

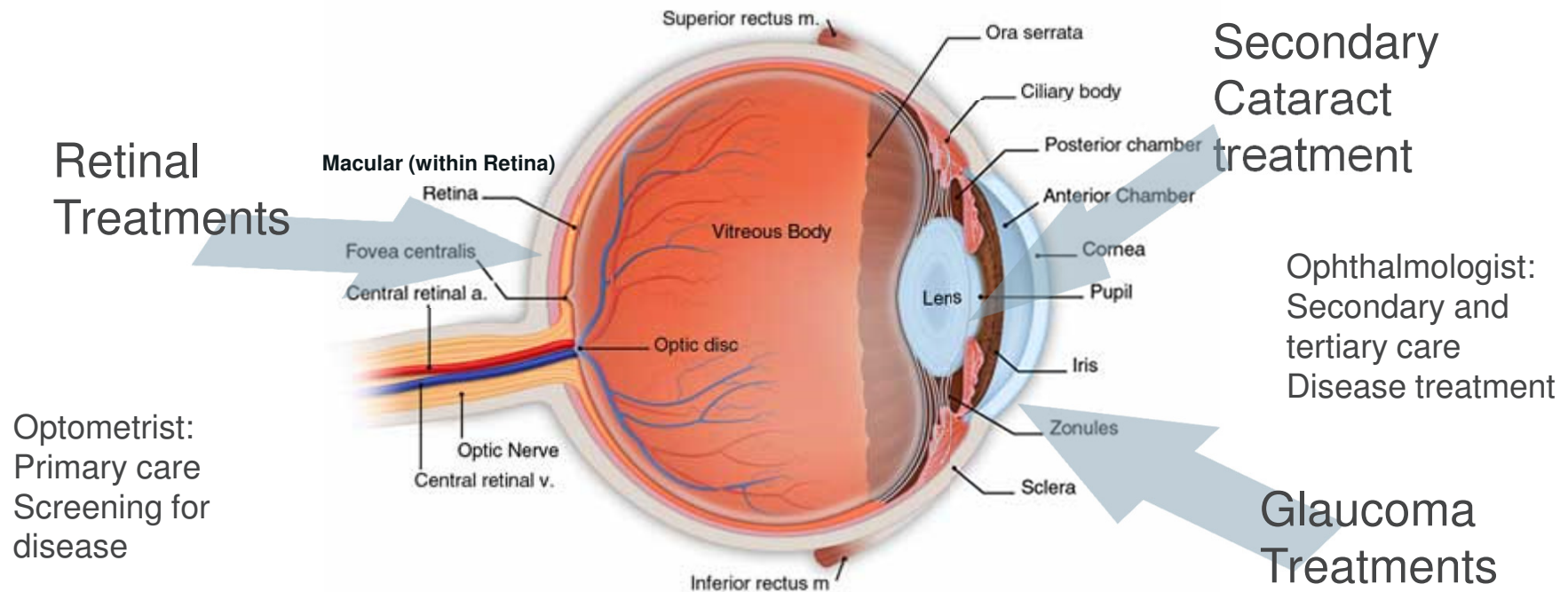
Ellex Medical Lasers

Investor Presentation
for 6 months ended 31 December 2012

(prepared 8 March 2013)



Ellex develops, manufactures and markets, lasers and diagnostic equipment for the treatment of eye disease to a growing global market

