



Ellex Medical Lasers Limited (ASX:ELX)

First Half FY2020
Investor Presentation

20 FEBRUARY 2020
ADELAIDE, AUSTRALIA





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1HFY20 Highlights – Proposed Sale of Ellex Lasers & Ultrasound

- Ellex announced a sale of its Ellex Lasers & Ultrasound (L&U) business and Brand (Ellex) to Lumibird Group SA (French Manufacturer) for A\$100 million in cash in December 2019
- Sale in progress is subject to Shareholder approval represents 1.5x Lasers & Ultrasound FY19 revenues and 10.6x FY19 EBITDA
- The sale of the L&U business sees Ellex monetise the low growth market segments and retain 2RT[®] and iTrack[™] businesses
- On completion Shareholders to receive majority of proceeds in cash via a combination of dividend and capital return.
- Remainder will be retained to continue investment in 2RT[®] and iTrack[™]
- Sale will leave Ellex bank-debt free



Proposed sale to Lumibird



Excluded from the Lumibird sale



1HFY20 Highlights – Proposed Sale of Ellex Lasers & Ultrasound

- Sale expected to complete on May 1st 2020
- Accounting standards require reporting as if Ellex had already exited L&U business as at 31 Dec 2019
- Financials reported display performance of the continuing business (2RT[®] and iTrack[™])
- The transaction has resulted in material change as company transitions to a new business model.
- Previous sales and EBITDA guidance no longer applies



1HFY20 Key Summary Information

KEY FINANCIAL INFORMATION – 31 DECEMBER 2019			
	REPORTED	DISCONT. OPERATIONS [^]	PRO-FORMA
Revenue	\$7.4 million	\$34.4 million	\$41.8 million
EBITDA	(\$2.9 million)	\$2.8 million	(\$0.1 million)
NPAT	(\$2.9 million)	\$0.2 million	(\$2.7 million)
Cash at Bank	\$0.7 million	\$11.2 million	\$11.9 million
Borrowings	\$2.0 million*	\$13.7 million	\$15.7 million

