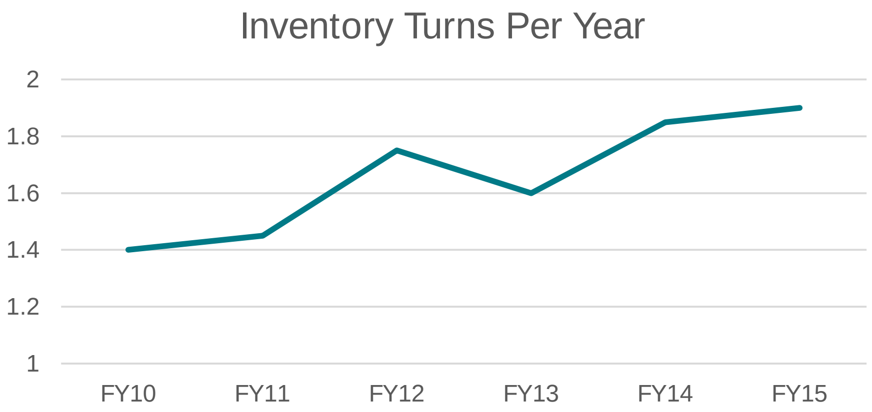
- Improving recurring revenue content

Financial Summary – Cash Flow

Operating cash flow positively impacted by improved EBITDA inventory turns and working capital management

Increase in Cap'd development costs in FY15 compared with FY14 relates primarily to additional investment in 2RT "LEAD" clinical trial in FY15

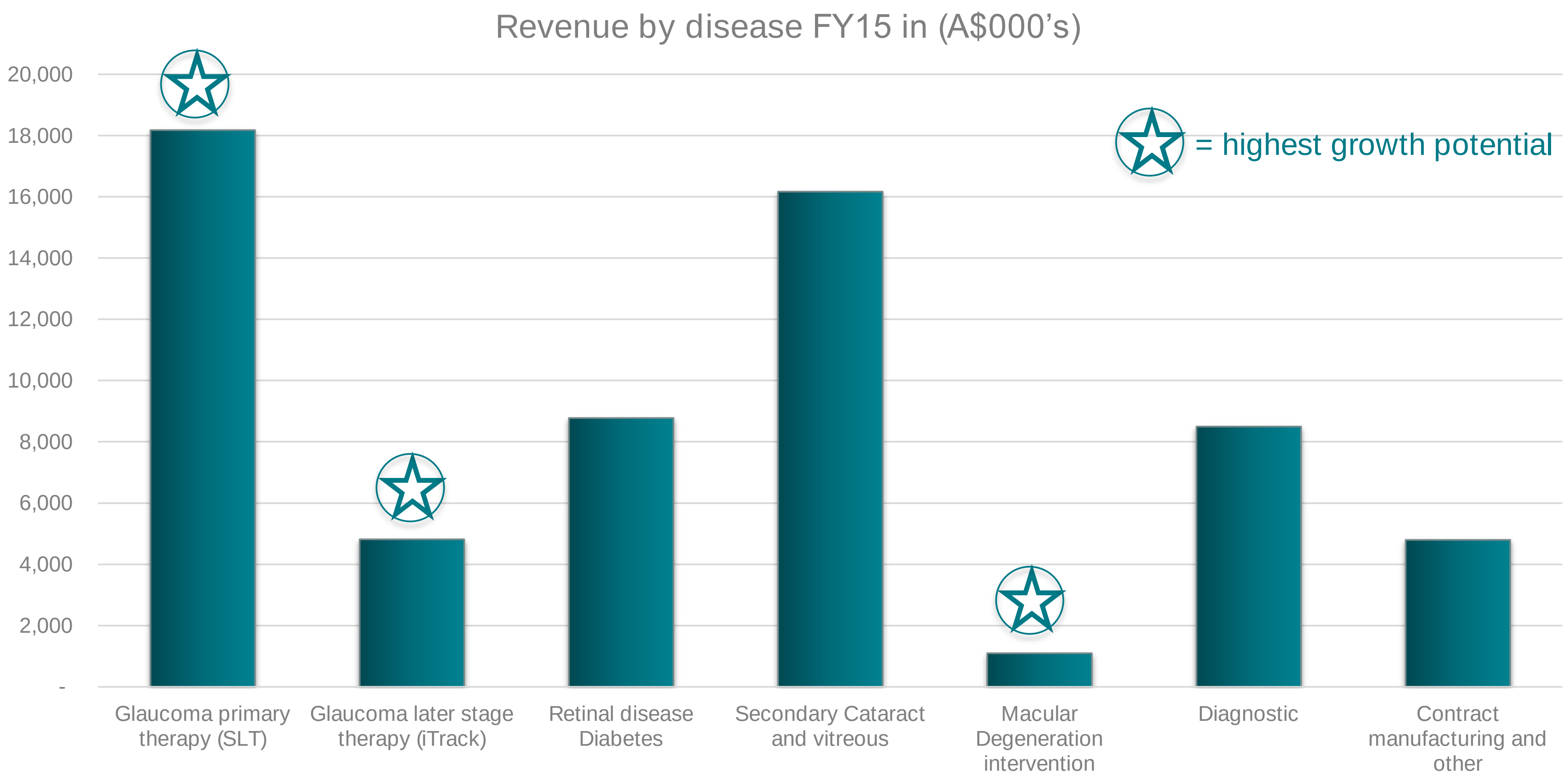
PPE investment dominated by cost to fit out new iTrack 250™ manufacturing facility in Fremont, service and sales facility expansion in Minneapolis and production facilities expansion in Adelaide.



