

ASX RELEASE

Ellex Medical Lasers Limited (ASX:ELX)

Adelaide, Australia

Date: 29 January 2016

Release: Immediate

Topic: Ellex Trading Update for the Half-Year Ended 31 December 2015



Financial Highlights:

- **Global sales of A\$34.8m, an increase of 13% on the prior comparable period**
- **Estimated profit before tax up from A\$1.3 million to A\$1.8 million, a 38% increase**
- **Adjusted for new operating expenses that will benefit future periods, estimated profit before tax is up 71%**

Adelaide, Australia, 29 January 2016 – Ellex Medical Lasers Limited (ASX:ELX), a world leader in medical technologies for the diagnosis and treatment of eye disease, today announced that it expects to report a profit before tax of approximately A\$1.8 million for the six months ended 31 December 2015. The result will be a material increase in the profit before tax of A\$1.3 million reported for the six months ended 31 December 2014.

Revenue

Group revenue for the six months ended 31 December 2015 is expected to be approximately A\$34.8 million, a A\$4.1 million (13%) increase compared to the prior corresponding period. The increase in revenue has several components, namely:

- Positive impact of organic growth in sales of Ellex-branded product in USA, Europe and Japan of 11% (A\$3.4m)
- Positive impact of lower Australian dollar against US\$, Euro and YEN 13% (A\$4.1m)
- Discontinuation of contract manufacturing and lower margin third party product sales along with reduction in other third party product sales that has reduced revenue by 11% (A\$3.4m)

Estimated Profit before tax

The increase of 38% in the estimated profit before tax has been driven by increasing brand equity of the latest generation of Ellex-branded products. The estimated profit before tax of A\$1.8m has been negatively impacted by the following new operating expenses, that will benefit the second half of FY16 and beyond:

- Investment in iTrack growth initiatives and start up of a dedicated sales force in USA (approximately A\$0.3m)
- Investment in additional regulatory resources to support the rollout of Integre Pro Scan™ in the USA (FDA approval achieved August 2015) and Japan (Japan FDA approval achieved December 2015) and to renew registrations for certain products in China (approximately A\$0.3m)

See attached Trading Update Presentation for additional information on regional and product trends.

Commentary

“We are pleased with our sales growth and improved margins. The release of the Integre Pro Scan™ product in Europe has been good and the continued take up of our innovative Ultra Q Reflex™ for treating floaters in all regions has been pleasing. The improvement in iTrack™ sales in the USA in the last couple of months of the period has also been exciting” commented Mr Tom Spurling, CEO.

These results are a preliminary estimate and prior to finalisation of the half yearly review by the Company’s Auditors. Ellex expects to report its half-year results for the year ended 31 December 2015 during the week beginning 23 February 2016 along with a detailed presentation for investors.

ABOUT ELLEX

Ellex designs, develops, manufactures and sells innovative product that help eye surgeons around the world to effectively and efficiently treat eye disease. Ellex is a world leader in this field. Headquartered in Adelaide, Australia, Ellex has ophthalmic lasers and devices that treat glaucoma, retinal disease primarily caused by diabetes, secondary cataract and vitreous opacities, as well as age-related macular degeneration. Manufacturing is carried out in Adelaide, Australia and Fremont, California. Sales and service directly to eye surgeons is conducted via subsidiary offices in Minneapolis, Lyon, Berlin and Tokyo. A network of more than 50 distribution partners around the world services other markets.

For additional information about Ellex and its products, please visit www.ellex.com

For further information on Ellex, please contact:

Tom Spurling, CEO

Ellex Medical Lasers Limited

82 Gilbert Street, Adelaide, SA, 5000

W +61 8 8104 5200 | M +61 414 661 994

tspurling@ellex.com

Andrew Angus

Investor Relations

M +61 402 823 757

andrewangus@overlandadvisers.com.au

Maria Maieli, CFO & Company Secretary

Ellex Medical Lasers Limited

82 Gilbert Street, Adelaide, SA, 5000

W +61 8 8104 5200

mmaieli@ellex.com

Ellex Medical Lasers (ASX:ELX)

29 January 2016

Trading Update for the six months ended 31 December 2015

A detailed presentation on the result will accompany the release of the financial statements during the week commencing 23 February 2016