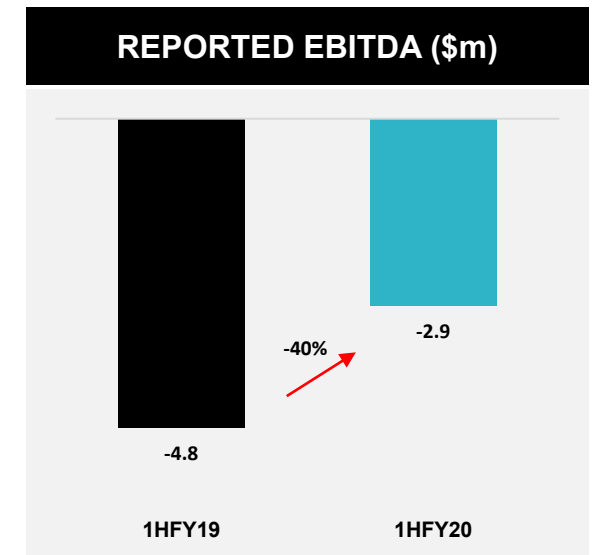
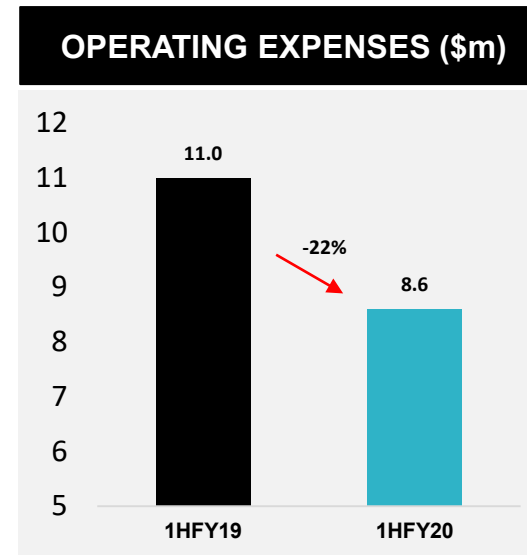
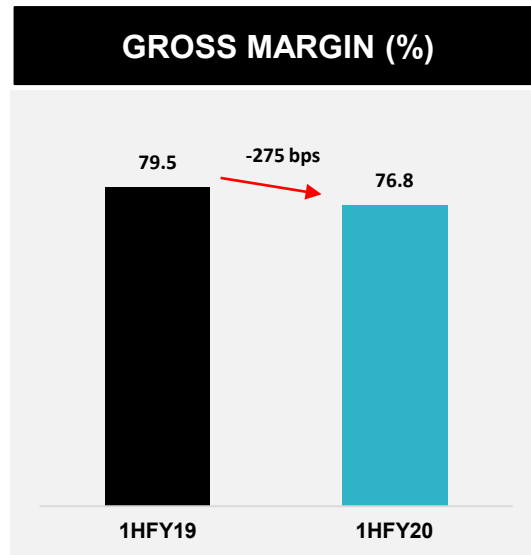
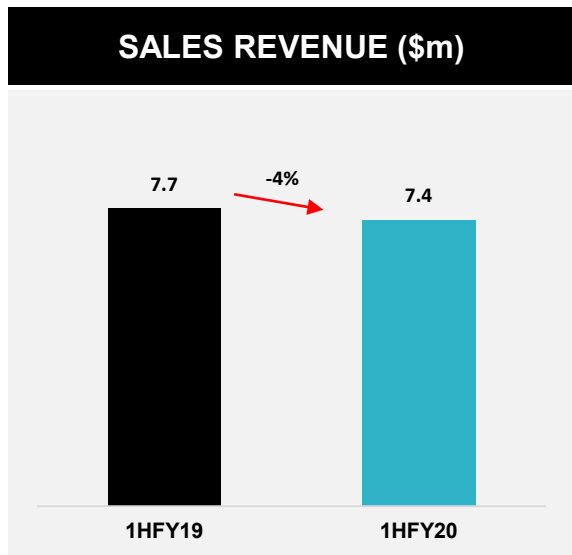
KEY MARKET INFORMATION	
Ticker ASX / OTCQX	ELX / ELXMY, ELXMF
Shares on issue	143.6 million
Market Capitalisation (as at 18 Feb)	\$118 million
Top 20 shareholders	53%
Directors and Management	14%

[^] Discontinued operations reflects the sale of Ellex Lasers & Ultrasound business to Lumibird Group per ASX announcement 24 December 2019

* Borrowings represent first-time adoption of IFRS 16 leases and includes Ellex's current and non-current lease liabilities.

1HFY20 Group Financial Summary (excluding discontinued operations)