The impact of the improvement since FY10 is approximately $4.0 m inventory saving.

CASH FLOWS	FY13 A$m	FY14 A$m	FY15 A$m
Operating Cash Flows	1.9	2.7	6.3
Investing - PP&E	(0.6)	(0.6)	(1.9)
Cap. Development Costs	(2.2)	(2.1)	(2.3)
Net free cash flow (FCF) from operations	**(0.9)**	**(0.5)**	**2.1**
Acquisition of	-	(1.6)	-
Debt (repayments)/proceeds	(0.8)	(1.4)	1.0
Proceeds of share issue	-	5.9	-
Net Cash Flow	(1.7)	2.4	3.1

Ellex – Sound Platform for Growth



Growth Strategy FY16 and beyond

Significant Growth Opportunities

	Glaucoma – SLT (early stage)	Glaucoma – iTrack (later stage)	Early-Stage Macular Degeneration	Retinal Disease Diabetes	Secondary Cataracts and Vitreous floaters	Diagnostic Ultrasound	Contract Manufacturing and other
Strategic objective and growth plan FY16	Increase global acceptance of SLT as primary therapy for glaucoma, particularly in Asia	Roll out iTrack™ ab-interno procedure (5 to 10 minutes) to give access to cataract surgeon market	First-to-market device for intervention in early AMD with 2RT™ with procedure fee for recurring revenue (clinical trial in progress)	Produce best-in-class family of photocoagulators (“Integre Pro™). Integre Pro Scan™ important new product for FY16	Replace dominant percentage of global installed base of YAG lasers with UltraQ Reflex™	Maintain leading position in high resolution ultrasound market	Discontinued to free up production and sales capacity for higher margin Ellex products
Market size – current	US$60m	US$90m	Unknown, but potentially large since current pharma only partially effective in late-stage AMD	US$305m	US$65m	US$140m[1]	-
Market spend – on device and pharma	US$4.6bn		US$5.1bn	US$1.5bn	US$3.3bn plus 24m cataract operations		-

(1) Persistance Market Research “Global Study in Ophthalmic Devices” 2014

ABiC with Ellex iTrack™ Update

- Ab Interno Canaloplasty for treatment of early to mid stage glaucoma. This opens up the new Minimally-Invasive Glaucoma Surgery (MIGS) segment to Ellex
- Over October 2014 to March 2015 a new simplified 5-minute procedure developed with the help of USA doctors
- The original gold standard procedure – ab externo canaloplasty – is now targeted specifically at glaucoma surgeons but ABiC has been developed to broaden the appeal of the procedure to cataract surgeons while maintaining clinical effectiveness

Key recent activities in USA:

- Launch of ABiC in USA market at American Cataract and Refractive Surgeons Conference in April 2015
- Commenced program in USA of recruiting a dedicated team of sales representatives (3 recruited since mid October 2015 with more planned)
- ABiC featured in official American Academy of Ophthalmology (AAO) training program at November 2015 conference. Significant interest and lead generation at AAO conference expected to drive FY16 sales

Outcome: Outside USA, where ABiC has not yet been fully launched, sales are in line with last year, in USA as of mid November our initiatives have achieved 17 % growth in US iTrack sales since 30 June 2015 compared to PCP (US iTrack sales 60% of total iTrack sales)

ABiC with Ellex iTrack™: Valuation Potential

- Dominant participant in the MIGS market is Glaukos (GKOS:NYSE) with its iStent™ product
- GKOS has current revenues from iStent™ of approximately US$70m per annum and has a market capitalisation on the NYSE of approximately A$1.1 billion
- Allergan recently purchased a MIGS device for glaucoma treatment from Aquesys for US$300m. This device does not yet have FDA approval

