



ELLEX MEDICAL LASERS LTD (ASX:ELX)

Presentation to Bell Potter Emerging Leaders Conference

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Highlights of Ellex

- Ellex is a world leader in ophthalmology with number one market share in ophthalmic lasers, a 30+ year operating history and well recognized and trusted global brand
- Ellex has a seasoned senior management team with members showing at least 20 years of experience in the ophthalmic space
- Ellex iTrack™ is a unique, patent-protected micro-catheter for treating glaucoma, manufactured in the United States, currently experiencing 71⁽¹⁾% growth in USA sales
- Ellex 2RT® is a potentially game changing, minimally invasive, painless interventional treatment for early to intermediate AMD
- Ellex 2RT® clinical trial data expected mid-2018 from a 3 year sham controlled trial (6 years from first enrolment)
- Ellex core business produces lasers & ultrasound products that are used daily by ophthalmologists worldwide and has grown at a revenue CAGR of 8%⁽²⁾ from 2013 to 2017, significantly outpacing the market growth rate of 3%⁽³⁾.

(1) Q1 Fiscal year 2018 compared with Q1 Fiscal year 2017

(2) Based on Ellex data

(3) MarketScope "2017 Ophthalmic Lasers Report"



Ellex – a global brand in ophthalmology

A world leader in ophthalmology is leveraging its long operating history and global brand with two transformational products targeting material revenue growth

Segment	Revenue FY17 (A\$M)	EBITDA \$Am/(loss)	Business Model	Current Market Size per annum	Current Estimated Market Growth Rate	Fit with Strategy
Ellex core laser & ultrasound	62.5	7.3	Capital equipment sales	US\$500m ⁽⁴⁾	3% ⁽²⁾	Strategic revenue base
Ellex iTrack™ MIGS device	8.2 (run rate A\$9.5m)	(1.3)	Consumable product	US\$240m ⁽²⁾	44% ⁽²⁾	Expected to provide material growth in FY18 and beyond
Ellex 2RT® for early AMD ⁽¹⁾	0.9	(0.4)	Capital equipment & procedure fee	US\$10bn ⁽⁵⁾	7.1% growth in pharma ⁽³⁾ spend in 7 major economies	Expected to provide substantial growth opportunity subject to outcome of clinical trial

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

(2) MarketScope “2017 Ophthalmic Laser Report” and “2017 Glaucoma Surgical Service Report”

(3) Quoted in “Retinal Physician” Jan/Feb 2015 based on data from Global Data

(4) Compilation of sources described on Slide 23

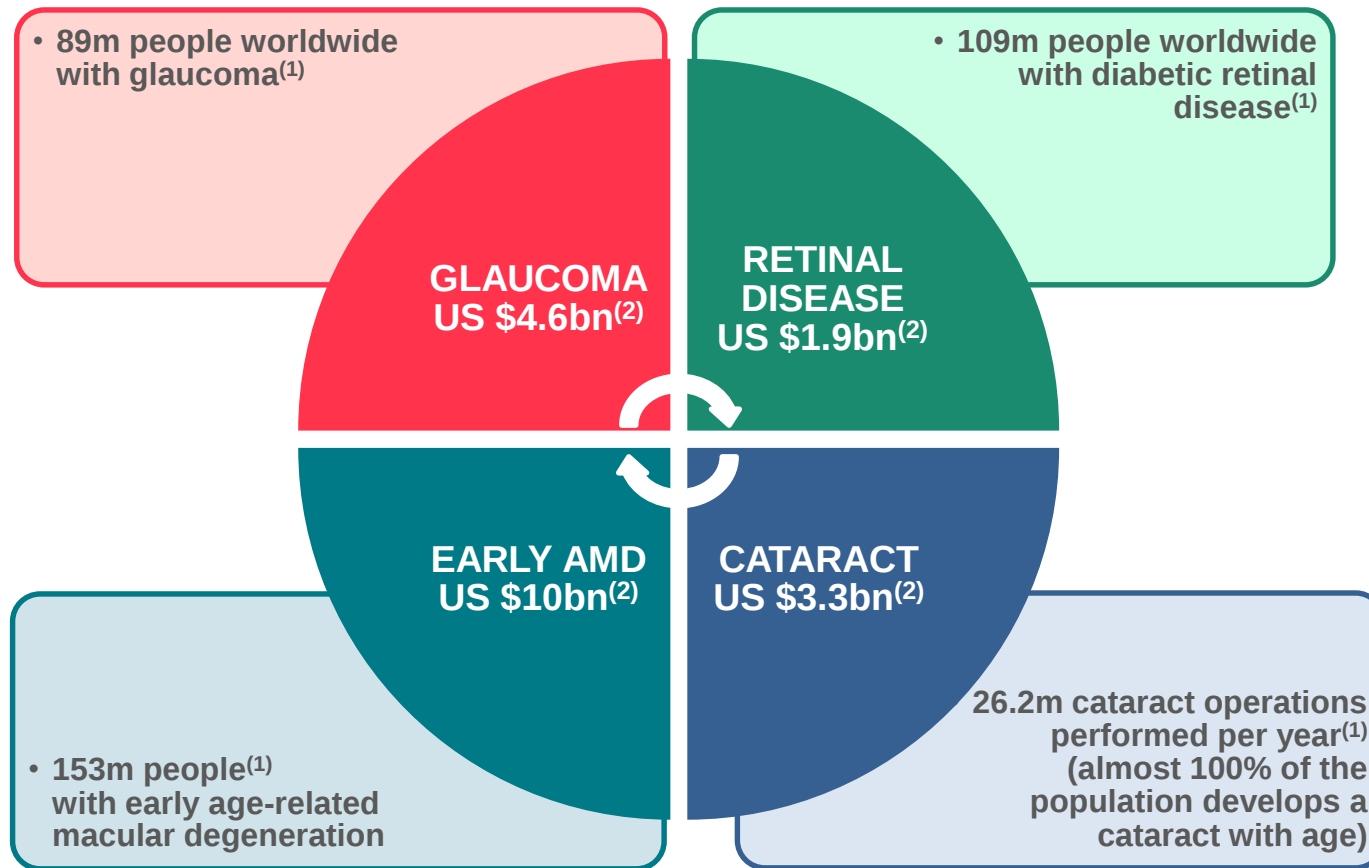
(5) Based on most recent annual reports from Novartis and Bayer



