

ASX RELEASE

Ellex Medical Lasers Limited (ASX:ELX)

Adelaide, Australia

Date: 27 February, 2017

Release: Immediate

Topic: Financial Report for Half-Year Ended 31 December 2016



Highlights:

- **Total sales of \$34.3m up on prior comparable period on a constant currency basis**
- **Ellex iTrack business segment global sales of \$3.6m up 37% on prior comparable period on a constant currency basis with acceleration of sales growth in USA since 31 December 2016**
- **EBITDA of \$3.2m up on prior comparable period after adjusting for investments in high-growth Ellex iTrack and 2RT for early macular degeneration business segments**
- **Approval received from Australian Therapeutic Goods Administration (TGA) on 17 February 2017 of new laser and ultrasound production facility at Mawson Lakes, South Australia**
- **Enhanced reporting of the business into three segments; Core Laser and Ultrasound, Ellex iTrack and 2RT for Early AMD provides additional visibility of high growth business segments**

Adelaide, Australia, 27 February 2017 – Ellex Medical Lasers Limited (ASX:ELX), a global leader in medical devices for the diagnosis and treatment of eye disease, today released its financial results for the six months ended 31 December 2016. Ellex reported total revenue of \$34.3 million, up 1% on the prior comparable period after adjusting for the change in the value of the Australian dollar against the Japanese Yen, US Dollar and Euro.

Commenting on the modest group revenue performance, Ellex CEO Tom Spurling said that the Company's production facility had been unable to meet demand late in the half year following the highly successful launch of the Company's new Tango Reflex multi-modality laser in November 2016. This resulted in a significant customer order backlog as at 31 December 2016.

Segment revenues for the Company's fast-growing Ellex iTrack minimally invasive glaucoma surgery (MIGS) device were up 37% compared to the prior comparable period on a constant currency basis at \$3.6 million.

"The Ellex iTrack product, which is manufactured at our Fremont facility in California, continues to progress nicely. We are pleased with the growing physician uptake in the USA.

"While the sales growth in the USA to 31 December 2016 of 15% was creditable, we are pleased that iTrack sales in January and February indicate an acceleration in growth with sales in those 2 months up 25% on the same two months in 2016, added Mr. Spurling.

EBITDA for the period was \$3.2 million, which, adjusted for the investment made in the Ellex iTrack and 2RT for early AMD business segments was up on the \$3.5 million in the prior comparable period. The planned investments in Ellex iTrack sales expansion, including the appointment of a senior sales manager plus additional sales representatives (\$0.5 million), and the investment in sales and marketing for 2RT for early AMD will benefit these high growth segments in the future.

The Company's production expansion project achieved a major milestone on 17 February 2017 with the approval by the TGA of the new site at Mawson Lakes for the manufacture of ophthalmic lasers and ultrasound.

"This approval not only allows our physical move to take place in March but also paves the way for notifications of the change to regulatory authorities, ultimately, in all our global markets. The achievement of this approval and associated planning and execution of an inventory build to buffer us through the various notification processes in 2017, while still building for sales in the first half of 2016, has been very complex," added Mr Spurling.

The Company has, for the first time, reported its operations in three segments; Core Laser and Ultrasound, Ellex iTrack and 2RT for Early AMD.

"It has emerged in the recent period that each of these segments have different growth profiles, different investment needs and different challenges and we are managing them as such. Accordingly, we think this segment separation provides valuable information for our shareholders." commented Mr Spurling

Additional detail on the Company's half-year performance, including details of segment revenues, expenses and profitability, can be found in the attached investor presentation.

ABOUT ELLEX

Ellex designs, develops, manufactures and sells innovative products that help eye surgeons around the world to effectively and efficiently treat eye disease. Ellex is a world leader in this field. Headquartered in Adelaide, Australia, Ellex has ophthalmic lasers and devices that treat glaucoma, retinal disease primarily caused by diabetes, secondary cataract and vitreous opacities, as well as age-related macular degeneration. Manufacturing is carried out in Adelaide, Australia and Fremont, California. Sales and service directly to eye surgeons is conducted via subsidiary offices in Minneapolis, Lyon, Berlin and Tokyo. A network of more than 50 distribution partners around the world services other markets.

For additional information about Ellex and its products, please visit www.ellex.com

For further information on Ellex please contact:

Tom Spurling, CEO
Ellex Medical Lasers Limited
82 Gilbert Street, Adelaide, SA, 5000
W +61 8 8104 5293 | M +61 417 818 658
tspurling@ellex.com

Andrew Angus
Overland Advisers
M +61 402 823 757
andrewangus@overlandadvisers.com.au

Maria Maieli, CFO & Company Secretary
Ellex Medical Lasers Limited
82 Gilbert Street, Adelaide, SA, 5000
W +61 8 8104 5200
mmaieli@ellex.com



ELLEX MEDICAL LASERS LTD (ASX:ELX)

INVESTOR PRESENTATION FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

(prepared 27 February 2017)