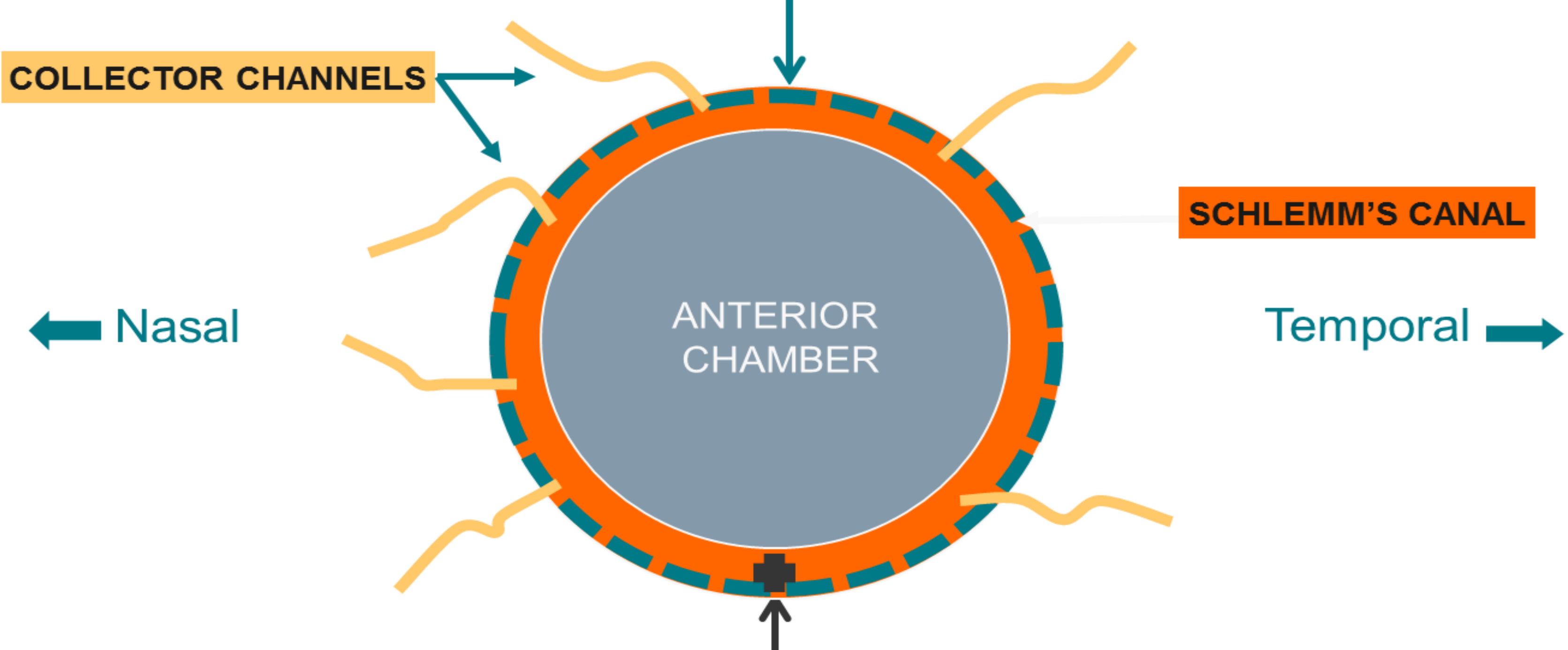
ABiC with Ellex iTrack™ Update: MIGS Competition and Competitive Advantage

Impact on ocular outflow systems					
	Collector channels	Schlemm's canal	Trabecular meshwork	Subconjunctival space	Allows retreatment
ABiC iTrack	yes	yes	yes		yes
Glaukos iStent			yes		
Aquesys				yes	

Regulatory		
	FDA Approval	Insurance reimbursements in place
ABiC iTrack	yes	yes
Glaukos iStent	yes	Yes (but only with cataract surgery)
Aquesys		

ABiC with Ellex iTrack™ Update: MIGS Competition and Competitive Advantage continued

ABiC (Ab-interno Canaloplasty) with Ellex iTrack : targets complete 360-degrees of Schlemm's canal to address ALL areas of potential blockage, including collector channels.



iStent from Glaukos: device implant which acts as a single point shunt between the anterior chamber and Schlemm's Canal; depending on the blockage location, it may help to facilitate some fluid outflow from a single location. A surgeon cannot determine in advance the blockage location.