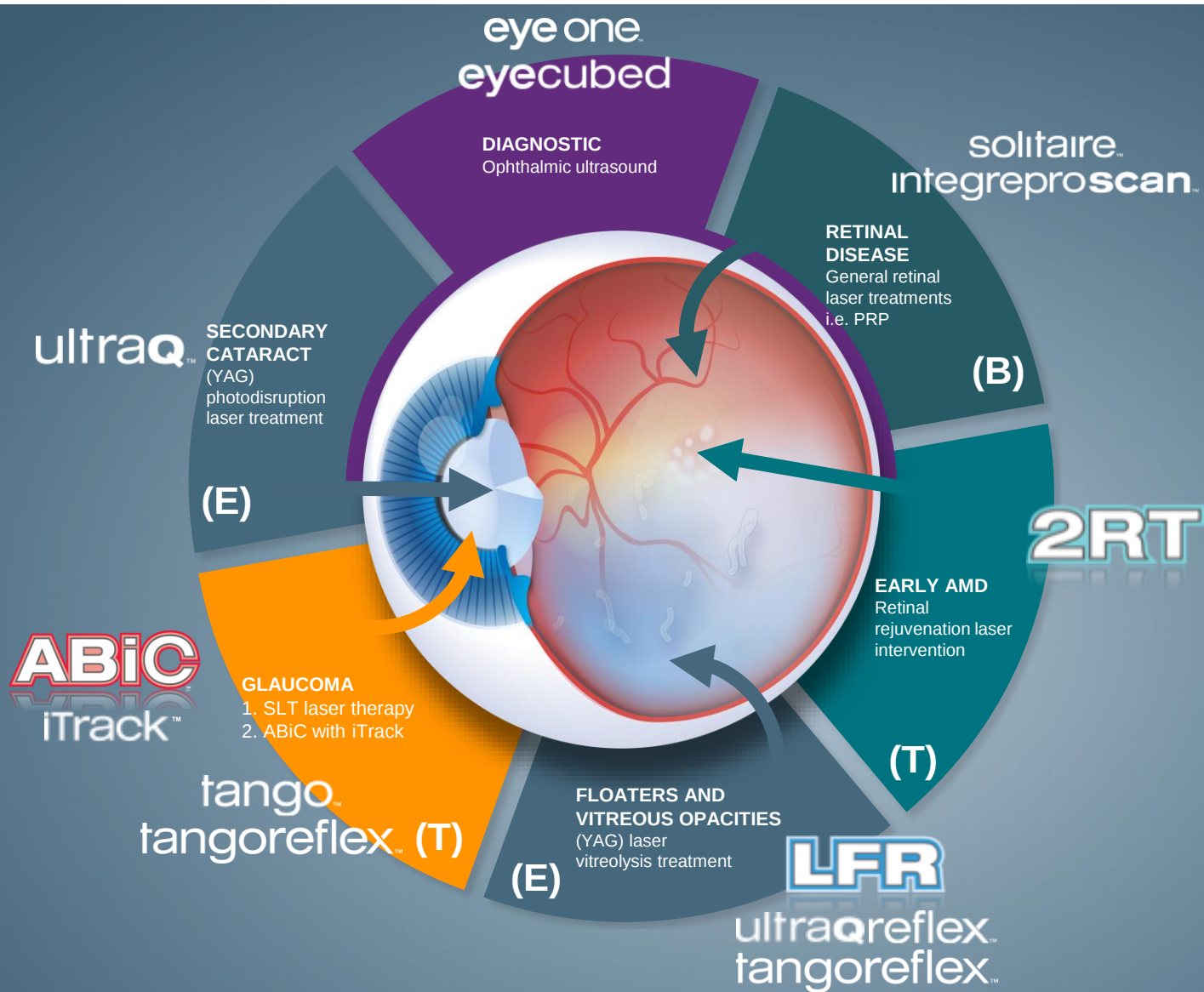
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Slide 4

Ellex products target the four major causes of blindness



(1) MarketScope "2017 Ophthalmic Lasers Report"
(2) Refer to sources on Slide 23



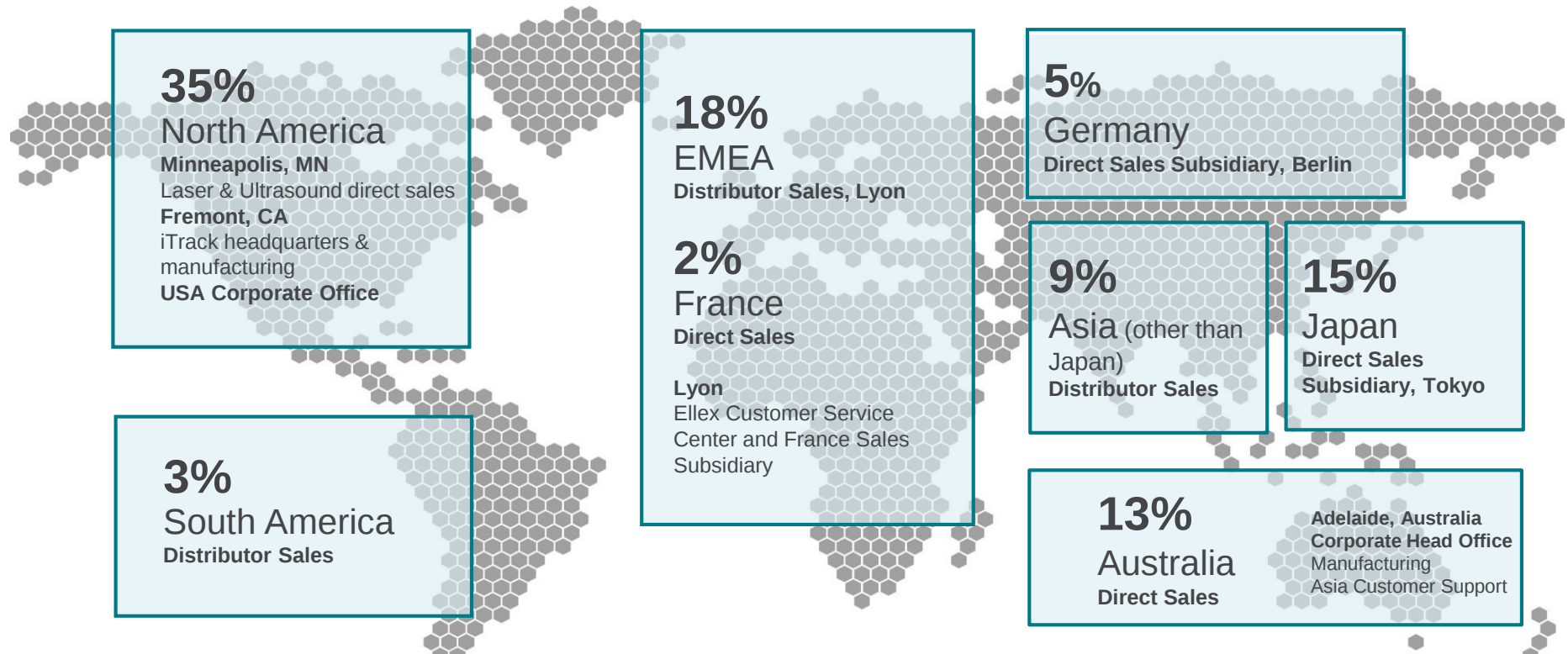
Ellex products range

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Ellex is a well known Global Brand with Established Distribution Channels