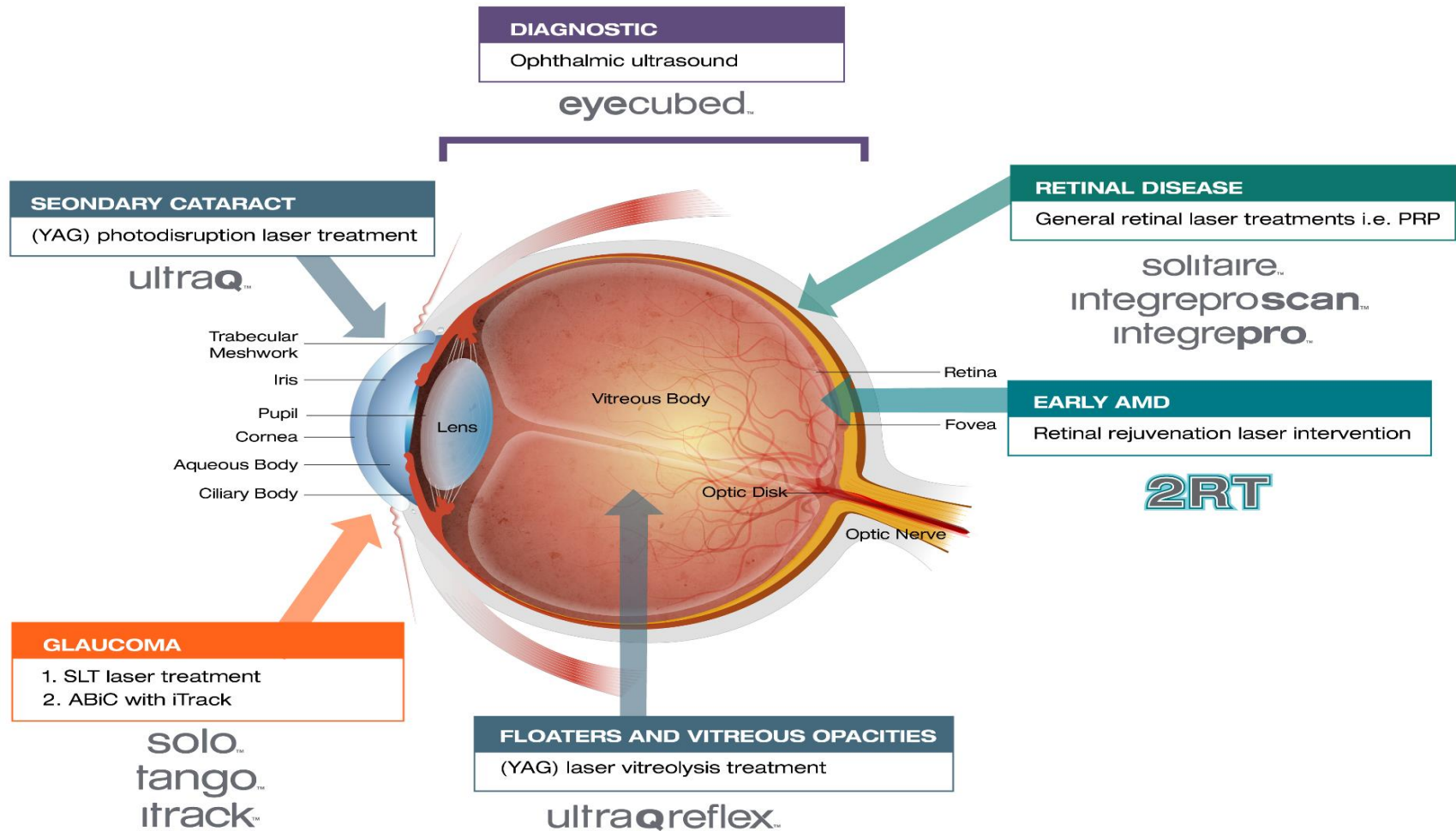


Ellex makes and sells innovative products that help eye surgeons around the world to effectively and efficiently treat eye disease; this is one powerful vision



