



# **Ellex Medical Lasers Limited**

**Half Year Presentation  
February 2004**



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# Confirmation of our Immediate Focus

- In August 2003 we advised we would
  - Strengthen & accelerate product development
  - Investigate distribution opportunities in Asia
  - Review and improve Distribution Network

***This would curb short term profits to  
establish a platform for growth***



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# Overview of December 2003 Result

After expending \$1.1m on new initiatives:

- Revenue \$13.4 mill (PCP \$12.6 mill)
- EBITDA \$0.893 mill (PCP \$1.356 mill)
- NPAT pre-goodwill \$0.629 mill (PCP \$1.090 mill)
- NPAT \$53k (PCP \$534k)



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# Overview of Performance

	2003	2002
	Half Year	Half Year
Revenue (\$mill)	13.4	12.6
EBITDA Pre- US R&D & Japan	2.0	1.4
As % of Revenue	15.0%	11.1%
EBITDA	0.9	1.4
As % of Revenue	6.7%	11.1%
NPAT Pre-goodwill	0.6	1.1
As % of Revenue	4.5%	8.7%
NPAT	0.1	0.5
As % of Revenue	0.7%	4.0%



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# Overview of Performance cont'd

- Expenditure on US R&D & Distribution
- Strong Australian Dollar placing pressure on Laserex branded sales and margins
- Strong SLT sales with Lumenis
- Laserex US on par with PCP ignoring exchange effect



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# Overview of Performance cont'd

- Spares revenue down significantly (product reliability)
- Cash position strengthened - \$1.8 million at 31 December



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# Product Development

- Released first Laserex product for Glaucoma Market
  - Tango – Ellex variant of YAG/SLT
  - Ultra Q – YAG upgradeable to SLT
- Completed further improvements to Integre
- Commenced development of new generation of Photocoagulator product (R&D Grant focus)



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# Japan

- Core management team in place
- Office established in Osaka
- Negotiating regulatory framework
  - Company
  - Product
- First sales in second half of FY04



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# Distribution Network

- Reviewing all distribution arrangements
- Preparing a channel that will support our broader product line
- Focus on training distributors and service representatives
- Benefits expected to flow in FY05



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# R&D Grant

- Total Grant - \$3.3 million
- Timeframe – October 2003 to December 2005
- Photocoagulator Lasers for Ophthalmology
- Includes principally Australian R&D effort



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# Outlook for Balance FY04

- Continue increased R&D investment
  - First product from US R&D in June 2004
- Investment in Japan to establish distribution – expect first sales this half
- Improve Distribution Network
- Australian dollar will continue to place pressure on sales and margins
- Performance of OEM Sales



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# Outlook for Balance FY04 cont'd

- Revenue flat – some lift from Japan but not significant
- Target NPAT pre-goodwill of \$1 million



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# Long Term Outlook

## Investment in Distribution and R&D

- Expected to drive significant growth in revenue and profitability over next 3-5 years
- Target : \$50 million revenue in FY'06
- Long term profitability target of 15% of revenue



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