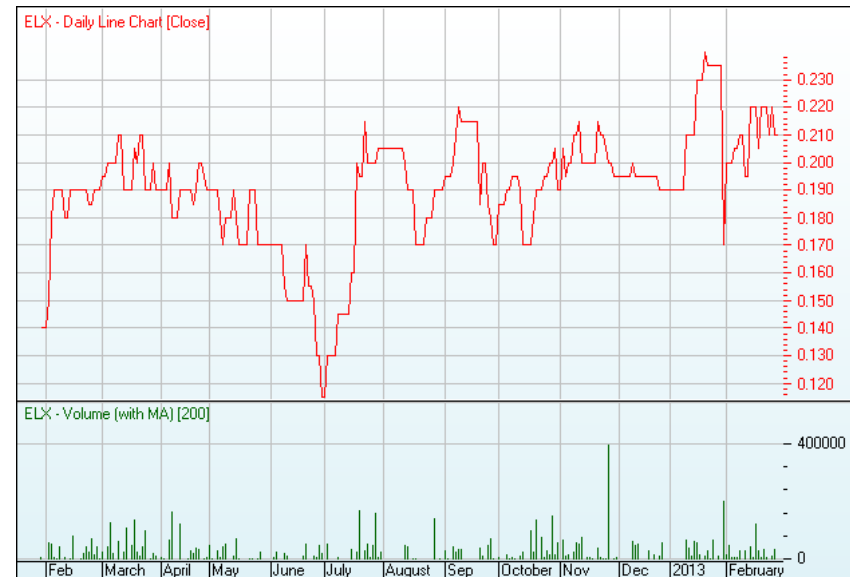


One Powerful Vision

Slide 2

Key H1 FY13 financial data

- Revenues – \$22m , compared with \$26.4m in pcp
- EBITDA – \$0.9m, compared with \$2.0m pcp
- Cash from operations \$1.79m compared with \$79,000 pcp
- NTA per share – 19¢ (pcp 20¢)
- Gearing (D/D+E) – 17%
(30 June 2012 19.5%)
- Issued Capital – 84.9m shares on issue
- Market Cap. – ~\$18.5m
- Top 20 Holders – 43.5%



12 month Price Performance to 28 February 2013



Financial summary – P&L

| | Half-year Ended 31 December 2012 A\$000's | Half-year ended 31 December 2011 A\$000's |
|---------------------|---|---|
| Sales | 22,020 | 26,370 |
| EBITDA | 930 | 2,022 |
| Earnings before tax | 59 | 950 |

Drivers of change against pcp:

- High sales in Australia of retinal cameras to optometry sector in pcp (approx. 300 optometry store installations in FY12)
- High US product sales in pcp due to favourable insurance reimbursement announced last year for photocoagulation and secondary cataract treatments. In current period uncertainty over US elections hindered sentiment.