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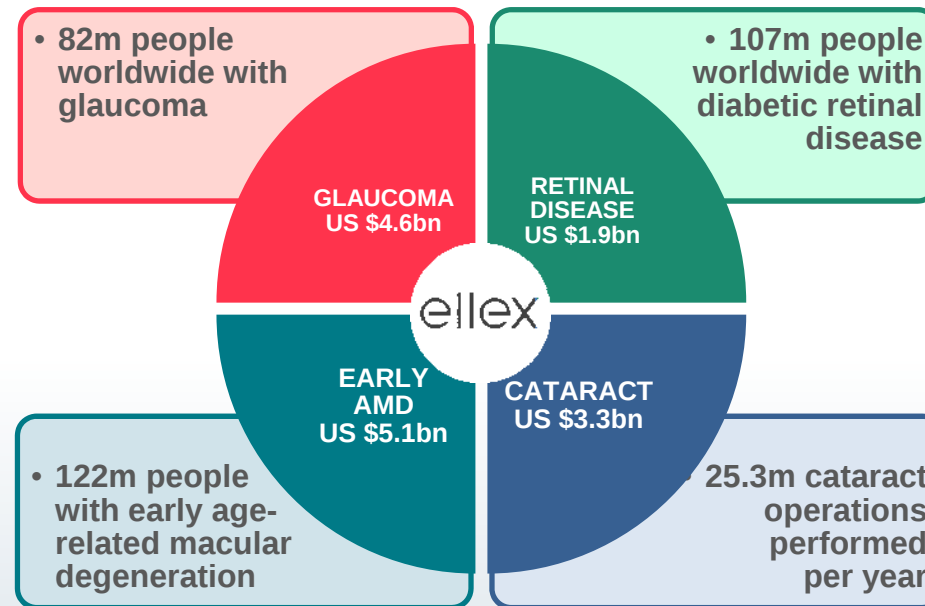
- Strategy Summary
- 1H FY17 Financial Performance Review
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The Ellex Strategy

- Ellex is a participant in the global market for the supply of products that treat the 4 major causes of blindness; glaucoma, retinal disease primarily from diabetes, cataract and macular degeneration
- Annual spend on pharmaceuticals and devices in this market is greater than US\$10bn and growing with an ageing population, obesity and improving health care in developing countries
- Ellex has a strong brand and global distribution channel for its core ophthalmic treatment lasers and diagnostic ultrasound
- Ellex is currently investing in leveraging that brand into the fast growing minimally invasive glaucoma surgery (MIGS) device market with its iTrack™ product, and the emerging market for early age related macular degeneration (AMD) treatment with its 2RT™ laser product

Large market for ophthalmic treatments



Ellex – Three business segments, one theme



Segment	Revenue 1H FY17 \$Am	Business Model	Current Market Size	Current Estimated Market Growth Rate
Ellex laser & ultrasound	30.3	Capital equipment sales	US\$420m	4%
Ellex iTrack™ MIGS device	3.6	Consumable product	US\$177m	39%
Ellex 2RT™ for early AMD ⁽¹⁾	0.2	Capital equipment & procedure fee	US\$5.1bn current spend on pharma	Double digit growth in pharma spend

Common theme:
Supporting minimally invasive ophthalmic procedures with devices that provide doctors with good financial returns while lowering patient costs and improving patient care & convenience

(1) Subject to outcome of phase III clinical trial reading out in mid 2018. Currently early adopter sales only.

Revenues from the Ellex iTrack™ and Ellex 2RT™ for early AMD business segments have the potential to be substantially larger than the current revenue being generated from the Ellex Laser & Ultrasound business segment.

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Key aspects of 1H FY17 Result



- 1H FY17 group sales of A\$34.3m which after allowing for FX impact, is a 1% increase on 1H FY16 sales limited by production bottlenecks late in the period
- 1H FY17 sales of \$3.6m for iTrack™ segment – up 37% on 1H FY16 in constant currency
- Adjusted* EBITDA of \$3.9 million – up on 1H FY16 of \$3.8m (adjusted*)
(* Adjusted EBITDA – Adjusted for operating expenses incurred in growth segments)
- Completion and approval by TGA (Australian Therapeutic Goods Administration), of new laser & ultrasound manufacturing facility
- Significant increase in inventory on hand during the period to buffer the flow of product to customers to all markets in H2 and beyond, as each regulatory agency in each market processes the notification of change in manufacturing site

Market and Financial Summary



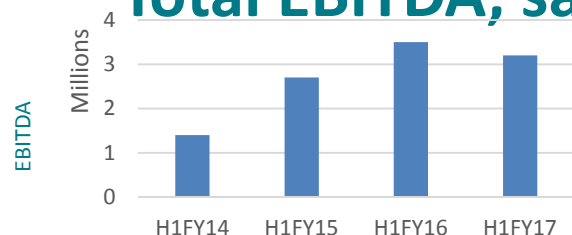
Summary Financials			
Period	1H FY16	1H FY17	Change (%) FY16 to FY17
Revenue for ordinary activities (\$m)	34.8	34.3	-1.4%
EBITDA (\$m) reported	3.5	3.2	-8.5%
Amortisation and depreciation, interest and implied interest	1.7	1.4	-17.6%
PBT (\$m)	1.8	1.5	-16.7%
Reported NPAT (\$m)	1.2	1.0	-16.7%
EPS (cents per share)	1.08	0.83	-23.1%
OCF (\$m)	3.1	(0.4)	-
FCF from operations (\$m)	1.0	(2.7)	-
NTA Per Share (c)	19.0	31.0	+63%