One Powerful Vision

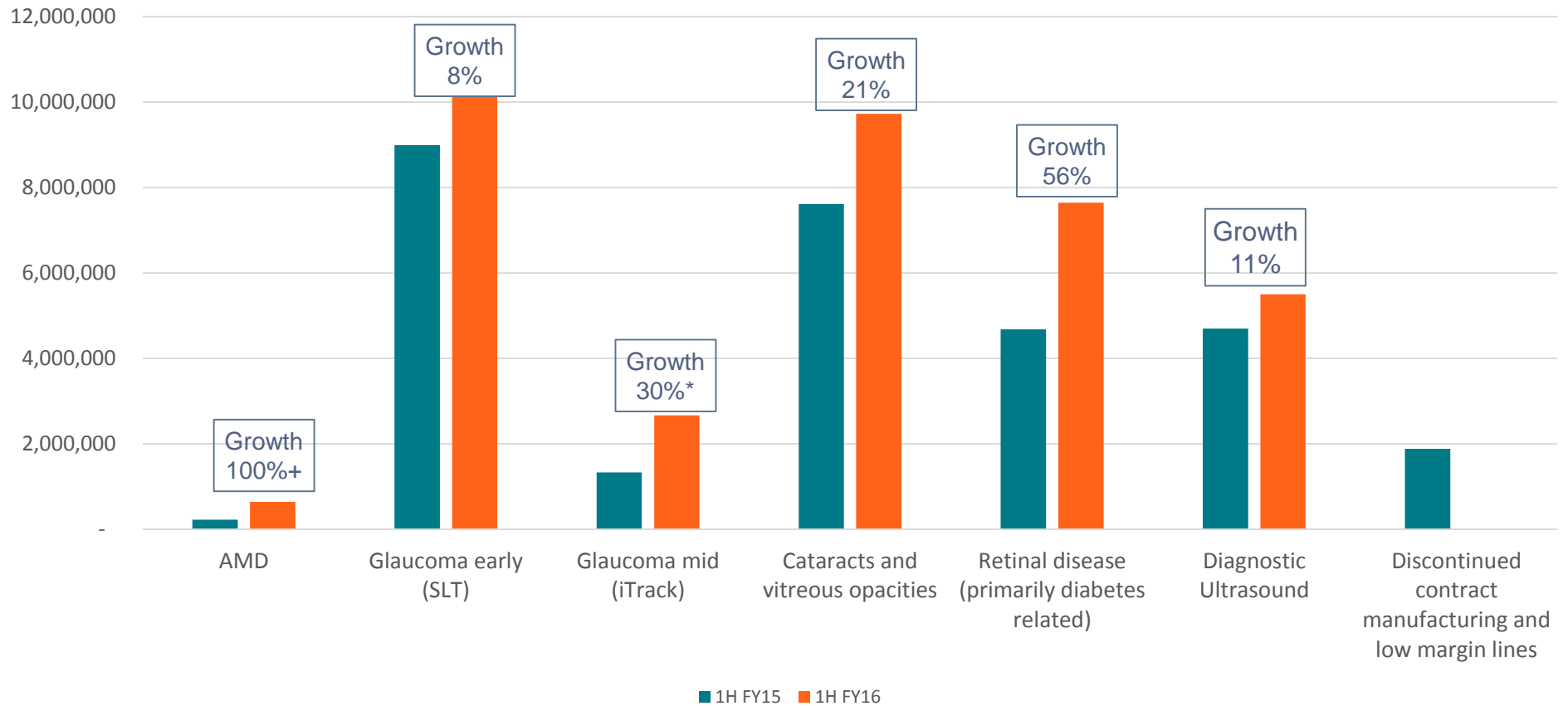
Ellex – A world leader in Ophthalmic Products for treating the major causes of eye disease



One Powerful Vision

Trading Update – Sales by category of Eye Disease

Revenue by Eye Disease H1 FY15 vs H1 FY16



* iTrack USA sales 69% (pcp 60%) of total and are 47% up on pcp

** Approximately half of the growth for each eye disease category relates to the lower A\$ against all major currencies compared with pcp



Trading Update – Sales by Region

	1H FY13 A\$m	1H FY14 A\$m	1H FY15 A\$m	1H FY16 A\$m	Change on PCP
Australia	4.5	4.7	5.9	4.0	-32%
USA	4.4	9.6	10.0	14.1	+41%
EMEA*	5.1	4.3	7.4	8.2	+11%
Japan	6.0	4.7	3.9	4.2	+8%
Asia	1.7	1.9	2.3	3.5	+52%
South America	0.3	0.7	1.3	0.8	-38%
TOTAL	22.0	25.9	30.7	34.8	+13%
Recurring Ellex-branded consumables & service component	1.1	1.9	4.0	5.0	+20%

- Primarily includes discontinued contract manufacturing and lower margin third party product sales

- Improved sales of Ellex brand SLT, Ultra Q Reflex™ and ultrasound
- Growth in iTrack
- Lower A\$ against US\$

- Better sales of Ellex brand Integre Pro Scan™ Ultra Q Reflex™ and ultrasound
- Small positive impact of lower A\$ against EURO

- Better sales of Ellex brand SLT laser and ultrasound
- Small positive impact of lower A\$ against YEN