Financial summary – P&L cont'd

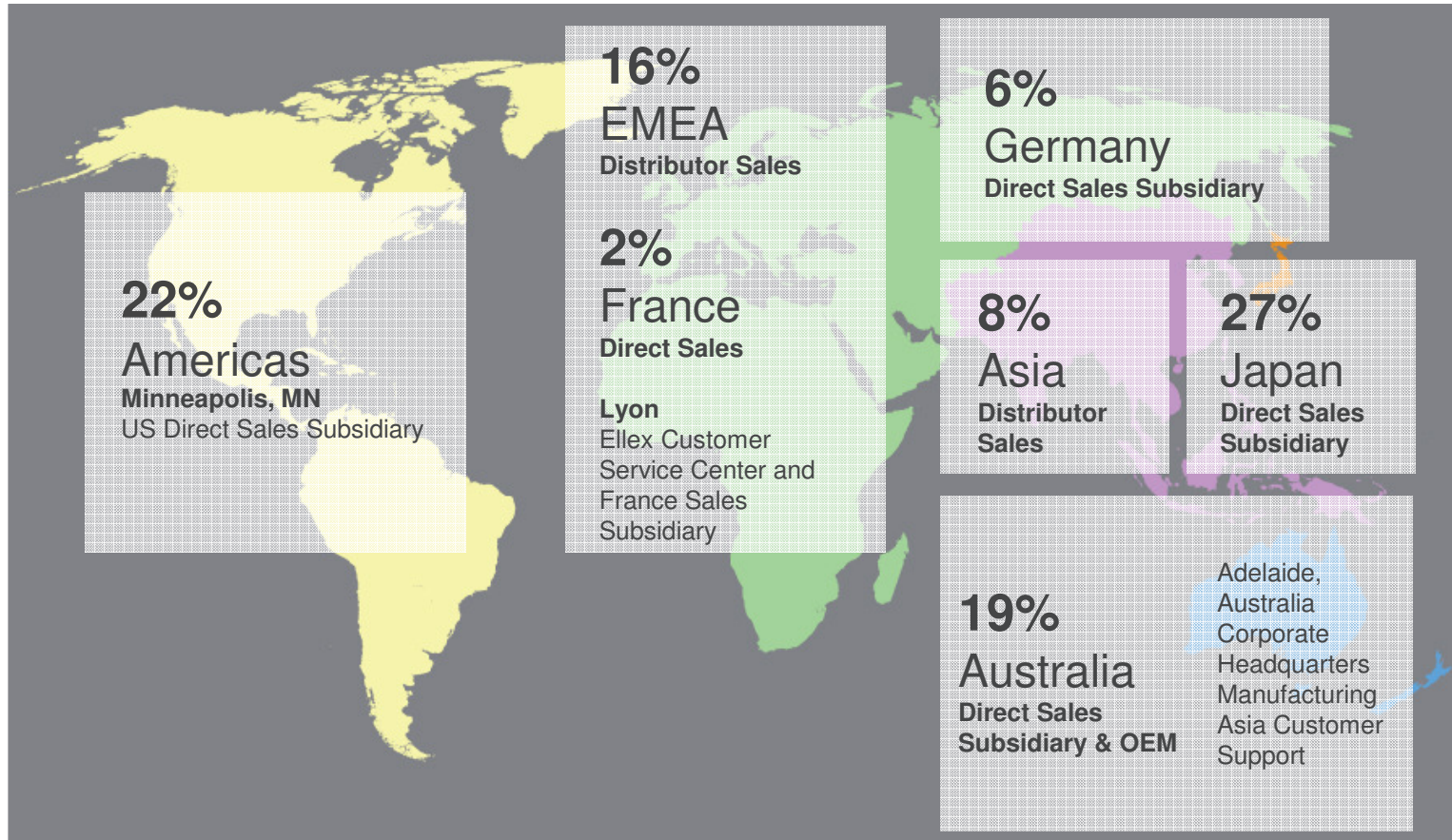
| | Half-year Ended 31 December 2012 A\$000's | Half-year ended 31 December 2011 A\$000's |
|---------------------|---|---|
| Sales | 22,020 | 26,370 |
| EBITDA | 930 | 2,022 |
| Earnings before tax | 59 | 950 |

Drivers of change against pcp cont'd:

- 45% increase in revenues from Asia in H1 FY13 compared with pcp associated with improving demand in China and enhanced support by Ellex to distributor marketing efforts.
- Gross margin improvement associated with higher mix of Ellex-manufactured product compared with pcp.



Global revenue



Financial summary – balance sheet

| | 31 Dec 2012 A\$000's | 30 Jun 2012 A\$000's |
|----------------------|-------------------------|-------------------------|
| Cash | 1,277 | 1,849 |
| Trade receivables | 9,761 | 9,362 |
| Inventories | 13,700 | 14,870 |
| Product development | 7,480 | 6,602 |
| Deferred tax asset | 7,985 | 7,892 |
| PPE and other assets | 4,341 | 4,357 |
| Total assets | 44,544 | 44,932 |

- Inventory reduction efforts released cash. Improvement in inventory turns. Seasonal increase in debtor days.
- Strong product development program activities in H1 FY13



Financial summary – balance sheet (cont'd)

| | 31 Dec 2012 A\$000's | 30 Jun 2012 A\$000's |
|--|----------------------------|----------------------------|
| Trade creditors | (3,985) | (2,457) |
| Borrowings (Australian Bank – A\$ denominated) – current | (6,486) | (7,855) |
| Employee provisions and other liabilities | (2,505) | (2,562) |
| Total Liabilities | (12,976) | (12,874) |

- Approximately 50% of debt is YEN denominated
- Debt repayments made during the period
- Devaluation of YEN reduced A\$ amounts due
- New agreement with Westpac signed after balance date



Participants in Ellex markets within ophthalmology

| Glaucoma Laser | Secondary Cataracts Laser | Diabetic Retinopathy Laser | Diagnostic Ultrasound |
|----------------|---------------------------|----------------------------|-----------------------|
| Ellex | Ellex | Ellex | Ellex |
| Lumenis | Lumenis | Lumenis | |
| Quantel | Quantel | Quantel | Quantel |
| | Zeiss | Iridex | |
| | Nidek | Nidek | Nidek |
| | | Valon | |
| | | Topcon | |
| Lightmed | Lightmed | Lightmed | |

Competitive global market. Different levels of competition in different geographic regions. Constant need for innovation and improved processes.