Market Summary	
Shares on Issue	121m
Share Price @ 23 Feb 2017	1.29
Market Cap	156m
Net Cash @ 31/12/16	3.5m
EV (\$million)	152.5m

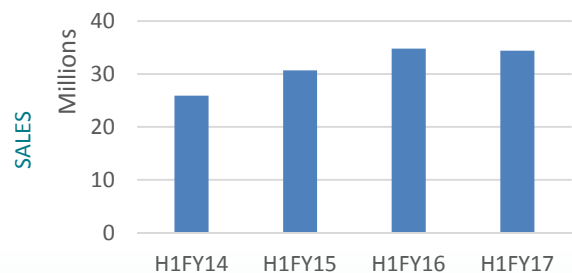
Share Register as at February 2017	
Top 20	45.26%
Directors and Management	16.4%



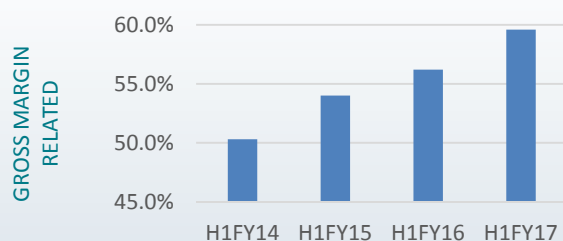
Total EBITDA, sales & margins trends



- CAGR of 23% achieved over the last 4 periods
- Long-term trend of improved financial result moderated in H1 FY17 by investment in sales and marketing for highly prospective iTrack™ and 2RT™ business segments
- Approximately \$0.7m of additional sales & marketing expense incurred in H1 FY17 compared with PCP on these two segments



- Revenue slightly down on 1H FY16 due to laser production bottlenecks late in the period resulting in unfilled sales orders
- Revenue in constant currency up 1%
- Revenue for iTrack™ business up 37% in constant currency
- New ultrasound product release delayed until November 2016 which resulted in stalled sales in first half
- Strong sales for Tango Reflex late in the half. Production could not meet demand for this product and \$0.8m sales order backlog at period end



- “Gross margin related” ratio is sales less the costs of raw materials
- Continual improvement in gross margin related ratio driven by improved selling prices for Ellex unique product range



Profit before tax by segment

	Core Laser & Ultrasound A\$'000's		iTrack™ A\$'000's		2RT for early AMD A\$'000's	
	H1 FY16	H1 FY17	H1 FY16	H1 FY17	H1 FY16	H1 FY17
Revenue	31,494	30,386	2,746	3,637	569	236
COGS & expenses	(26,910)	(26,071)	(2,187) ⁽¹⁾	(3,160) ⁽¹⁾	(823) ⁽²⁾⁽³⁾	(636) ⁽²⁾⁽³⁾
Segment PBT (loss)	4,584	4,315	559	477	(254)	(400)
PBT % of sales	14.5%	14.2%	20.3%	13.1%	-45%	-169%

(1) Additional sales & marketing investment of \$0.5m to support expanded sales initiatives

(2) Additional sales & marketing investment of \$0.2m continued in H1 FY17 despite falls in sales

(3) These expenses **exclude** \$0.2m spent in each period on LEAD clinical trial

Impact on EBITDA of investments in growth segments



	1H FY16 \$m	1H FY17 \$m
EBITDA (reported)	3.5	3.2
• Additional investment in iTrack™ sales & marketing • Additional investment in 2RT sales & marketing	0.3 -	0.5 0.2
Estimated EBITDA adjusted for operating expenses for growth segments	3.8	3.9

Balance Sheet



ASSETS	31 Dec 15	30 June 16	31 Dec 16
Cash	4.2	7.3	14.2
Trade receivables	12.9	15.7	13.9
Inventories	16.0	19.2	24.9
Product development capitalised	11.2	11.6	12.9
Deferred tax asset	5.3	4.8	5.1
PPE, iTrack™ deferred consideration and other assets	9.7	9.2	8.3
Land & buildings	-	4.2	6.5
Total Assets	59.3	72.0	85.8

- Significant increase in inventory - see separate slide on production expansion activities
- Cash increase from capital raise in December 2016
- Increase in land & buildings represents investment in new Mawson Lakes laser and ultrasound manufacturing facility

LIABILITIES	31 Dec 15	30 June 16	31 Dec 16
Trade creditors	5.8	8.3	8.7
Borrowings – mortgage	-	2.1	4.8
Borrowings – trade	5.2	6.1	5.9
Deferred consideration	3.2	3.3	2.8
Provisions + Other	3.7	3.9	4.5
Total Liabilities	17.9	23.7	26.7

- Net cash of \$3.5m up from net debt of \$0.9m at 30 June 2016
- Value in \$A of deferred consideration due to vendors of iTrack™ business has increased with higher \$A against US\$ compared with last year