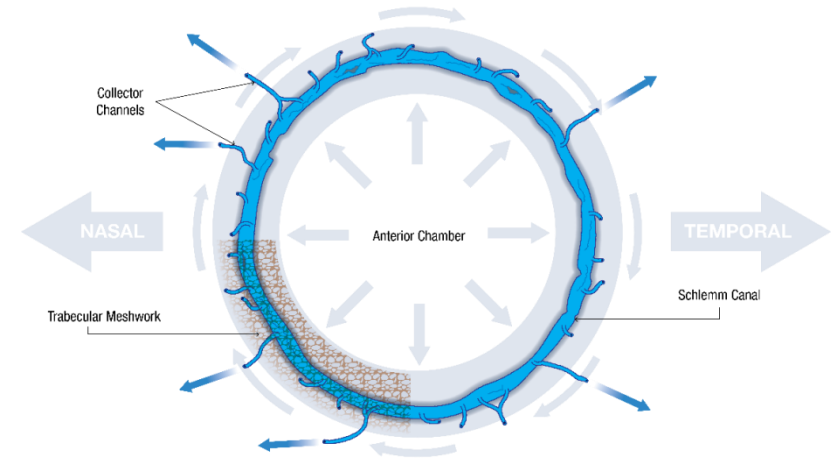
Regional Revenue Contribution FY2017



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Ellex iTrack™ a MIGS device that restores the natural biology of the eye



- Ellex iTrack is used in the ABiC (ab interno canaloplasty) procedure
- The Ellex iTrack™ is a unique, patent-protected microcatheter for treating patients with glaucoma
- It is used in an ab interno operation to clear and flush the main ocular drainage systems that are compromised as a result of glaucoma
- Used and reimbursed in the USA with or without concurrent cataract surgery (CPT1 code). Reimbursement in place to hospital/ambulatory surgery centre for facilities and to Surgeon for performing the operation.
- 360° solution clearing Schlemm's canal and opening collector channels
- Can be repeated and revitalises natural outflow pathways, leaving nothing behind (US competitors stents)
- Current market accessible for MIGS and canaloplasty devices US\$240m growing to US\$1373m by 2022 (44% CAGR) (per Marketscope 2017 Glaucoma Surgical Devices Report)



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Ellex iTrack™ and MIGS Competitive Landscape & Doctor Testimonials

	FDA Approval	Reimbursement	Indicated for Use With Cataract Surgery	Indicated for Use Outside Cataract Surgery	Patient Selection: POAG ⁽¹⁾	Patient Selection: POAG ⁽¹⁾	Method of Action
ABiC iTrack™ (Ellex)	YES	YES	YES	YES	YES	YES	360° dilation and restoration of natural outflow systems
iStent (Glaukos)	YES	YES	YES		YES	YES	Single point stents that create artificial outflow pathways
CyPass Microstent (Alcon)	YES		YES	YES	YES		
XEN Gel Stent (Allergan)			YES		YES		

Doctor Mark Gallardo in “The Ophthalmologist” Magazine – September 2017

- *“ABiC with Ellex iTrack does not have to be coupled with cataract extraction. It can be done in phakic and pseudophakic patients or as an adjunct to cataract extraction.*
- *It is also not limited to mild-to-moderate disease and could be performed in patients with severe glaucoma (although outcomes may be more variable in such cases).*
- *Circumnavigation of the canal with the iTrack is the only method that has the ability to lyse all herniations obstructing the collector channels, comprehensively treating the entire conventional outflow system.*
- *It is less traumatic and disruptive compared to most MIGS procedures – without ablating the TM or inner wall of Schlemm’s canal, ABiC leaves the natural blood-aqueous barrier intact, avoiding the possibility of recurrent hyphema, as seen with some MIGS procedures.”*



(1) POAG – Primary open angle glaucoma

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Extract of Ellex iTrack™ clinical data – 24 months

- Retrospective analysis, single-center, non-randomized study to demonstrate the efficacy and safety of ABiC with Ellex iTrack™ in reducing IOP and glaucoma medication dependence in patients with mild to moderate, uncontrolled POAG over 24 months.
- The analysis also compared the efficacy of ABiC with Ellex iTrack™ in reducing IOP and glaucoma medication dependence between patients undergoing a standalone procedure and patients undergoing a combined procedure of cataract surgery and ABiC.

TABLE 1: % REDUCTION IN IOP AND MEDICATION USE COMPARED TO BASELINE (see Note 1)

	ALL EYES (n=75 pre-op)		CATARACT + ABiC (n=34 pre-op)		STANDALONE ABiC (n=41 pre-op)	
	12-month	24-month	12-month	24-month	12-month	24-month
n (eyes)	73	33	3	18	24	19
Reduction in IOP (%)	33.68%	39.06%	33.24%	34.46%	33.95%	43.07%
Reduction in number of medications (%)	60.75%	70.15%	67.05%	78.54%	55.91%	59.85%

Note 1

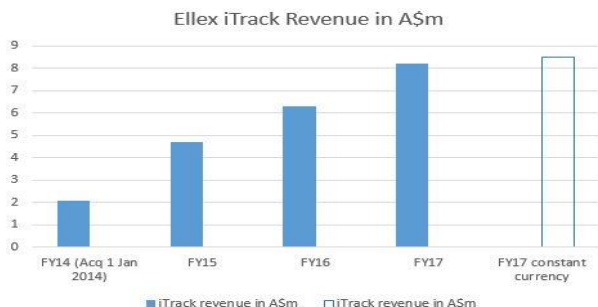
- Interim data provided courtesy of Mark J. Gallardo, MD.. Data unpublished
- Uncontrolled glaucoma.
- “Healon GV” viscoelastic used for canal dilation. Approx. 25 clicks applied



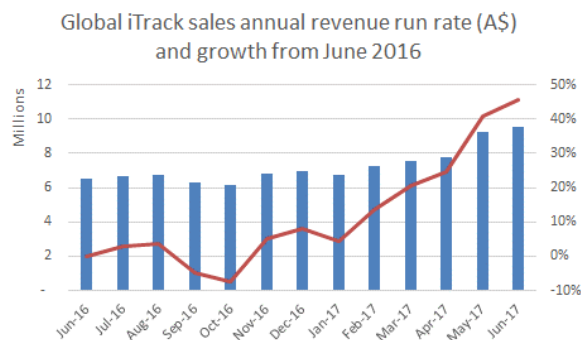
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Ellex iTrack™ Financial Performance



- Sales growth in FY17H2 accelerated due to expansion of USA sales team and improvement in reimbursement effective 1 January 2017 (71% growth in FY18 Q1 in USA and globally)
- Good growth in markets outside the US and good initial sales into China