Ellex estimated market position

| Company | Market share across all territories and products |
|------------|--|
| Lumenis | 19.1% |
| Ellex | 12.9% |
| Topcon | 11.0% |
| Alcon | 10.1% <i>(note)</i> |
| Iridex | 9.8% |
| Nidek | 9.3% |
| Zeiss | 6.1% |
| Quantel | 6.7% |
| All others | 15.0% |

Note:

Alcon share relates to sales of endo probes, an operating-room specific delivery mechanism for laser light into the back of the eye

Source:

“Ophthalmic Laser Manufacturers Revenue Market Share” from “2012 Comprehensive Report on the Global Ophthalmic Laser Market (excluding Excimer and Femtosecond lasers” dated December 2012



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Market size and growth

| Company | Ophthalmic laser revenues* 2012 US\$ million | Ophthalmic laser revenues* 2017 US\$ million |
|--------------------------|--|--|
| Photodisruption | 50.3 | 47.4 |
| SLT (Glaucoma treatment) | 46.2 | 53.4 |
| Photocoagulation | 249.1 | 303.3 |
| Total | 345.6 | 404.1 |

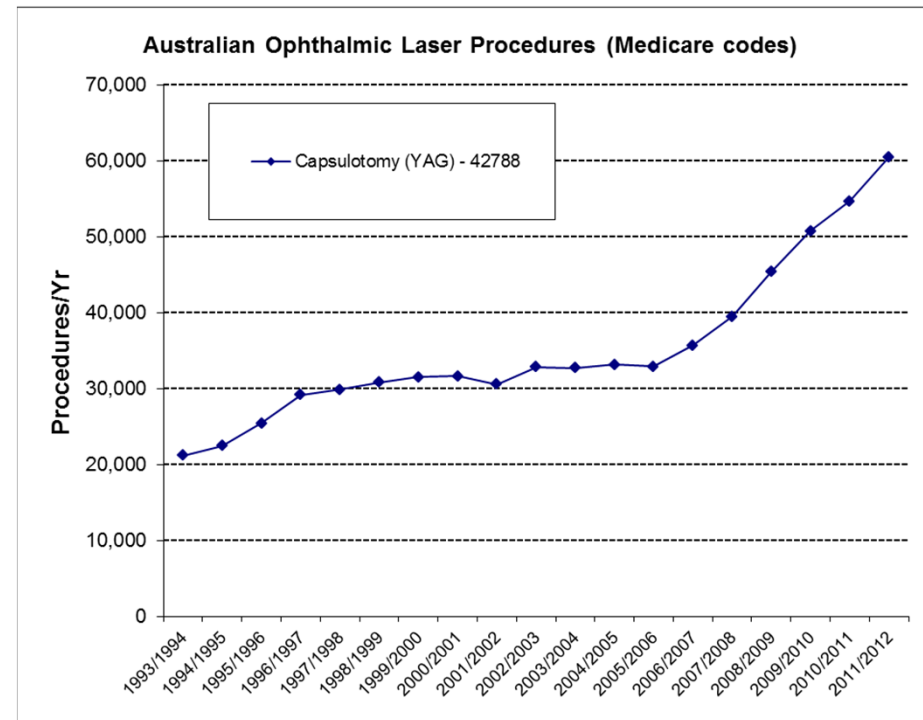
- In developed economies - overall increase projected as a result of ageing populations (and increased life expectancy) and obesity trends.
- In less developed economies – increasing due to economic development and better access to health care
- See next slide regarding projected decline in photodisruption

**Source: "Ophthalmic Laser Revenues" from "2012 Comprehensive Report on the Global Ophthalmic Laser Market (excluding Excimer and Femtosecond lasers)" dated December 2012 prepared by Market Scope LLC*