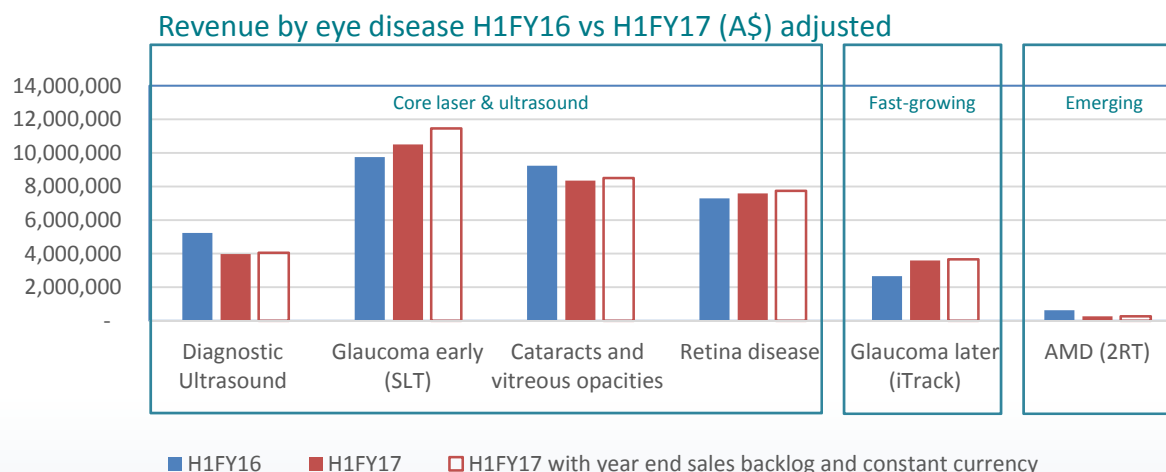
Free Cash Flow from operations



- Capitalised development costs are up due to release of two new products during 1H FY17; Eyeone™ portable ultrasound and TangoReflex™ ophthalmic laser
- Cap'd development costs also include 2RT™ “LEAD” clinical trial of \$0.2m per half year
- Significant increase in inventory on hand during the period to buffer the flow of product to customers to all markets in H2 and beyond, as each regulatory agency in each market processes the notification of change in manufacturing site

CASH FLOWS	1H FY16 A\$m	1H FY17 A\$m
Operating Cash Flows	3.1	(0.4)
Investing - PP&E	(0.5)	(0.6)
Cap. Development Costs	(1.3)	(1.7)
Net free cash flow (FCF) from operations	1.3	(2.7)
Acquisition of business & deferred consideration	(0.4)	(0.4)
Debt (repayments)/proceeds	(2.4)	2.5
Acquisition of land & buildings and fitout	-	(2.4)
Proceeds of share issue	-	9.7
Net Cash Inflow/(Outflow)	(1.5)	6.9

Sales by category of eye disease



- Diagnostic ultrasound down due to technical delays in new product that stalled sales into second half
- Glaucoma SLT up with release of dual action SLT and vitreous opacities laser, TangoReflex™
- Cataracts and vitreous opacities slightly down due to impact of new dual action laser and slightly lower demand in Asia
- Retina up with increasing take up of Integre Pro Scan range.

Sales by region all products

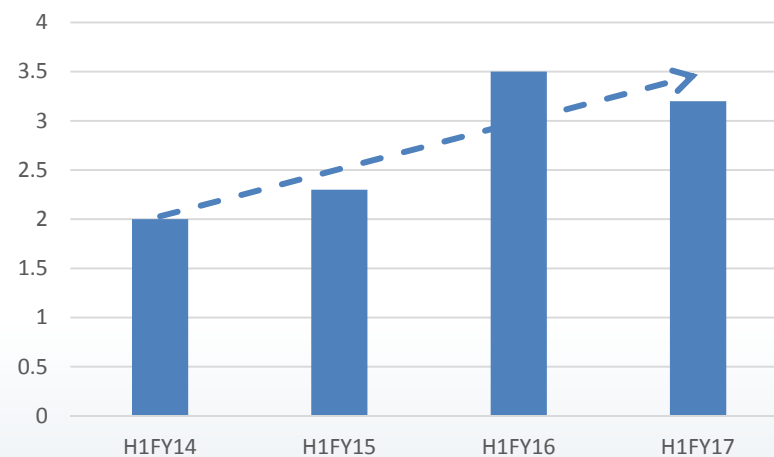


	1H FY15 A\$m	1H FY16 A\$m	1H FY17 A\$m	1H FY17 A\$m (constant currency)	Change on PCP	
Australia	5.9	4.0	3.4	3.4	-14%	Production & supply chain delays resulted in sales order backlog at 31 December 2016 in Australia
USA	10.0	14.1	12.8	13.4	-5%	- Fall due to technical delays in new ultrasound product - Good sales of new dual action glaucoma lasers with floater treatment capability (TangoReflex™)
EMEA	7.4	8.2	9.3	9.6	18%	Good demand sales across all lines
Japan	3.9	4.2	4.4	4.0	-5%	1HFY16 included high revenue low-margin demonstration/used product sales 1HFY17 lower revenue but net higher margin
Asia	2.3	3.5	3.2	3.3	-6%	Rapid growth in 1HFY16 of lasers & ultrasound associated with specific new hospital builds was not repeated in 1HFY17. Long term Asian outlook is very good
South America	1.3	0.8	1.2	1.3	51%	Good sales of iTrack™, as only approved MIGS device in China
TOTAL	30.8	34.8	34.3	35.0	0.4%	Good demand and sales across all lines

Sales to Asia



Sales to Asia (primarily China) in A\$m CAGR 12% over 4 years



- Rapid growth in 1HFY16 of lasers & ultrasound associated with specific new hospital build was not repeated in 1HFY17. Long term Asian outlook is very good.
- Good sales of iTrack™, as only approved MIGS device in China