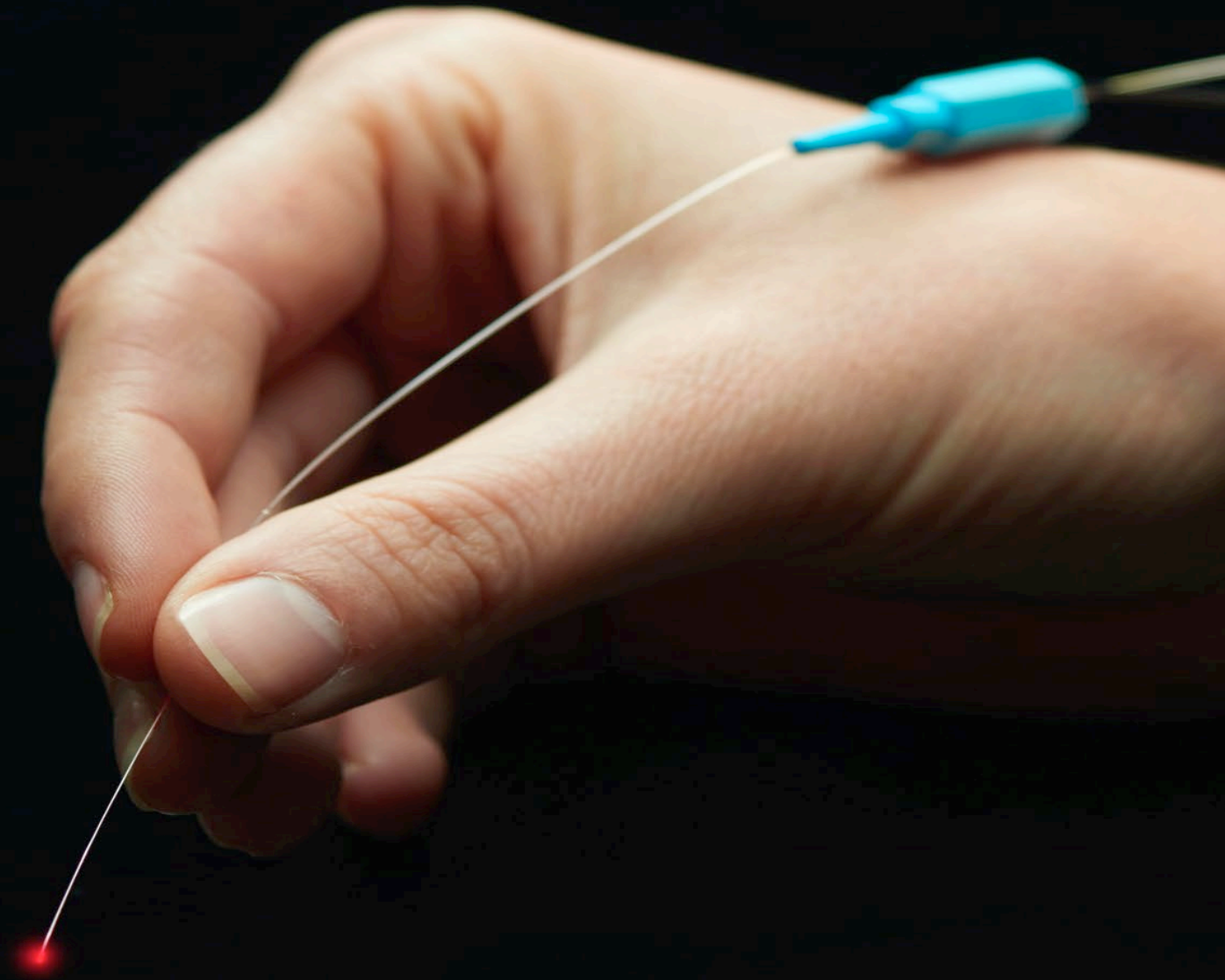
- Sales of \$7.4 million, down 4% on the prior corresponding period (pcp)
- Gross margin (ex-labour) was down 275 bps to 76.8% versus pcp
- Operating expenditures were down 22% to \$8.6 million versus pcp, EBITDA loss down 40% to \$2.9 million (Working capital improvements in inventory and lower overall OPEX)
- Implied profit on sale for Lasers & Ultrasound as at 31 December of \$58.9 million (\$100 million purchase price, \$41.1 million in net assets)
- Final profit on sale based on Lasers & Ultrasound assets and liabilities determined at settlement date





iTrack[™]