Market size and growth - Photodisruption

- 10% to 35% of all cataract procedures give rise to a subsequent need for photodisruptor procedures
- These procedures require Ellex's photodisruptor laser
- Cataract operations showing strong increase due to improvement in intraocular lens technologies. More people are having the procedure done for lifestyle improvement
- Subject to reimbursement arrangements, Australian market trend indicative of global trend
- This data contradicts other views that secondary cataract rates are declining as a result of improvements in cataract surgery techniques



Source: Medicare Australia



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Market size and growth – photocoagulation

- Market growth of 20% over 2012 – 2017 driven by growing rates of diabetes in the population
- Photocoagulation is the “Gold Standard” treatment for diabetes related eye disease
- Competition from ocular - injected anti-VEGF drugs and several competing manufacturers
- Ellex has Integre family of office-based and operating room photocoagulators
- New “Integre Pro” platform offers multi-wavelength options (Red, Yellow, Green) for wider variety of retinal treatments
- New “Rapide” pattern laser product offers faster treatments with less patient trauma



Growth opportunities H2 FY13 and FY14

- Prime Minister Shinzō Abe's new government policy in Japan expected to increase health care spending
- Introduction of expanded Ellex product range
- Opportunities for distribution of new products manufactured by third parties particularly in Japan & Australia. Focus on minimally invasive disposable devices
- Improving revenues from focussed exploitation of technical service & device manufacturing capabilities
- Launch of glaucoma treatment laser (SLT) in the USA



Growth opportunity

Product portfolio expansion FY13

| Treatment Area | H1 FY13 | New for FY13 and beyond |
|--|--|--|
| Photodisruptor for treatment of secondary cataracts | <ul style="list-style-type: none"> • Super Q, • Ultra Q | Ultra Q Reflex for treatment of vitreous strands |
| SLT for treatment of glaucoma | <ul style="list-style-type: none"> • Tango (combined SLT and photodisruptor) • Solo | Tango with enhanced viewing optics and laser power optimisation |
| Photocoagulator for treatment of retina (mainly diabetes related) | <ul style="list-style-type: none"> • Integre green • Integre Yellow • Integre Duo | <ul style="list-style-type: none"> • Integre Pro – multi wavelength for multiple treatment options on a single platform • Rapide – pattern scanning for faster, lower-trauma treatment |
| Nanopulse (2RT) treatment of the retina for diabetes related disease | Limited commercial release of 2RT in July 2013 for photoreceptor-sparing treatment of diabetes related macula oedema | |
| Diagnostic Ultrasound | Eye Cubed, DRS and MAIA | Eye Cubed with interface to electronic medical records |

More products currently being released than at any time in the last 5 years



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Growth opportunity – USA SLT

- Since the introduction of Selective Laser Trabeculoplasty (SLT) as a glaucoma treatment in the early 2000's, Lumenis has enjoyed exclusive rights to sell in the USA. This right (arising from patent protection) expires in July 2013.
- Early sales by Lumenis into the USA were of an SLT product manufactured by Ellex. Many doctors still use this Ellex-manufactured, Lumenis branded SLT product. Ellex has a good reputation in global market and USA.
- Outside the USA Ellex-branded Tango & Solo SLT products command a market share of approximately 42%*.
- Market Scope LLC** estimates the current annual SLT market in the USA is US\$13m to US\$14m and growing
- Ellex has in-place channel to exploit this opportunity

* Management estimate

** Source: "Ophthalmic Laser Revenues by Region" from "2012 Comprehensive Report on the Global Ophthalmic Laser Market (excluding Excimer and Femtosecond lasers)" dated December 2012 prepared by Market Scope LLC



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Growth opportunities longer term

- Improved revenues out of USA market in addition to SLT
- Geographic expansion opportunities in Asia. Chinese demand projected to grow at 9.2% CAGR from 2012 to 2013
- Retinal rejuvenation therapy (2RT) for age-related macula degeneration (AMD)



What is AMD?