Ellex iTrack sales by region



	\$Am			
	H1FY16	H1FY17	H1FY17 CC ⁽³⁾	Growth %
USA	1.8	2.0	2.1	+15% ^{(1),(2)}
Asia	0.1	0.5	0.5	+33% ⁽²⁾
Rest of World	0.8	1.1	1.1	+49%
	2.7	3.6	3.7	+37%

(1) Sales of iTrack™ in H2FY17 in USA expected to improve with doubling of reimbursement effective 1 January 2017

(2) Investments made in 1H FY17, in sales management, distribution management, USA sales representatives and clinical trainers. Total customer-facing staff employed as of 29 January 2017 of 11 (6 at start of H1FY17)

(3) Constant currency US\$ and Euro revenues

Production capacity expansion activities 2016



March 2016	Acquire building & land at Mawson Lakes, 14km north of current rented facility in the Adelaide CBD
March 2016	- Timetable developed with critical path being maintenance of the flow of products to all markets having regard to the fact that regulatory authorities in each market, after approval of site change by the Australian Therapeutic Goods Administration (TGA), have different procedural processes & timelines for notification of such change - Design of physical renovation works complete
April 2016	- Development of inventory build targets based on estimated sales of products in each market through FY17 & into FY18 - Placement of orders on suppliers for long-lead items to support inventory build & labour recruitment - Renovation work continues
May 2016 to November 2016	- Renovation work continues - Management of production for H1 sales & inventory build for sales in H2 & beyond to buffer product flow during the change notification process timelines in each market - Management of production build for new product Tango Reflex following strong demand after release in November 2016. This was not satisfactorily achieved and sales order backlog on hand at period end - Management of test production runs at Mawson Lakes
December 2016	- Renovation work (except final electricity supply upgrade) complete at Mawson Lakes - Audit of new site production tests & site moving procedures conducted by Australian Therapeutic Goods Administration (TGA) - Works for machine shop at adjacent site commence

Production capacity expansion activities 2017



January/February 2017	• Deliver against 31 December 2016 sales order backlog
17 February 2017	• Received audit certificate of approval from TGA for manufacturing from Mawson Lakes. This provides the umbrella approval under which notifications of the change in manufacturing site can be processed by regulatory authorities in different markets
March 2017 (forecast)	• Upgrade of electricity (locked in with date from electricity supplier) • Physical move of all production
April 2017 onwards (forecast)	• Continue & complete machine shop on adjacent site • Manage inventory down as sales progress in different markets • Upgraded MRP/ERP system & business systems improvement

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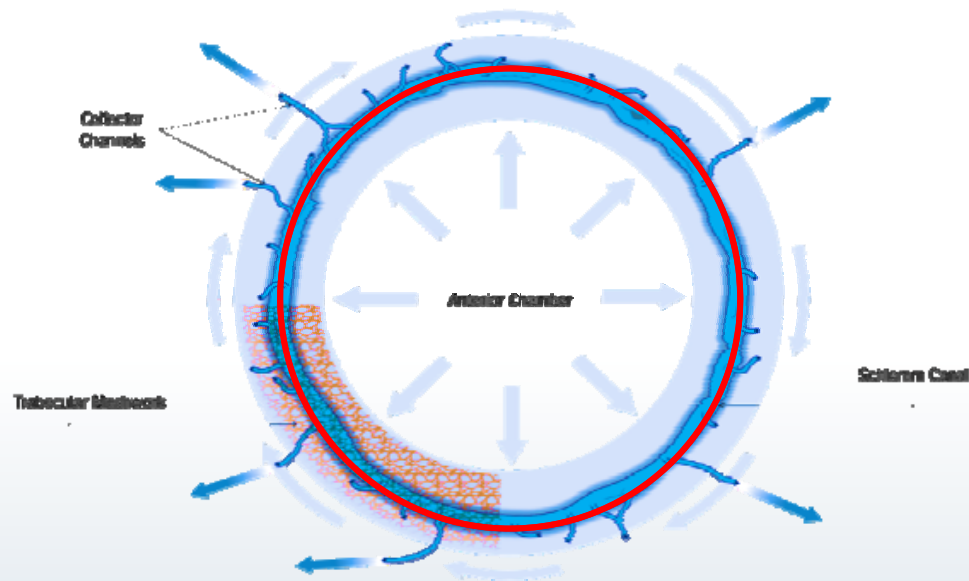
Ellex - Core laser & ultrasound segment – market position, size & competitors



Disease	Current Ellex Devices	Total annual spend on disease treatment with pharma and devices	Current device-market accessible to Ellex ⁽¹⁾	Assessed device-market position against competition
Glaucoma – early stage	SLT with TangoReflex™, Tango™, Solo™	US\$4.6 billion ⁽¹⁾	US\$50 million (CAGR 2%)	1. Ellex 2. Lumenis
Cataracts and Vitreous Floaters	Ultra Q™ and Ultra Q Reflex™	US\$3.3 billion plus 25.3 million cataract operations per year ⁽²⁾	US\$53 million (CAGR 1% plus more with vitreous floater treatment)	1. Ellex 2. Zeiss 3. Lumenis
Diabetic Disease of Retina	Integre Pro™ and Integre Pro Scan™	US\$1.9 billion ⁽²⁾	US\$323 million (CAGR 7%)	Ellex, Nidek, Lumenis, Topcon, Iridex
Diagnostic Ultrasound	Eyecubed™ Eyeone	Included above	US\$140m (CAGR 5%)	Quantel, Ellex, Sunomed

