

ASX RELEASE

Ellex Medical Lasers Limited (ASX:ELX)

Adelaide, Australia

Date: 30 July 2015

Release: Immediate

Topic: Trading Update for the Full Year Ended 30 June 2015



Financial Highlights:

- **Revenue of approximately \$62.5 million up by 15% on prior year**
- **Highest revenue in history of business**
- **Profit before tax of approximately \$2.5 million is approximately double the PBT of the prior year**

Adelaide, Australia, 30 July 2015 – Ellex Medical Lasers Limited (ASX:ELX), a global leader in medical technologies for the diagnosis and treatment of eye disease, today announced that it expects to report earnings before interest, tax, depreciation and amortisation (EBITDA) of approximately \$5.2 million and net profit before tax (NPBT) of approximately \$2.5 million on revenues of \$62.5 million for the full year ended 30 June 2015. These are preliminary and unaudited results. This compares with EBITDA of \$2.9 million and NPBT of \$1.3 million on revenues of \$54.4 million for the prior corresponding period.

The Company's strong operating result was driven by global sales of its treatment laser portfolio, including early-adopter sales of the proprietary 2RT™ laser, indicated for early age-related macular degeneration (AMD) and clinically significant macular edema (CSME). Additionally, sales of the Company's Integre Pro™ retinal laser and the full year sales impact of the iTrack™ glaucoma surgical device, acquired on 1 January 2014, combined with the lower Australian Dollar relative to the US Dollar, also contributed to the positive result.

Commenting on the Company's performance, Ellex CEO Tom Spurling stated: "Sales grew by 15% compared with last year. This marks the third consecutive year of revenue and NPBT growth for our business. It is important to note that the ratio of NPBT to sales is also growing."

The strong result was struck on improved performance in all sales territories, with the exception of the Japanese business, which incurred an operating loss. Following several years of declining Ellex product sales in Japan, a new sales management structure was implemented in October/November 2014 and since then Ellex has been working to reinvigorate the Japanese business with new products.

An ageing population, higher rates of obesity and improved access to health care continue to drive overall market growth, offering significant growth potential for the Ellex business.

"Ellex operates across the four major areas of the eye disease treatment market; glaucoma, diabetic retinopathy, cataracts and AMD. Currently, the global annual spend on treatments for these diseases is dominated by pharmaceuticals and is estimated to be US\$14 billion. We have significant growth potential in this market with our devices," added Mr Spurling

Further detail regarding the market potential for Ellex products is addressed in the attached slides.

Ellex expects to release its full year results for the 2015 financial year in the week commencing 24 August 2015.

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Ellex Medical Lasers

Update on the market potential for Ellex products and recent
ophthalmic device market equity transactions

30 July 2015



Ellex offers ophthalmic device treatment solutions in a market that is dominated by pharmaceuticals

- Total disease treatment market is approximately US\$14billion per annum of the 4 major eye disease categories; glaucoma, diabetic disease of the retina, cataracts and age-related macular degeneration
- Pharmaceutical companies have a higher share of voice with ophthalmologists than device companies
- Devices often offer treatments that are more effective than pharmaceutical treatments
- Ellex is emerging as best in class amongst ophthalmic device companies in all 4 disease segments
- Aging populations, obesity and improving health care systems will drive overall market growth. Education as to the clinical benefits of ophthalmic devices over pharmaceutical treatments and the financial benefits of devices over pharma to both doctors and health care systems will drive growth of device market



Ellex product range, the disease states and estimated market size for those products: More than US\$670 million p.a. of addressable annual market and growing with aging populations, obesity and health care improvements in developing countries. Ellex believes there is additional growth possible as device therapies prove more efficacious than pharma for certain disease states

Disease	Current Ellex Devices	Total annual spend on disease treatment with pharma and devices	Current device-market accessible to Ellex ⁽²⁾	Assessed device-market position against listed peers ⁽¹⁾
Glaucoma – early stage	SLT with Tango™, Solo™	US\$4.6 billion ⁽¹⁾	US\$60 million (CAGR 4.5% plus more with pharma replacement)	1. Ellex 2. Lumenis (LMNS:NASDAQ)
Glaucoma – later stage	iTrack™ (approx. US\$50m invested prior to acquisition by Ellex)		US\$240 million (CAGR 23%)	1. Glaukos (GKOS:NYSE) 3or4 Ellex
Cataracts and Vitreous Floaters	Ultra Q™ and Ultra Q Reflex™	US\$3.3 billion plus 24 million cataract operations per year ⁽¹⁾	US\$65 million (CAGR 4.5% plus more with vitreous floater treatment)	1. Ellex 2. Lumenis
Diabetic Disease of Retina	Integre Pro™ and Integre ProScan™	US\$1.5 billion ⁽³⁾	US\$305 million (CAGR 4.5% plus more with pharma replacement)	1. Iridex (IRIX:NASDAQ) 4. Ellex
Early-Stage AMD and Clinically Significant Macula Edema	2RT™	US\$5.1 billion ⁽⁴⁾ (CAGR 7%) in just 7 major economies	Emerging - market will be a function of the current annual spend of US\$5.1b	1. Ellex (assessed by ELX)

(1) MarketScope LLC Reports, (2) Combination of Ellex estimate and MarketScope LLC Reports (3) “Global Diabetic Retinopathy Market 2015 to 2019” Technavio Insights (4)PharmaPoint: Macular Edema and Macular Degeneration- Global Drug Forecast and Market analysis to 2023” published in Dec 2014



Recent equity capital market transactions amongst Ellex peers compared with Ellex:

	Last reported annual revenue	Last reported annual operations result	Recent market capitalisation
Glaukos (IPO 26 June 2015)	US\$45.6 million	US\$14.1 million LOSS	US\$850 million (NYSE:GKOS)
Lumenis (Sale of business announced 18 June 2015)	US\$292 million (which includes US\$58 million in ophthalmology)	US\$35 million EBITDA	US\$510 million (NASDAQ:LMNS)
Iridex (Listed)	US\$42.8 million	US\$2.6 million EBITDA	US\$86 million (NASDAQ:IRIX)



Recap of Ellex :

- Ellex has been consistently profitable, and is now entering a phase of rapid growth in both sales and profit. Revenue approximately A\$62.5m (up 15% of PCP) and EBITDA of approximately A\$5.3m (up greater than 100% on PCP) for the year ended 30 June 2015.
- Diverse product range addressing all major eye diseases with either world-leading or dominant positions in each market segment
- Only company in the world with an emerging, viable, device intervention for patients with early stage age related macular degeneration with 2RT™ with fast-growing sales in Europe and Australia
- Complete design, development and manufacturing capability with a network of direct sales professionals in key markets of USA, Japan, Australia, France and Germany. Long-term distributor partners in the rest of Europe, Middle East and North Africa, Latin America and Asia.



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