- Degenerative disease of the retina that causes progressive loss of central vision, affecting the ability to see fine detail, read and recognise faces. Progresses quickly with advancing age.
- In Australia, AMD it is estimated to cost the Australian economy in 2010, \$5.15 billion (\$48,028 per person)*
- The leading cause of blindness in people over 50 affecting one in seven people in Australia (indicative prevalence of developed world)
- AMD commences as “Early” AMD and progresses to either “wet” AMD or “dry” AMD.
- Causes are unknown though it appears that age, poor diet, smoking, high alcohol intake, obesity and genetics increase incidence.
- Genetics thought to have the largest impact, family history strongly indicative of next generation’s disease

Source: Deloitte Access Economics May 2011



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Stages of AMD

Early AMD:

- No significant vision loss (yet). Drusen fatty waste deposits build up between retinal layers: RPE and Bruch's membrane, inhibit normal flow of nutrients into the retina and waste away from the retina.
- 112 million people in world with Early AMD growing at a CAGR of 2.7% over next 5 years.*

Advanced AMD in two forms; Wet and Dry:

- Vision is materially impacted
- Wet AMD: choroidal neo-vascularisation (CNV), treatment with bi-monthly anti-VEGF injections. 10.2 million people in the world with wet AMD.*
- Dry AMD: geographic atrophy (GA), currently no treatment available. 8.4 million people in the world with dry AMD.*

* Source: Prevalence of AMD "2012 Comprehensive Report on the Global Ophthalmic Laser Market (excluding Excimer and Femtosecond lasers)" dated December 2012 prepared by Market Scope LLC



Early AMD incidence and prevalence

- Markets accessible with CE certification (or equivalent)
 - EU, Australia and Canada
 - AMD prevalence population – 7.6 million
 - AMD incidence population – 850,000
- USA & Japan
 - Additional market potential commensurate with population



What is 2RT ?

- Ellex 2RT is therapy that targets degenerating retinal cells that through the normal disease course the body has no normal means to manage
- The Ellex 2RT nano-pulse laser with unique characteristics triggers a process that causes the ailing cells to be repopulated with healthy new cells without causing damage to photo receptor cells
- Ellex 2RT has thus far been trialled for retinal diseases including AMD and diabetic retinopathy with promising results that show drusen reduction and improvements in patient visual acuity
- Ellex 2RT offers the potential for treatment of early AMD possibly averting late stage disease before significant vision loss has occurred
- Ellex's 2RT technology is protected by registered international patents and with other patents in progress



Current AMD treatment options

FDA-approved AMD treatments are only suitable for advanced or end-stage disease and simply address complications associated with AMD. They are characterised by:

- Considerable burden on patients which leads to lack of adherence to therapy
- Focussed on advanced Wet AMD only
- High returns to pharma
- Considerable burden on public health budgets
- Growing awareness of disease
- Increase in screening activities



2RT Early AMD treatment

2RT laser, commercial generation 1:



Ellex 2RT treatment characteristics

- Minimally invasive method for treating delicate retinal structures without risk of collateral damage.
- Highly localised and safe placement of laser energy directly into eye.
- No infection risk, no biomaterials risk, no toxicology issues, no patient compliance issues, low patient treatment burden



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Ellex 2RT clinical efficacy

- Multi-centre Randomised Control Trial (mcRCT / LEAD trial):
 - Laser Intervention in Early Age-Related Macular Degeneration
 - Led by Professor Robyn H. Guymer / Centre for Eye Research Australia (CERA) / Royal Victorian Eye & Ear Hospital (RVEEH)
 - Two sites equipped with 2RT lasers and diagnostic equipment
 - Additional two sites in negotiation
- Other studies:
 - RETILASE study / 2RT for DME study (Moorfields Eye Hospital and King's College London)
 - 2RT in AMD / Melbourne pilot study: 12 months results for 50 patients complete (Dec 2011) / publication of results expected in the near future



Ellex 2RT – regulatory status

- 2RT for treatment of Diabetic macular Edema
CE Mark in place
- 2RT for treatment of AMD
CE Mark pending



Ellex in a snapshot – recap

- Experienced global ophthalmic industry participant with seasoned management with global distribution, design and development, manufacturing and regulatory systems in place
- FY14 revenue growth opportunity for SLT in the USA
- 2RT laser product that has shown potential to treat hitherto untreatable eye disease – early Age-related Macular Degeneration
- New products for release and geographic expansion provide near-term growth opportunities
- Results of second-half of FY13 are expected to be an improvement on the first-half