(1) Combination of Ellex estimate and MarketScope LLC Reports (2) MarketScope LLC Report dated April 2016 (3) PharmaPoint: Macular Edema and Macular Degeneration- Global Drug Forecast and Market analysis to 2023" published in Dec 2014

iTrack™ MIGS device segment



- Ellex iTrack™ is a proprietary single-use microcatheter device
- Fast growing minimally invasive glaucoma surgery (“MIGS”) market
- Indicated for use in glaucoma patients who are no longer responsive to SLT, and/or as an alternative to invasive glaucoma surgery.

iTrack™ Segment - Market position, size & competitors



Disease	Current Ellex Devices	Total annual spend on disease treatment with pharma and devices	Current device-market accessible to Ellex ⁽¹⁾	Assessed device-market position against competition
Glaucoma – later stage	iTrack™	US\$4.6 billion ⁽¹⁾	US\$177 million growing to circa US\$920m by 2021 (CAGR 39%)	1. Glaukos (GKOS:NYSE) 2. Ellex With Allergan, Alcon & Santen all launching products

(1) MarketScope LLC Report dated April 2016

The Ellex iTrack™ is distinguished from all other competitors as follows:

- iTrack™ can be used and reimbursed in USA without concurrent cataract surgery
- Each competitor device is a single point stent that either bypasses or penetrates Schlemms canal. iTrack™ is a 360° solution clearing Schlemms canal and opening collector channels
- iTrack™ can be repeated and revitalises natural outflow pathways, leaving nothing behind

iTrack™ Segment – Market positioning

- A unique glaucoma therapy combination: SLT™ and ABiC with iTrack™ MIGS device
- Ellex is the only company in the world with both SLT and a MIGS device in its portfolio

Working together.
Naturally.

SLT **ABiC**

The Optimum Partnership for IOP Control.

Both SLT and ABiC™ work to control IOP by a process of restoration of the natural outflow pathways.

SLT stimulates a process of cellular regeneration to create a healthier, more porous TM structure. Proven to be equivalent in safety and efficacy to prostaglandins, **SLT** achieves an average reduction in IOP of 30% when used as a first-line therapy.

ABiC™ is a new ab-interno MIGS procedure that flushes out the natural outflow channels, without damaging tissue and without leaving behind a stent or shunt. On average, **ABiC™** achieves a mean IOP reduction of 30%*.

Visit www.ellex.com/slt-abic-natural-partnership
Or, call us today on (855) 767-5784

ABiC **ellex**

*EAOE. © 2016. Ellex Medical. * 228-eye ABiC 12-Month Case Series Data, presented at ASCRS 2016. Data on file. Ellex Medical.

2RT™ AMD Segment – market position, size & competitors



- AMD (“Age-Related Macular Degeneration”) is the leading cause of blindness in the developed world & affects one in seven Australians over the age of 50 (Source: Macular Disease Foundation, Access Economics).
- UNMET NEED: late stage AMD is treated with 6 weekly injections of drugs directly into a patient’s eye. This preserves vision but is:
 - a. onerous on patients and caregivers, and;
 - b. burden for government health schemes to purchase the drugs

Top 3 drugs by cost to Australian government year to 30 June 2016

Medication	Treats	Cost to Government	Prescriptions
Ledipasvir & Sofosbuvir	Hepatitis C	\$942,824,000	25,205
Ranibizumab & Sflibercept	Macular degeneration	\$472,450,000	318,999
Adalimumab	Arthritis & inflammatory bowel diseases	\$335,857,859	194,405

Source: Reported on 5 December 2016 by Australia’s ABC News based on PBS data

2RT for AMD segment – Market position, size & competitors



Disease	Current Ellex Devices	Total annual spend on disease treatment with pharma and devices	Current device-market accessible to Ellex ⁽¹⁾	Assessed device-market position against competition
Early-Stage AMD and Clinically Significant Macula Edema	2RT™	US\$5.1 billion ⁽¹⁾ (CAGR 7%) in just 7 major economies	<u>Emerging</u> - market will be a function of the current annual spend of US\$5.1b	1. Ellex (assessed by ELX)

(1) PharmaPoint: Macular Edema and Macular Degeneration- Global Drug Forecast and Market analysis to 2023" published in Dec 2014

- We are not aware of any other company is pursuing a therapy for AMD early in the disease state
- Competitor activity in AMD is focussed on late state disease in particular:
 - Lengthening the time between injection of pharma
 - Ocular implants that slowly release pharma
 - Stem cells replacement
- If the LEAD trial is successful, no other company in the world will have a device that will have been clinically proven over a 36 month trial period on patients with early stage disease