- Continued growth in demand particularly Ultra Q Reflex™, some positive FX impact

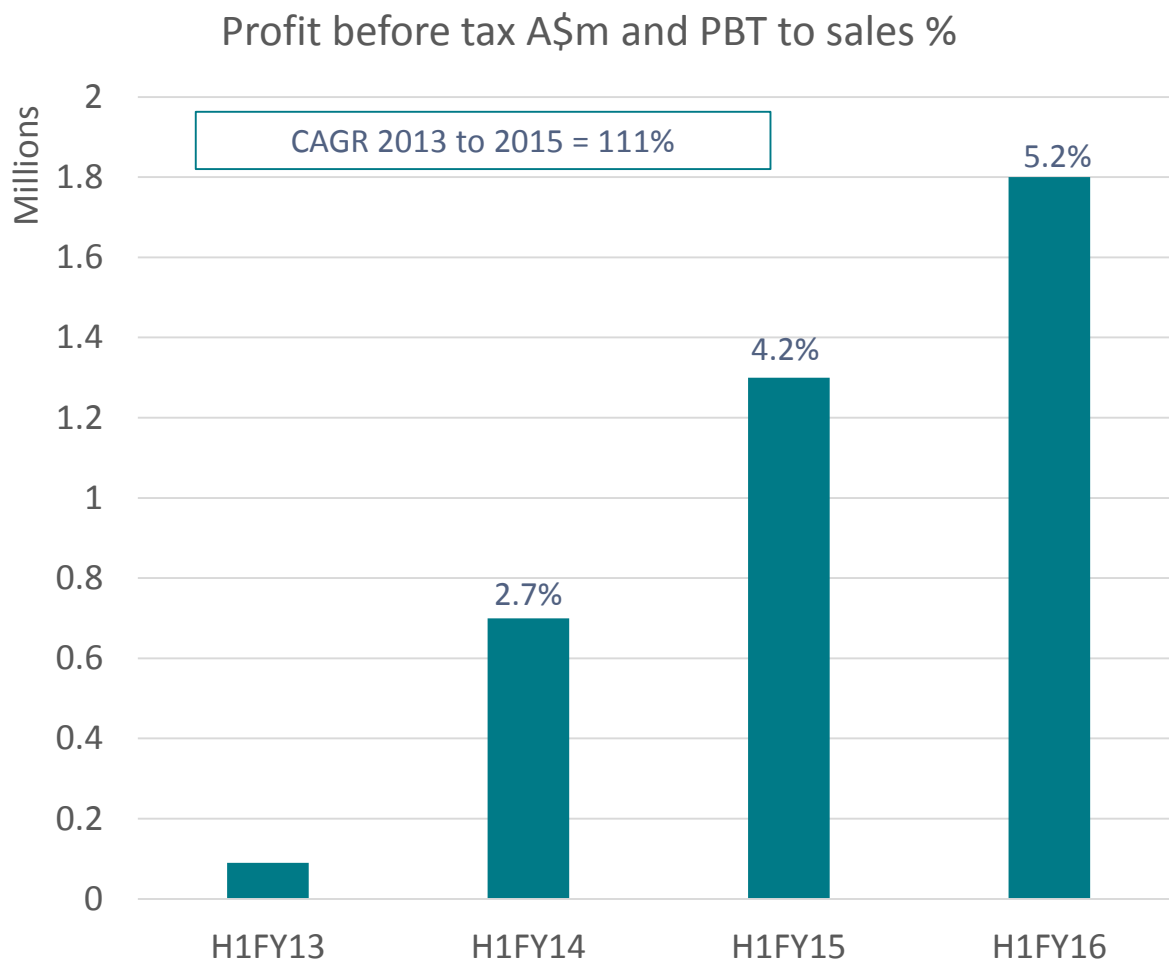
- Health care spending in this market is particularly sensitive to Government revenue from oil sales