Ellex iTrack™ Market Potential

Data from Market Scope Report "2015 Report on the Global Glaucoma Surgical Device Market"

YEAR	2015	2016	2017	2018	2019	2020
Market size for MIGS and BAGS in US$million	US$90.2m	US$159.1m	US$257.5m	US$366.8m	US$500.9m	US$686.7m
Market Share Glaukos iStent Ellex iTrack Allergan/Aquesys	 Approx.90% Approx. 5 to 6% Less than 5%	Opportunity exists for Ellex to materially improve market share in this growing market through investment in sales, training, education and marketing				

MIGS = Minimally Invasive Glaucoma Surgery device BAGS = Blebless Ab Externo Glaucoma Surgery device

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One Powerful Vision

Ellex 2RT™ Recap of progress

Date	Progress so far
2008 - 2010	First clinical pilot study of 2RT™ ("the Pilot Study") on 50 patients as intervention for early AMD by Professor Robyn Guymer at of Eye Research Australia (CERA) commences. Also work on 2RT™ for clinically significant macular edema commences. Scientific work at University of Melbourne and Hanson Institute also begins based on original work by Prof. John Marshall at Moorfields Eye Hospital, London.
May 2011	Interim 12-month results from the Pilot Study presented at Association of Research in Vision and Ophthalmology (ARVO) conference.
July 2012	CE Mark for 2RT™ obtained for treatment of clinically significant macular edema (CSME).
November 2012	"Laser Intervention in Early AMD" (LEAD) randomised, double-blind clinical trial commences recruitment. Principal Investigator Professor Robyn Guymer. AMD is a very slow progressing disease so three-year follow-up determined as necessary.
July 2013	US FDA approval for 2RT™ for treatment of CSME obtained.
October 2013	Results of the Pilot Study on the progress of 50 patients who received a 2RT™ dose published in peer-reviewed journal "Clinical and Experimental Ophthalmology".
February 2014	CE Mark for 2RT™ as intervention in patients with early AMD, where it can produce bilateral improvements in macular appearance function, obtained. Limited release Early Adopter Program commences with first unit sales following thereafter.
May 2014	24-month results of the Pilot Study presented at ARVO conference.
February 2015	Scientific work on the method of action of 2RT™ by Professor Erica Fletcher published in peer-review publication Federation of American Societies for Experimental Biology under title "Nanosecond Laser Burst Reverses Macular Degeneration". This work human histology.
April 2015	LEAD trial recruitment complete with 291 patients; approximately 145 patients in control group and approximately 145 patients in treated group.
July 2015	Professor Erica Fletcher awarded ARC Grant to advance work on 2RT™ method of action.
September 2015	Commercial release of 2RT™™ at ESCRS in Barcelona, Spain

Ellex 2RT™ Update

Date	Upcoming Milestones
November 2015	2RT™ unit sales accumulating steadily. FY16 procedures with 2RT™ early adopters for the period from July to mid November 2015 = 450 (total approximately 1700)
April 2016	Interim report from LEAD Clinical Trial as of 18 months from the recruitment of the 150th patient (recruited July 2014). This interim report will reveal if there is any difference in disease progression between the patients in the control group (that represent the natural disease progression state) and the patients that received the 2RT™ dose. As the trial will still be masked the report will not show which group is control and which group is the treated group.
April 2018	Final result from LEAD on 3 year follow up

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Ellex SLT Expansion Update

- SLT penetration as primary therapy for treatment of glaucoma varies around the world. Alternative primary therapy is topical pharmaceuticals.
- There is a significant opportunity in all geographies to improve the penetration of SLT as a primary therapy for glaucoma treatment with marketing, doctor training and education.
- In addition in China alone, MarketScope estimates that there are 19 million people with Glaucoma. A key ongoing initiative for Ellex is marketing, training and education to improve SLT penetration.

Outlook for FY16

- Sales for the 3 months ended 30 September 2015 were 12% up on prior corresponding period which comprises; 17% increase in Ellex branded product sales, 11% increase due to low A$ and a 16% decrease due to planned reduction in contract manufacturing and low-margin third party product sales, particularly in Japan.
- Good sales momentum is continuing into the second quarter of FY16, our most important selling season and we are pleased with improving margins.
- Ellex is entering a phase of rapid growth and, subject to A$ exchange rates and worldwide economic conditions expects to continue to grow revenue and profits in FY16 whilst also investing in longer term growth.
- Beyond FY16, underlying industry growth is strong and Ellex 2RT™, Ellex iTrack™ and SLT products provide transformational growth opportunities.

THANK YOU