- Reported sales for the year to 30 June 2017 of A\$8.2m (year end run rate of A\$9.5m)
- Acceleration of annual revenue to 46% above June 2016 annual revenue rate
- USA sales force recruitment, additional marketing, reimbursement increase on 1 January 2017 and initial sales to China drove growth

	Sales by Region \$Am			
	FY16	FY17 Reported	FY18 Q1	Growth % Q1FY18
USA	3.9	4.7	1.2	+71
Asia	0.3	1.0	0.2	>100%
Rest of World	2.2	2.5	0.6	+36%
	6.3	8.2	2.0	+71%

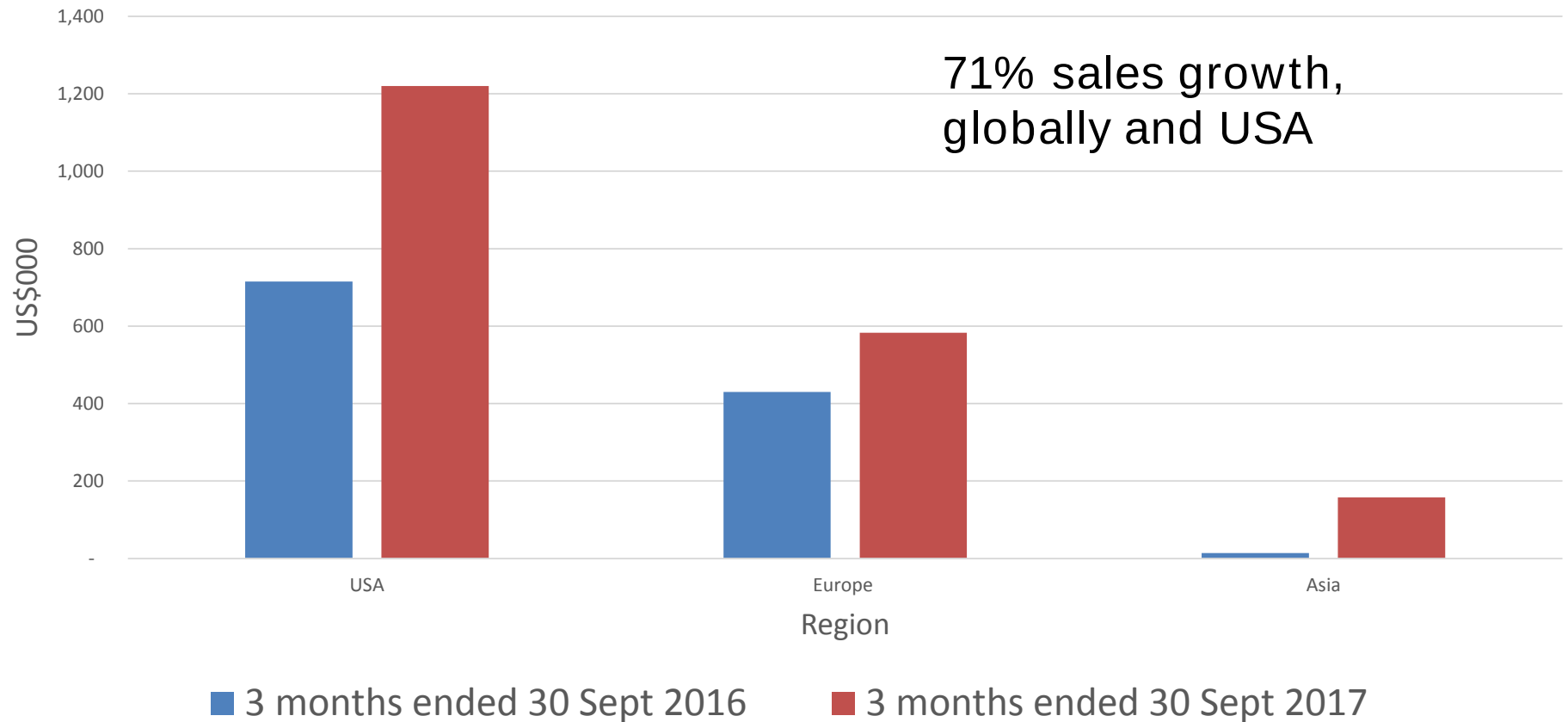


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Ellex iTrack™ Global Sales in 3 months to 30 September 2017