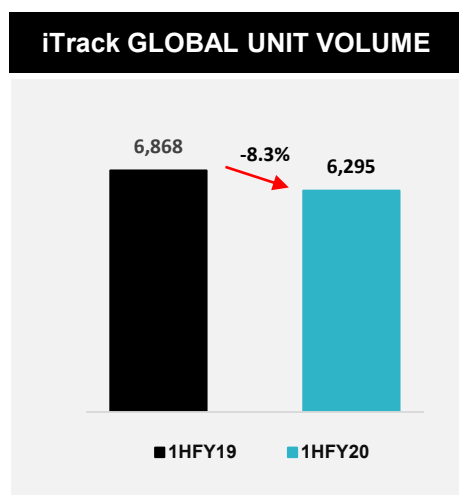
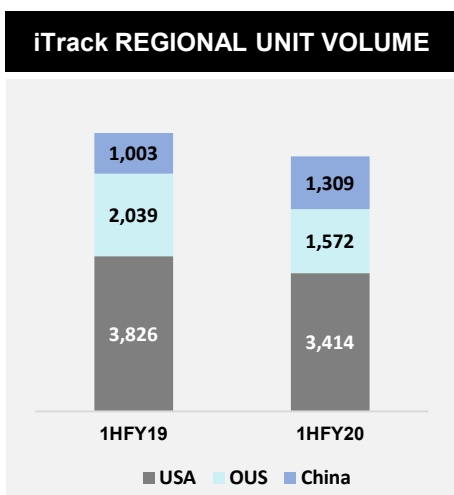
Canal-Based
Glaucoma Surgery



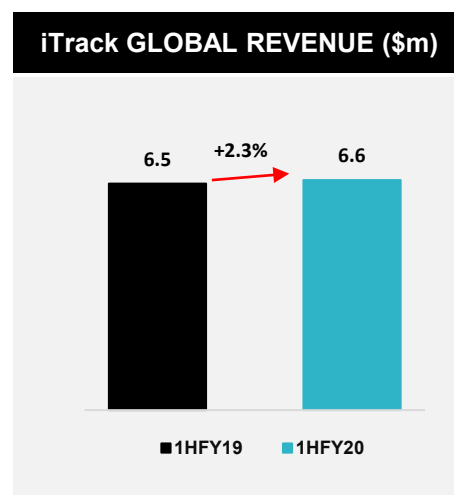


1HFY20 Financial Results – Ellex iTrack

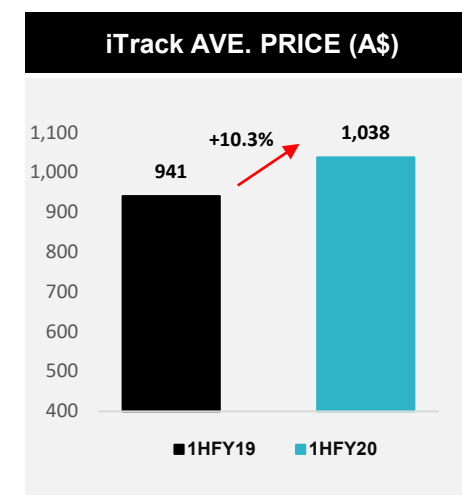
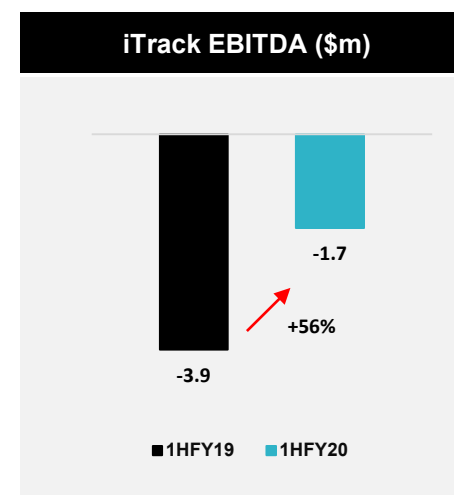
- US unit sales down 11%, Non US sales down 23% due to competitive forces, Chinese unit sales up 31%
- Worldwide unit volumes decreased 8.3% on pcp, revenues up 2.3% to \$6.6 million
- Improved \$1.7 million EBITDA loss (vs. \$3.9 million loss in 1H)
- Implemented changes to iTrack business in late 1H, including new senior executive appointments
- Solid US reimbursement outlook: 2020 final payment rule (US Medicare) +4% increase in payment for ASC/hospital. Physician procedure fee unchanged