2RT™ for AMD Segment – Method of action & clinical trial

2RT

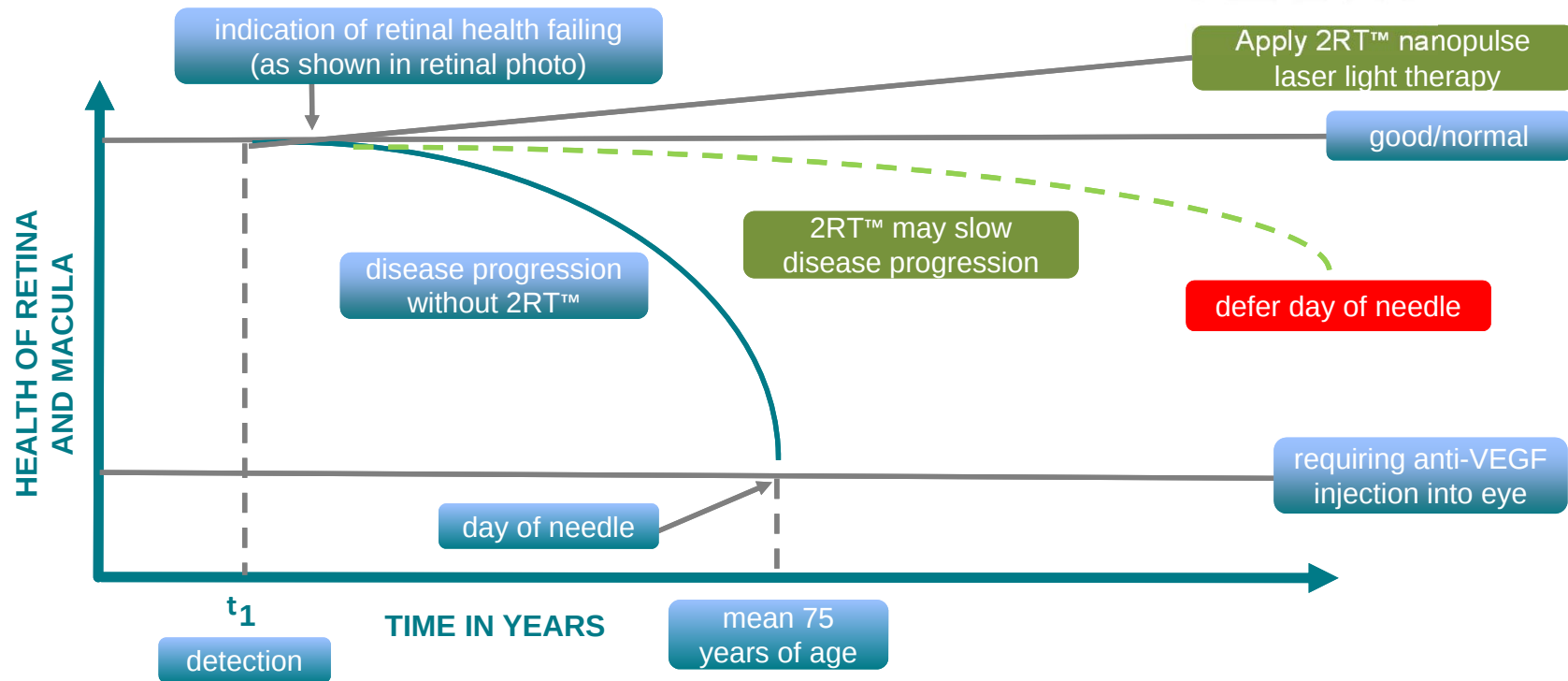


Ellex has pioneered the development of 2RT™ (Retinal Rejuvenation Therapy)

- 2RT™ applied to retina early in disease state stimulates retinal cells to rejuvenate and enables them to feed and support the macula, thereby slowing down the disease.
- 2RT™ shows promising results in early clinical trials and with early adopter ophthalmologists in Europe, Australia and New Zealand. Randomised, masked Phase III (laser intervention in Early AMD, LEAD) clinical trial with 300 patients currently underway and due for read out in mid 2018.

2RT™ might defer late-stage AMD

2RT





Revenue outlook for FY17 by segment

1. CORE OPHTHALMIC LASER & ULTRASOUND:

Revenue in the second half of FY17 is currently expected to be higher than the first half of FY17 and the second half of FY16. This would result in core Ophthalmic laser and ultrasound revenue being higher than in FY16. The capital equipment sales model in this segment can be impacted by timing of government tenders and new hospital tenders timing, in several markets but particularly in China



Revenue outlook for FY17 by segment

2. ELLEX iTRACK™:

We believe that our additional sales management, the addition of more sales representatives in the USA and the lift in reimbursement will increase sales. We therefore currently believe that in the second half there should be acceleration in the growth of 37% achieved in the first half.

3. ELLEX 2RT™ :

The emphasis of Ellex 2RT™ program this year is one-on-one marketing to early adopters in Europe, Australia & New Zealand. This will generate sales in FY17 at similar levels to FY15 and FY16. In any event, the deviation in sales against the prior periods is not expected to be material to total revenue. Ellex 2RT™ sales take up will be ultimately dependent on the clinical trial results expected in mid 2018. Investment in clinical trials, KOL development and marketing this unique potential therapy will continue through FY17 & FY18.