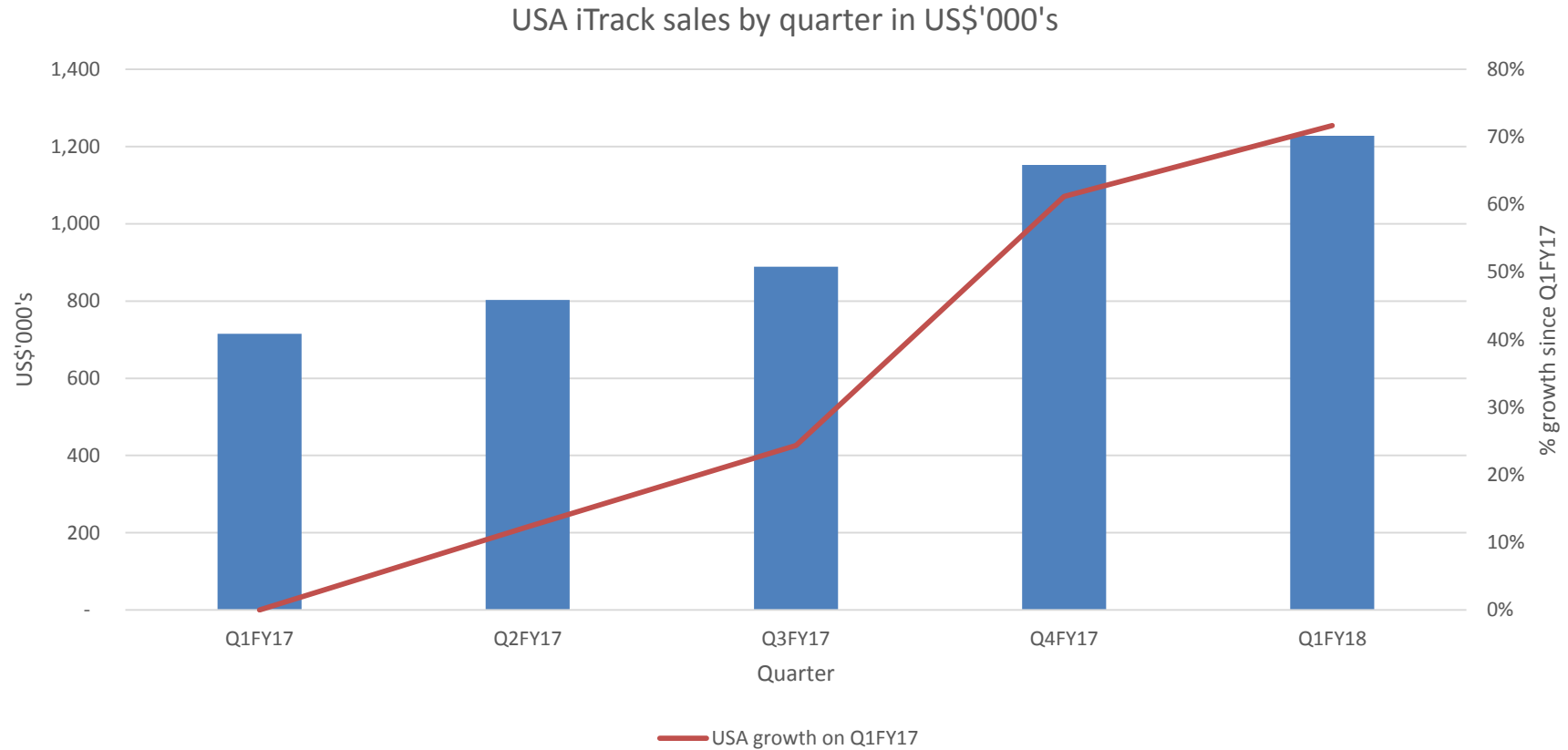
Ellex iTrack sales Q1FY18



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Ellex iTrack™ USA Sales 5 quarters of growth

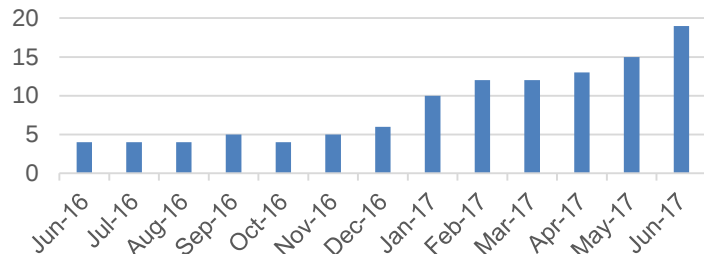


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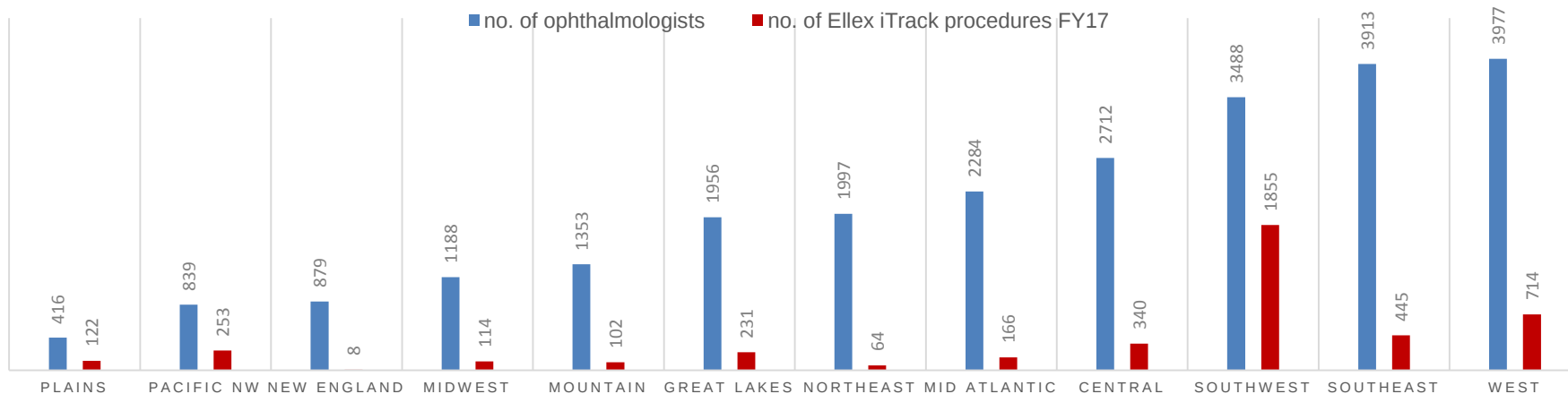
Ellex iTrack™ Sales & Marketing Opportunity

Ellex iTrack™ global sales and sales support headcount



- As of August 2017 there are 12 sales reps and 3 clinical trainers on the ground in the USA
- Targeting additional USA sales representatives and USA clinical trainers and OUS clinical trainers

ELLEX iTRACK™ PROCEDURES AND OPHTHALMOLOGISTS BY USA SALES REGION



The graph depicts an estimate of the total number of ophthalmologists in each region based on Ellex records. As not all ophthalmologists will use iTrack, this graph shows the relative size of each region, not the absolute size. An individual surgeon engaged and convinced on the safety and efficacy of Ellex iTrack™ and regularly using Ellex iTrack™ may perform anywhere between 3 procedures and 30 procedures per month.



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Ellex iTrack™ - Manufacturing Upgrade Plan

Capacity expansion project	Annual capacity in iTrack units	Date capacity available
Stage 1 completed July 2017 – cleanroom extension in Fremont	20,000 units	July 2017
Stage 2 underway Sept 2017 – additional cleanroom at Fremont	Additional 30,000 to 50,000 units	July 2018
Stage 3 currently in concept-level planning	Additional capacity to achieve a total of at least 100,000 units	December 2019 (est)

	Ellex iTrack™ units sold		
	FY16	FY17	3mths Q1FY18
USA	3,422	4,331	1,485
Asia	385	1,535	350
Rest of World	3,049	3,789	1,121
	6,856	9,655	2,956



Ellex 2RT[®] - potentially game-changing interventional treatment for early to intermediate AMD



Substantial growth opportunity pending results of clinical trial. Unique, patent-protected nano pulse laser that rejuvenates aging retinal cells, thus delaying progression to late stage AMD. Sales to early adopters taking place under CE mark. Ellex has in-place distribution channel to roll Ellex 2RT[®] out.