3 Year CAGR 14%



3 Year CAGR 22%

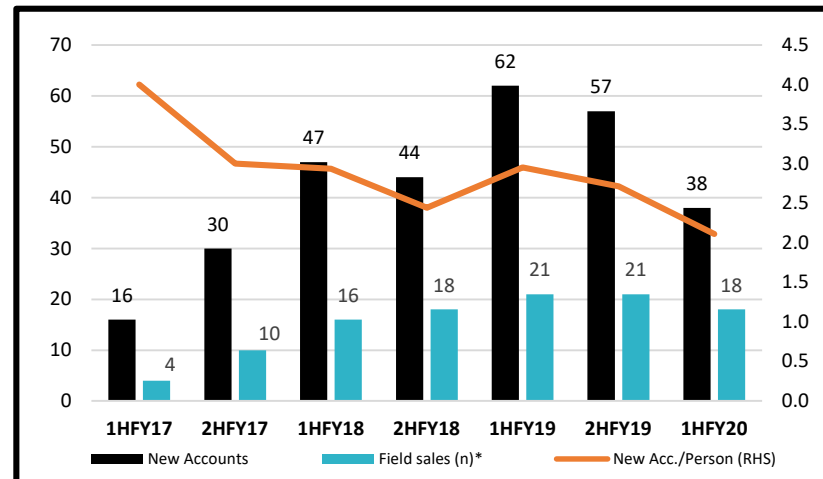
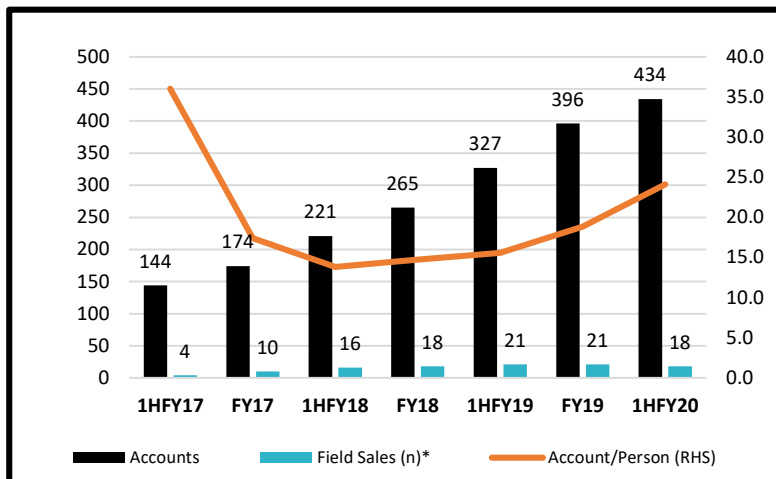




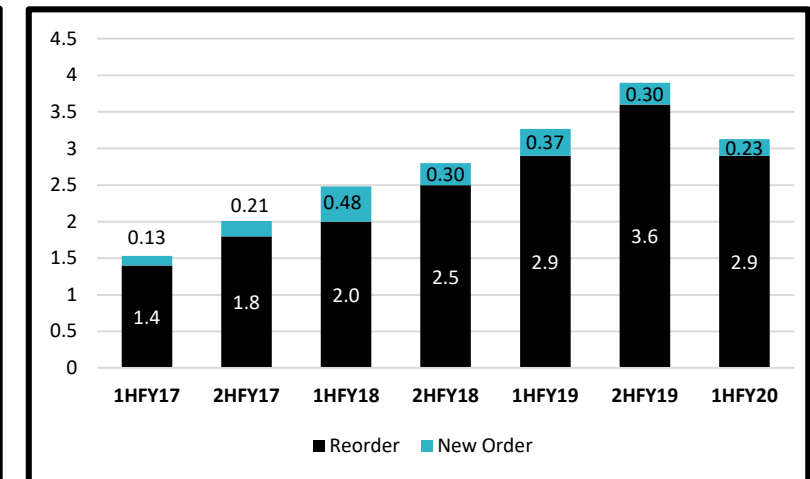
Ellex iTrack USA Update

- Opened 38 new accounts in the half, 434 total accounts up 33% versus pcp
- Decrease in 1HFY20 reorders versus pcp, with new order / reorder mix of 8% / 92%
- Significant runway of opportunity remains: 1HFY20 Accounts imply ASC penetration rate of ~23%, estimated user penetration of <10%^
- Appointment of VP, iTrack; commenced 18 November 2019