Total EBITDA outlook for FY17

EBITDA in the second half of FY17 will leverage off higher sales and is therefore expected to be higher than the EBITDA in the first half of FY17. As a result, total EBITDA for FY17 is currently expected to show modest growth over the total EBITDA in FY16 (which was \$7.9m). The amount of growth will depend on the investment that has been planned to be made in the iTrack™ business

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Reformatted P&L (from 4D)



	S'000's		
	Six months ended 31 Dec 2014	Six months ended 31 Dec 2015	Six months ended 31 Dec 2016
Revenue related:			
Revenue	30691	34,809	34,259
Realised FX	521	(586)	202
Other income	32	271	679
	31,244	34,494	35,140
COGS related items:			
Changes in inventories	621	78	4,696
Raw materials consumed	(14,997)	(15,168)	(18,881)
	(14,376)	(15,090)	14,185
Gross Margin related	16,869	19,404	20,955
	54.0%	56.2%	59.6%
Operating costs related:			
Employee benefits expense (includes production labour)	(8,328)	(9,959)	(11,329)
Legal fees	(237)	(203)	(100)
Advertising and marketing	(1,701)	(1,479)	(1,956)
Product development raw materials and consumables	(352)	(541)	(536)
Facilities cost	(1,140)	(991)	(967)
Other costs	(2,408)	(2,708)	(2,914)
Total operating cost related	(14,167)	(15,881)	(17,802)
	45.3%	46.0%	50.7%
EBITDA	2,703	3,523	3,153
	9%	10.0%	9.0%
Interest	(87)	(88)	(157)
Amortisation and depreciation	(1,322)	(1,584)	(1,406)
Implied interest on deferred consideration (iTrack™)	-	(101)	(68)
PBT	1,293	1,750	1,522

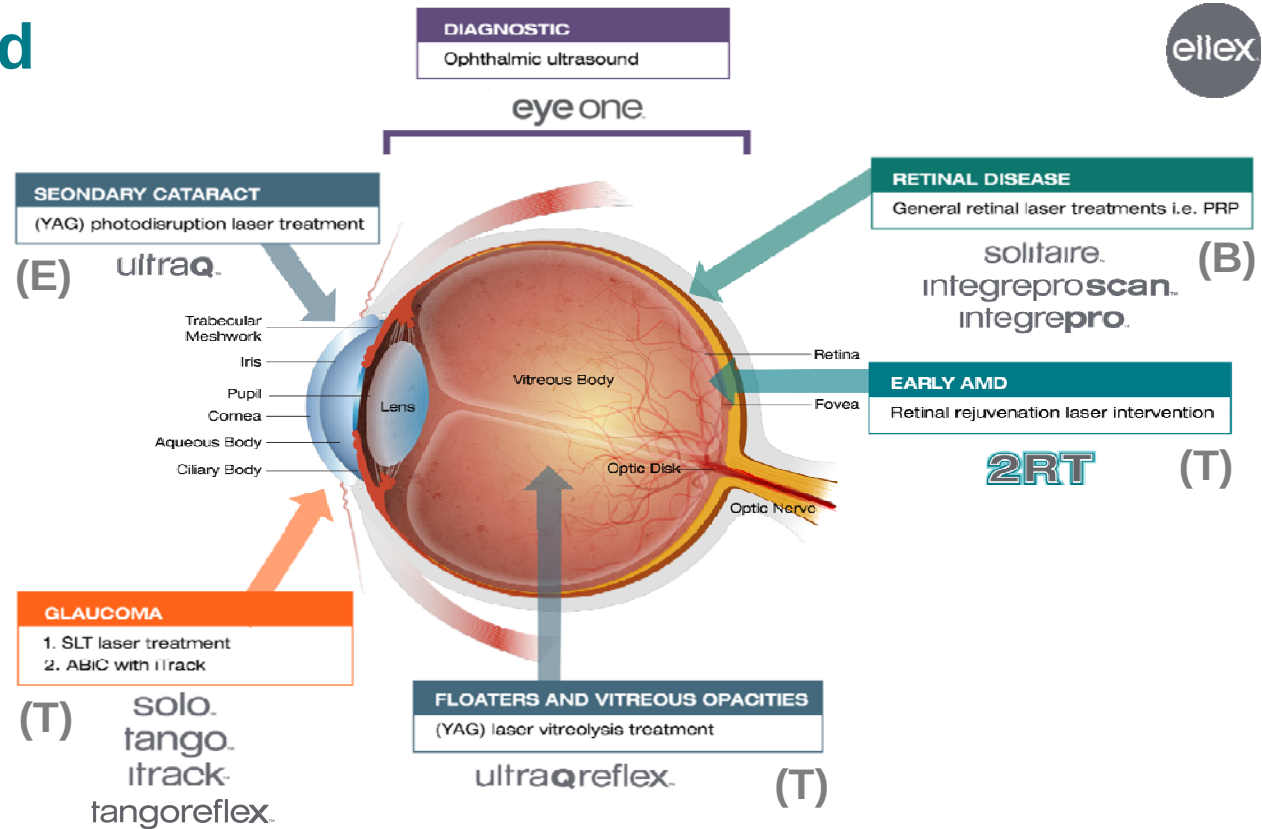
Changes over PCP

- 4% increase in total revenue in constant currency

- Increase staffing of iTrack™
- Management of production capacity expansion project
- Increased production staff

- Gross margin related ratio improvement due to improved selling prices

Ellex products and their application





For further information on Ellex Medical Lasers please contact:

Tom Spurling
CEO
M: +61 417 818 658
E: tspurling@ellex.com

Maria Maieli
CFO & Company Secretary
W: +61 8 8104 5200
E: mmaieli@ellex.com

Andrew Angus
Investor Relations
M: +61 402 823 757
E: andrewangus@overlandadvisers.com.au