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Ellex 2RT[®] - potentially game-changing interventional treatment for early to intermediate AMD

- The thesis behind 2RT, established through preclinical studies, is that AMD patients suffer from an insufficiency of nutrient transport to the highly metabolically demanding retina.
- 2RT is a patented nano-pulse laser that, when applied to the retina, induce re-population of the cellular structure to re-establish sufficient nutrient transport.
- 2RT induced cell repopulation, the subject of peer reviewed scientific publications, is now the subject of a significant masked multicentre study on human subjects (“LEAD” study).
- Provides patients with treatment at an early disease stage where no other treatment exists potentially eliminating the dreaded “watchful waiting”.
- Provides doctors with a revenue stream that does not currently exist.
- Ellex will sell Ellex 2RT[®] through its existing laser and ultrasound distribution channel.
- Marketscope Ophthalmic Lasers 2017 report estimates that approximately 20m people globally have late stage AMD and 153m people have the disease in its early stage.
- Pharmaceutical treatments (Anti VEGF) focussed on the smaller market for late stage state disease
- Estimated annual global spend Anti VEGF is at least US\$5.1bn in 2013 and is expected to be \$10.1bn by 2023 annually in the 7 major economies⁽¹⁾ in the world

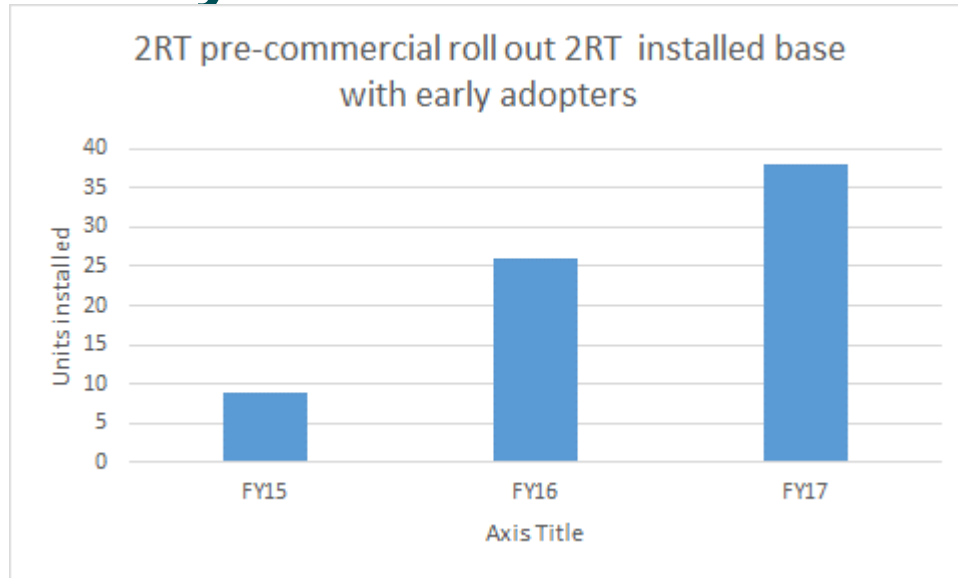
(1) Quoted in Retinal Physician Jan/Feb 2015 edition



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Ellex 2RT[®] Early Adoption under CE Mark & clinical study milestones



Sales being made under CE mark to “early adopter” ophthalmologists in Europe, Australia, New Zealand and Canada for treating patients with early/intermediate age related macular degeneration.

These early adopters provide us with feedback on the safety and efficacy of the product, it's operation in a clinical setting and the operation of the per-procedure billing system.

Date	Milestones
First quarter CY 2018 (est)	Case study series data on safety and efficacy from early commercial adopters
May 2018	Final result expected from LEAD clinical trial on 3 year follow up that ends in April 2018
January 2019	Pending the result of the LEAD Clinical trial, commencement of commercial sales through the laser and ultrasound segment sales channel



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LEAD Study – Laser intervention in Early Age related macular Degeneration

- **ClinicalTrials.gov identifier: NCT01790802. “A multicentre, randomized trial into the safety and efficacy of Nanosecond Microsurgical Laser Intervention into Early Age-related Macular Degeneration”**
- **Primary and secondary outcome measures:**
 - progression to advance Age-related Macular Degeneration in the treated eye over 36 months (secondary measure is progression in untreated eye)
 - rate of progression to advanced AMD, either CNV or GA or pre-clinical atrophy, in the study eye of treatment group compared to sham procedure group over 36 months (secondary measure in progression in untreated eye)
- **Other Measures:**
 - reversal of early clinical indicators (drusen area) over 36 months
 - improvements in visual activity over 36 months
- **Total 292 patients (eyes) enrolled in two areas in the study:**
 - Active Laser procedure and Sham Laser Procedure randomised on 1:1 basis
- **Recruitment commenced in November 2012 and 36 month follow up period for last enrolled patient ends in April 2018**
- **Read out approximately May 2018**

Interim LEAD Study results - 18 month interim review in May 2016

Safety:

- There was no meaningful difference in the incidence of neovascularization (Choroidal Neovascularisation) between groups giving reassurance that the 2RT® laser was not leading to any early increase in neovascularization as had appeared to be the case in previous thermal laser trials. There was no meaningful difference in the incidence of geographical atrophy (GA) between groups, thereby giving reassurance that the 2RT® laser was not dramatically increasing the rate of GA.

Potential Efficacy:

- There was a meaningful difference between the two study groups in that one of the two groups demonstrated a reduction in drusen load and an improvement in retinal sensitivity.

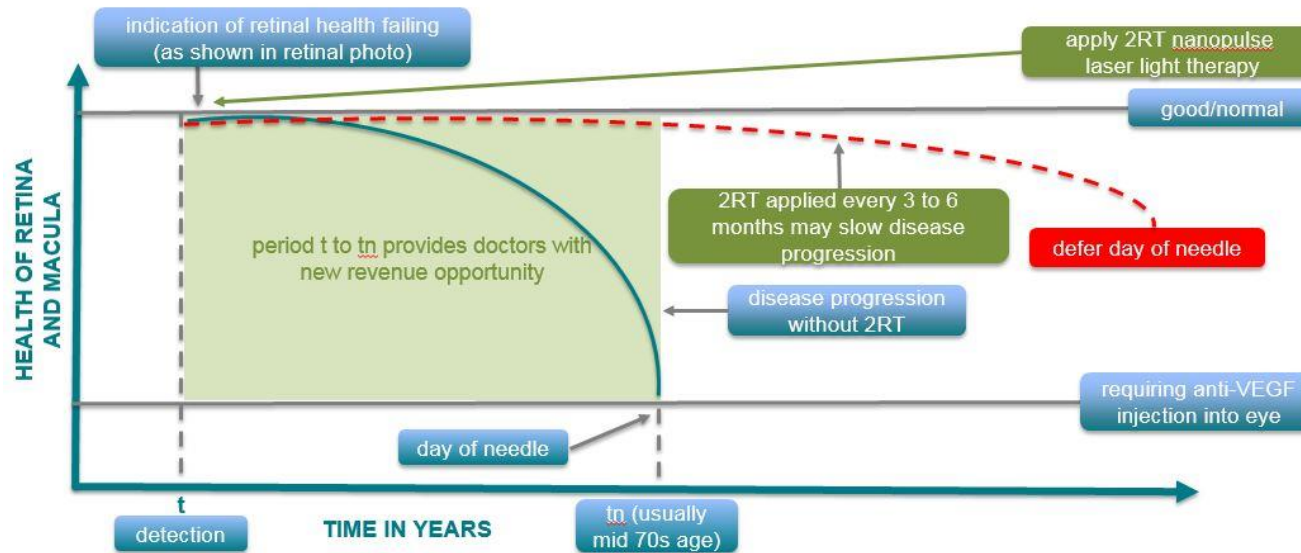


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Ellex 2RT[®] Framework for Business Model