Ellex iTrack ACCOUNT GROWTH & SALES EFFICIENCY



iTrack USA REVENUE MIX (US\$m)



^ Based on approximately 1,880 ophthalmology Ambulatory Surgical Centres in the US, and ~13,000 ophthalmology specialist targets for iTrack in the US * Field sales includes territory sales representatives, area managers and clinical trainers

2RT™

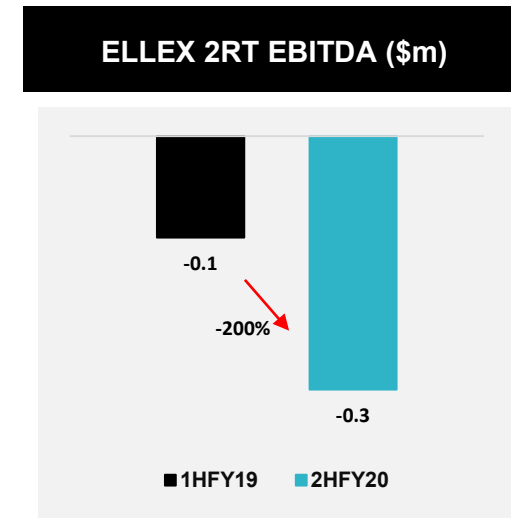
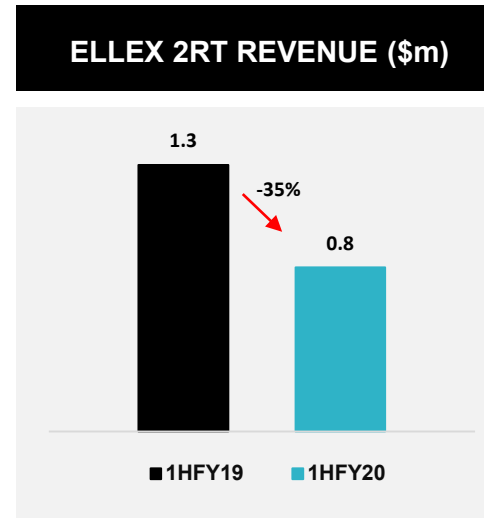
Intermediate AMD





1HFY20 Financial Results – 2RT

- Management has prioritised and accelerated 2RT clinical development (US FDA approval path)
- Large unmet medical need for AMD therapy, with no regulatory cleared products to treat patients with intermediate stage (iAMD patients) in USA
- Decrease in revenue to \$0.8 million from \$1.3m, including procedure fee revenue
- Segment EBITDA loss increased to \$0.3 million





2RT FDA Update

- FDA Application / clinical protocol based on the results of the 2RT LEAD Trial reported in late 3Q CY18 submitted to FDA in September 2019
- During the 1H FY20, a proposed registration-directed, clinical trial protocol for 2RT was developed and written submissions/response and meeting with the FDA was held in January 2020
- Final submission of an Investigational Device Exemption (IDE) application and subsequent acceptance by FDA is the next milestone

2RT LEAD TRIAL

76%*

Majority of patients showed a treatment benefit with 2RT⁺

*Without coexistent RPD at baseline
+ Post hoc analysis in patients without coexistent RPD

4x

Four-fold reduction in the rate of progression in 2RT treated group compared to sham, non-treated group.*

*Post hoc analysis in patients without coexistent RPD.



