Ellex FY08 Half Year Results
March 2008
Highlights

- Revenue growth of 19% over PCP
- Profit maintained despite investment in US sales channel
- US transition showing traction
- Results of first pilot trial for Ellex 2RT released
- Strong outlook for full year
From a small scientific laser company to a global leader in ophthalmic laser and ultrasound technology.

- Over 20 years of experience in ophthalmic laser technology.
- Started as an OEM supplier for Coherent, Alcon and Lumenis. Today over 90% of product is sold under Ellex brand.
- Today fastest growing company in the ophthalmic laser market.
Our Growth Strategy

- Lasers are our platform
- Ophthalmology is our space
- Growth strategy to leverage the platform in the space
  - Dec 06 Innovative Imaging Acquisition added diagnostic ultrasound
  - Target rich acquisition space

US$2 Billion Ophthalmic Device Market

Lasers 10%
The Company…

- Products to treat and diagnose cataract, glaucoma and retinal diseases
- 221 Employees
- 950 lasers and 150 ultrasound systems per year
- A$50M revenue (annualised based on first half), strong growth rate
- Profitable, and improving
- Strong balance sheet
- Strong, experienced management team
Ellex Revenue by Region

Ellex Global Sales

- **26%** Americas
- **31%** Greater Europe
- **4%** Asia
- **26%** Japan
- **13%** Australia/New Zealand

Our sole focus is ophthalmology. Our technology is extraordinary.
Growth by Region over PCP

- Europe
- Asia
- Aust
- Americas
- Japan

Our sole focus is ophthalmology. Our technology is extraordinary.
Core Business – Laser Market Share

Highlights

- Ellex remains the fastest growing brand in this segment
- Surpassed struggling Lumenis in 1H08 to take #2 position
- Quantel and Iridex reported flat to weak ophthalmic laser sales

Source: Ellex estimate based on publicly available information

Our sole focus is ophthalmology. Our technology is extraordinary.
### US

<table>
<thead>
<tr>
<th>Key Objective</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recruit new US VP Sales to drive transition to direct sales</td>
<td>VP of US Sales recruited from Lumenis and started September 07</td>
</tr>
<tr>
<td>Expand direct sales territories to 5 by end of FY08</td>
<td>Atlanta hired March 06, Dallas hired Oct 07, Chicago hired Dec 07. 3 more 2H.</td>
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<tr>
<td>Investment in demo inventory to support direct sales</td>
<td>Manufacturing capacity plan meeting objectives</td>
</tr>
<tr>
<td>SF office to drive US marketing</td>
<td>Responsibility shifted to Katrin Teigeler, VP of Global Marketing based in SF</td>
</tr>
<tr>
<td>Establish network of Key Opinion Leaders (KOL) to support US Marketing Plan</td>
<td>Ellex Laser and Ultrasound KOLs established, 8 lectures at the Ellex AAO exhibit in New Orleans (1H08) I podium and 6 exhibit lectures at upcoming ASCRS in Chicago (2H)</td>
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</tbody>
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**Ellex 2RT**

*Retinal Regeneration Therapy (2RT)*

Ellex 2RT is a research project to develop a laser treatment that stimulates structures within the retina to reverse vision loss brought on by both ageing and disease.

Our aim is unique – to treat early AMD and other retinal diseases early in the disease cycle before severe vision loss occurs.
First clinical results for Ellex 2RT

- Pilot trial conducted in London by Dr Peter Hamilton on patients with Diabetic Macular Edema (DME).
- The initial series of 29 eyes treated were reviewed at 3 months showing a treatment benefit with stabilization or improvement in visual function in 80% of the patients.
- Normal progression of the disease would result in further loss of visual function.
Going forward

- Pilot trial in Australia commencing now
- Additional trials aimed at other retinal diseases including AMD planned for CY2008
- First phase of engineering development in CY2008
- Decision on commercialisation to follow pilot trials
Financial Highlights – FY08 Half Year

- Revenue from Ordinary Operations up 19% to $25.3 million
- Earnings before Interest Tax and Depreciation (EBITDA) up 7% to $2.3 million (excluding one-off items)
- Net Profit After Tax (NPAT) up 3% to $1.2 million (excluding one-off items)
- Result is after investment of over $750,000 in US strategy to transition from indirect sales to direct sales
## Summary P&L

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<th></th>
<th>FY07</th>
<th>FY06</th>
<th>Change</th>
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<tr>
<td>Revenue</td>
<td>$M</td>
<td>25.3</td>
<td>21.2</td>
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<tr>
<td></td>
<td>%</td>
<td>45%</td>
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<tr>
<td>Gross Margins</td>
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<tr>
<td></td>
<td>%</td>
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<tr>
<td>EBITDA</td>
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<tr>
<td></td>
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<td>10%</td>
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<tr>
<td>NPBT</td>
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<tr>
<td></td>
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<td>5%</td>
<td>6%</td>
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</table>
Outlook FY08 and beyond

- Revenue growth of 15 – 20% for the full year
- Full year profit to be materially higher than FY07
- Japan receivables financing now implemented to have material impact on Operating cash flow
- Continue to implement US growth strategy
- Continue to identify opportunities to leverage stronger distribution
- Expand research and clinical work on new retinal therapy