Ellex 2RT[®] may allow physicians to intervene and treat patients at a stage of the disease for which there is no alternative therapy



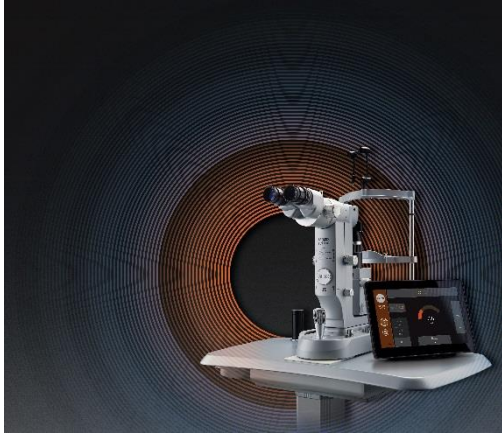
- Diagnosis by optometrists routinely taking place with retinal imaging
- Sales to ophthalmologists through the existing laser and ultrasound sales channel
- Doctors purchase the Ellex 2RT[®] laser and contract to pay an additional fee each time it is used
- Provide recurring revenue that grows with the increase in the installed base
- Purchase contract and per procedure billing arrangements are being successfully trialled and tested with the early adopter sales



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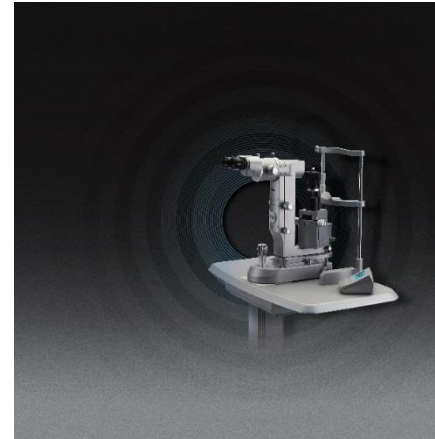
Ellex Core Laser & Ultrasound



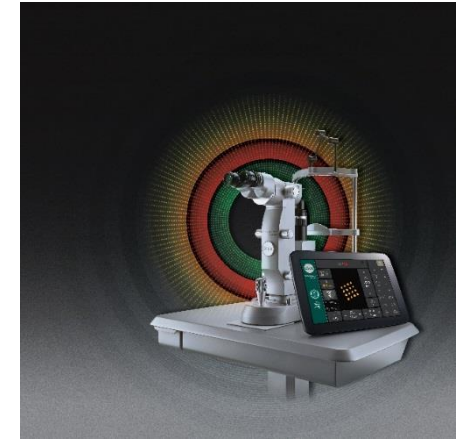
Ellex Tango Reflex™



Ellex EyeOne
Ultrasound™



Ellex Ultra Q
Reflex™



Ellex Integre Pro
Scan™

The Ellex core business produces laser & ultrasound products that are used daily by ophthalmologists worldwide. Ellex has achieved revenue growth CAGR of 8% over FY2013 to FY2017, this exceeds the market growth rate estimated by Marketscope 2017 Ophthalmic Lasers Report.

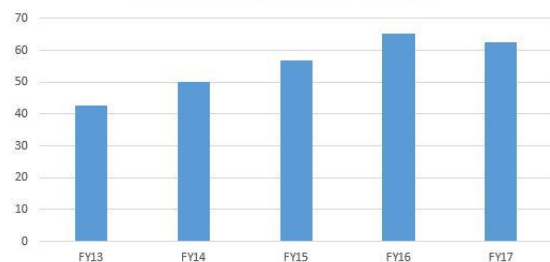


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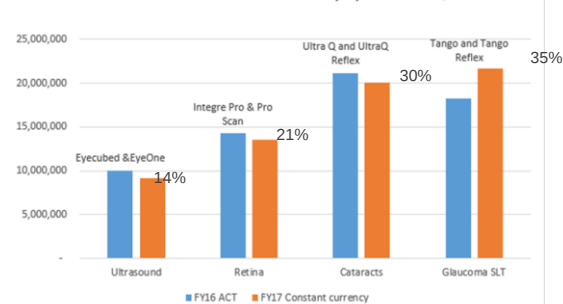
Ellex Core Laser & Ultrasound Financial Performance

Laser and Ultrasound Revenue (A\$m)



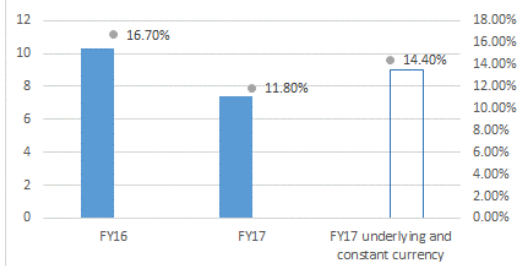
- The core laser and ultrasound business provides products used everyday by ophthalmologists globally
- World-leading positions in cataracts and glaucoma lasers
- CAGR for revenue FY13 to FY17 is 8%

Core laser and ultrasound sales by eye disease A\$



- Ellex has a dominant position in SLT lasers for glaucoma. Recently released and patented “Reflex” technology is expected to drive further growth in market share.
- Ellex also has a significant market positions in diagnostic ocular ultrasound and retinal lasers.

Laser and ultrasound Segment EBITDA in A\$m and EBITDA/Sales %



- Core laser and ultrasound profitability relatively stable
- Average fully-burdened gross margin percentage greater than 50%



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Ellex Core Laser & Ultrasound competitive landscape

Disease	Current Ellex Devices	Ellex Revenue FY17 A\$m	Total annual spend on disease treatment with pharma and devices	Current device-market accessible to Ellex (Total US\$550m)	Assessed device-market position against competition
Glaucoma – early stage	SLT with TangoReflex™, Tango™	\$23m	US\$4.6 billion ⁽¹⁾	US\$45 million (CAGR 1.5%) ⁽¹⁾	1. Ellex ⁽⁴⁾ 2. Lumenis
Cataracts and Vitreous Floaters	Ultra Q™ and Ultra Q Reflex™	\$20m	US\$3.3 billion plus 25.3 million cataract operations per year ⁽¹⁾	US\$65 million (CAGR 2%) ⁽¹⁾ plus more with vitreous floater treatment)	1. Ellex ⁽⁴⁾ 2. Lumenis 3. Nidek
Diabetic Disease of Retina	Integre Pro™ and Integre Pro Scan™ and Solitaire™	\$13m	US\$1.9 billion ⁽²⁾	US\$283 million (CAGR 2.9%) ⁽¹⁾	Ellex, Nidek, Lumenis, Topcon & Iridex ^{(5), (4)}
Diagnostic Ultrasound	Eyecubed™ Eyeone™	\$9m	Included above	US\$157m ⁽³⁾ (CAGR 6%)	Ellex, Sonomed & Quantel ⁽⁵⁾

(1) MarketScope Report “2017 Ophthalmic Lasers”, “2017 Glaucoma Surgical Devices” and “2017 Glaucoma Pharmaceuticals”.