Lumibird Transaction Update

- Transaction is pending subject to shareholder approval
- On track for EGM late April
- Independent Expert appointed in January to assess whether the transaction is fair and reasonable for Ellex shareholders
- Settlement date set for 1 May, 2020
- EGM Notice planned for release to shareholders in mid-March 2020
- EGM will address:
 - The distribution of the proceeds of the sale of the business and the form of that distribution
 - Change in Business post Transaction
 - Change in Name of Business
 - The independent assessment of the price received for the L&U business
 - The Outlook for Changed Business



Outlook

- Ellex remains focused on completing the necessary restructuring and conditions to implement the Lumibird transaction
- Company has delivered on OPEX control, EBITDA improvements and working capital reductions in the first half
- Chinese 2H FY20 iTrack demand uncertain due to the coronavirus outbreak, which may impact procedures and distributor sales. Ellex continues to work with its distributor to assess this impact
- Executive chairman Victor Previn has assumed management responsibilities together with Ellex's current VP, Global Operations Mr Keith Byrne until the completion of the pending Lumibird transaction
- Transaction completion expected at the end of April 2020
- This significant transaction has caused material change as company moves to a new business model and previous sales and EBITDA guidance no longer applies



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Appendix

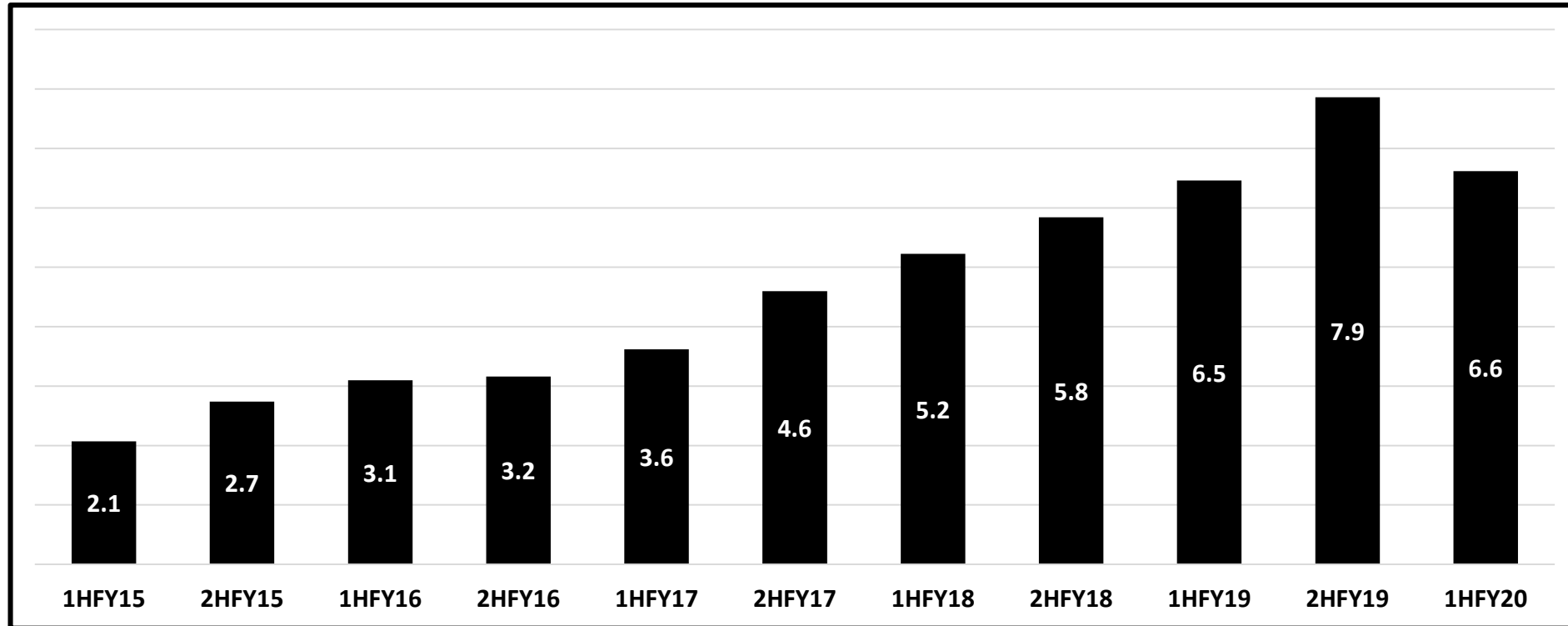


Average FX Rates

Average FX		
	1HFY19	1HFY20
AUD:USD	0.716	0.685
AUD:EUR	0.628	0.612
AUD:YEN	81.38	74.04

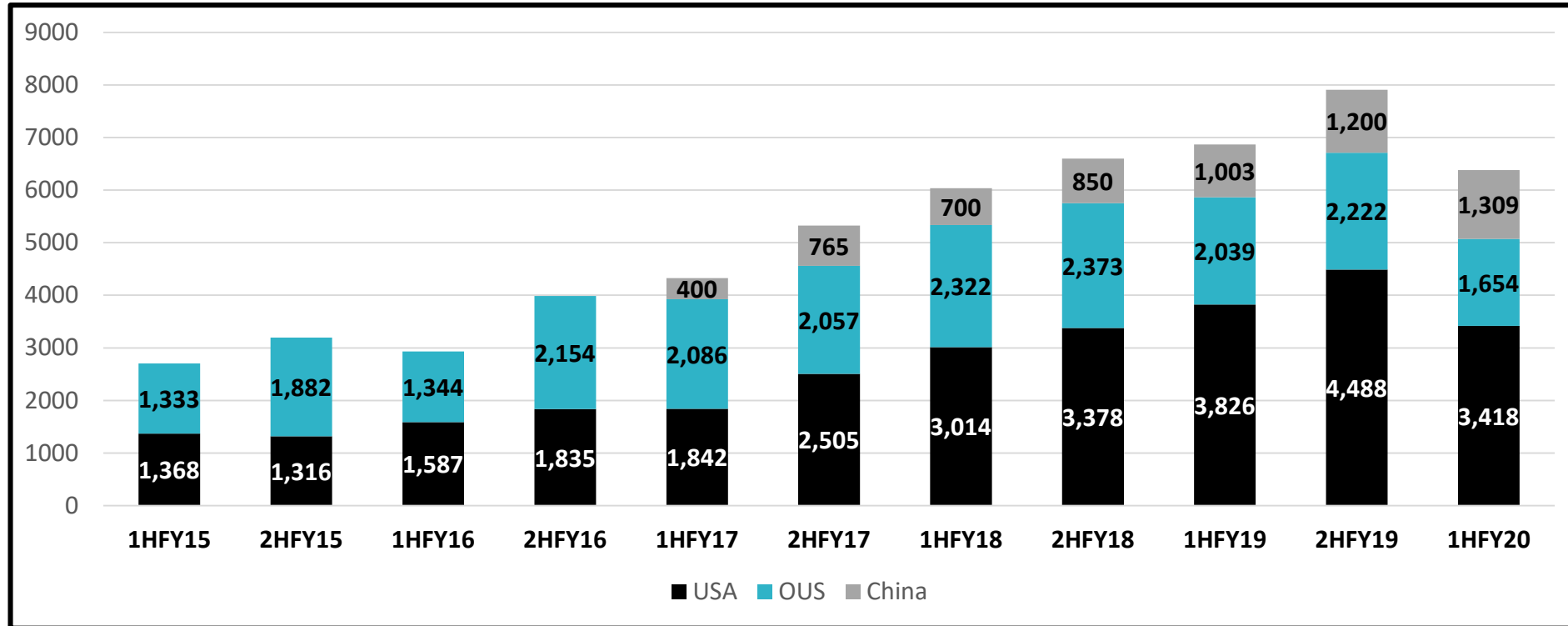


iTrack 1H/2H revenues (A\$m)





iTrack 1H/2H unit sales



	1HFY15	2HFY15	1HFY16	2HFY16	1HFY17	2HFY17	1HFY18	2HFY18	1HFY19	2HFY19	1HFY20
TOTAL Units	2,701	3,198	2,931	3,989	4,328	5,327	6,036	6,601	6,868	7,910	6376
growth % (pcp)			9%	25%	48%	34%	39%	24%	14%	33%	-7%
growth % (HoH)		18%	-8%	36%	8%	23%	13%	9%	4%	15%	-19%