(2) “Global Diabetic Retinopathy Market 2015-2019” Technavio Insights

(3) “Global Market Study on Ophthalmic Devices” Persistence Market Research August 2015

(4) Assessed by Marketscope 2107 Ophthalmic Lasers Report

(5) Assessed by Ellex management



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Core business growth drivers

Laser Floater Removal with Reflex:

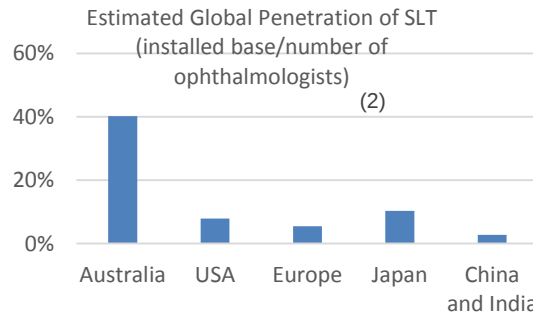
- ✓ Proprietary, patented Ellex Ultra Q Reflex™ and Ellex Tango Reflex™ lasers are the world's first and only ophthalmic laser designed for the treatment of floaters i.e. Laser Floater Removal (LFR). Provides physicians with a treatment for a common condition hitherto treated invasively or not at all
- ✓ Mission for Ellex is to replace the global installed base of 28,000 lasers for secondary cataracts (replacement value US\$560m)⁽¹⁾

Laser Floater Removal performed with Ultra Q Reflex laser is the only outpatient-based, minimally invasive treatment option for floaters

LFR

Increase market penetration of SLT as a first-line therapy in both developed and developing markets.

SLT



SLT:

- ✓ Current mainstay of glaucoma treatment is medication (topical drops) but it places a significant burden on patients to comply with a daily medication regimen and continuously pay for the drops
- ✓ A single treatment with Ellex SLT can free a patient from the need for daily drops for up to 10 years
- ✓ Proven efficacy plus good financial returns to physicians
- ✓ SLT will benefit from growth in awareness of MIGS

(1) MarketScope "2017 Ophthalmic Lasers Report"

(2) Combination of Ellex records, MarketScope "2017 Ophthalmic Laser Report" and article in British Journal of Ophthalmologists dated June 2012

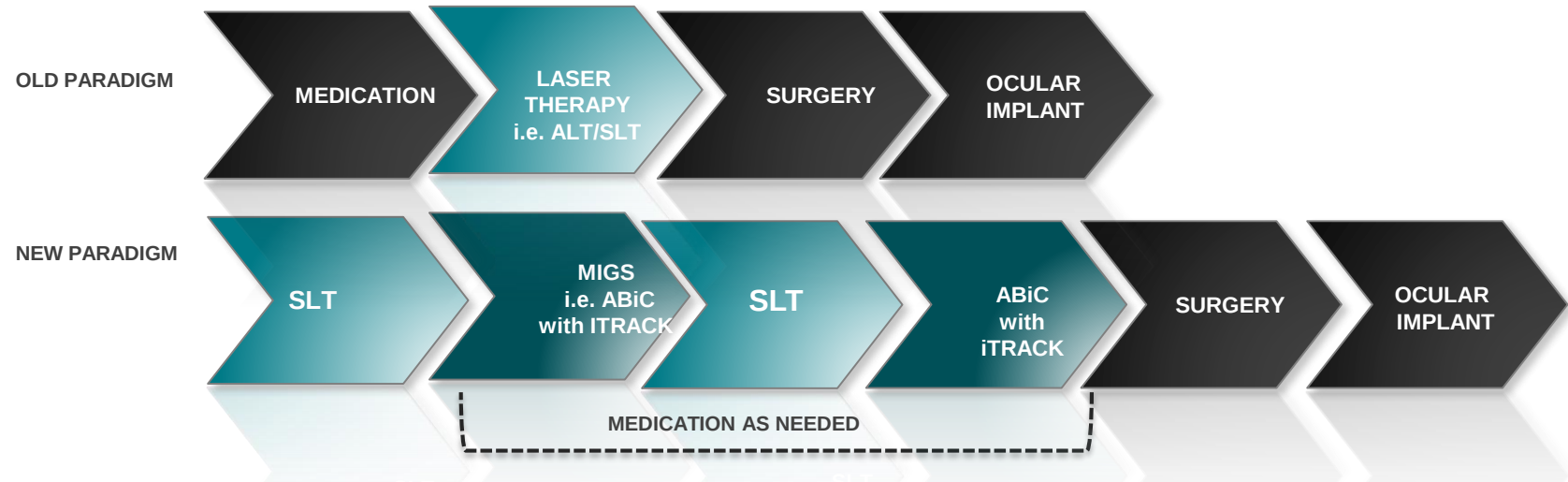


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Evolving Treatment of Glaucoma – SLT & iTrack™

A new theme – Ellex Tango (SLT) and Ellex iTrack™ (MIGS) –
unique offering from a single company



- SLT now recognized as a highly effective first-line therapy (331 papers on SLT per PubMed - US National Library of Medicine)
- SLT can function as a diagnostic indicator of a patient's pathology i.e. If SLT is effective, the primary region of obstruction lies within trabecular meshwork
- SLT does not affect outcomes of future surgery or medication use - can be used earlier in treatment paradigm
- SLT stimulates a process of cellular regeneration to create a healthier more porous trabecular meshwork structure; almost completely free of side effects
- ABiC is a restorative minimally invasive glaucoma surgery (MIGS)
- ABiC flushes out natural outflow channels without damaging tissue or leaving behind a stent or shunt



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Recap of highlights

- Ellex is a world leader in ophthalmology with number one market share in ophthalmic lasers, a 30+ year operating history and well recognized and trusted global brand
- Ellex has a seasoned senior management team with members showing at least 20 years of experience in the ophthalmic space
- Ellex iTrack™ is a unique, patent-protected micro-catheter for treating glaucoma, manufactured in the United States, currently experiencing 71⁽¹⁾% growth in USA sales
- Ellex 2RT® is a potentially game changing, minimally invasive, painless interventional treatment for early to intermediate AMD
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(1) Q1 fiscal year 2018 compared with Q1 fiscal year 2017

(2) Based on Ellex data

(3) MarketScope “2017 Ophthalmic Lasers Report”