CAGR of revenue FY13 to FY16 is 12%

* Europe, Middle East and Africa



Trading Update – Estimated Profit before tax

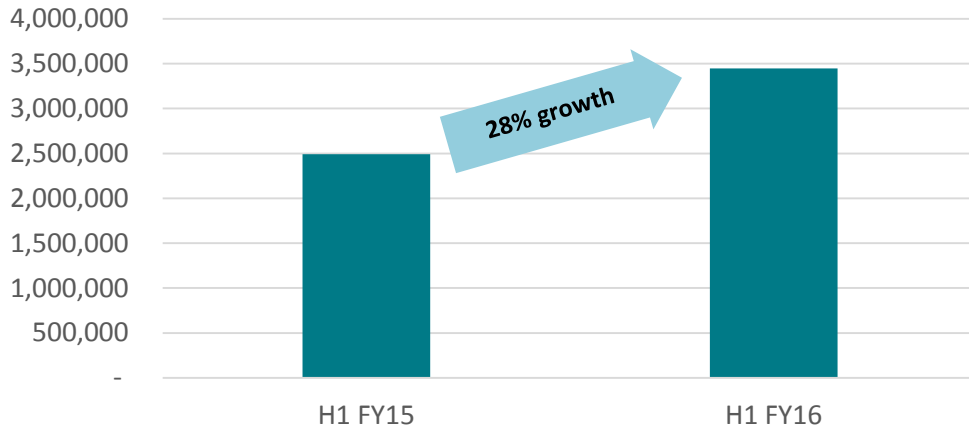


	1H FY15 A\$m	1H FY16 A\$m
Estimated profit before tax (reported)	1.3	1.8
<ul style="list-style-type: none"> Investment in iTrack sales force in USA over October to December 2015 	-	0.3
<ul style="list-style-type: none"> Investment in additional regulatory work for new products in USA (September 2015 FDA approval Integre Pro Scan), Japan (December 2015 approval Integre Pro Scan) and China 	0.1	0.3
Estimated PBT adjusted for new operating expenses	1.4	2.4
% of sales	4.7%	6.9%
Growth		71%

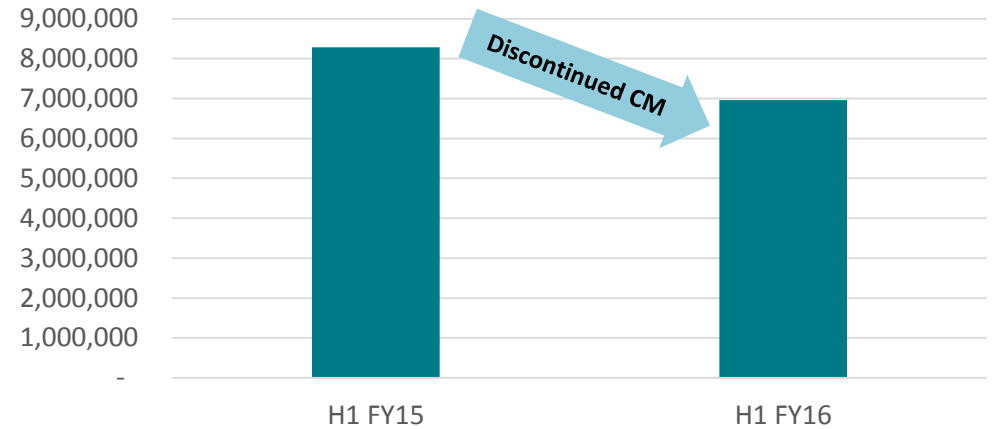


Trading Update – Constant Currency Data

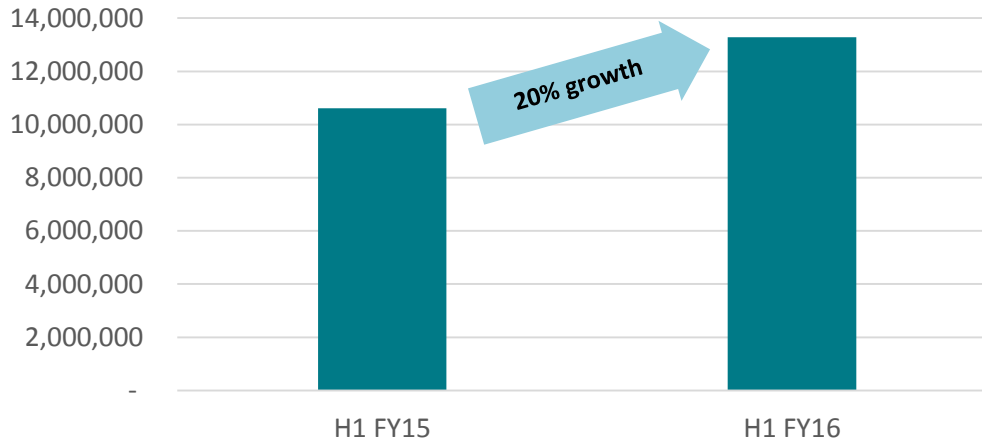
Ellex Euro Revenues 1H FY15 vs 1H FY16



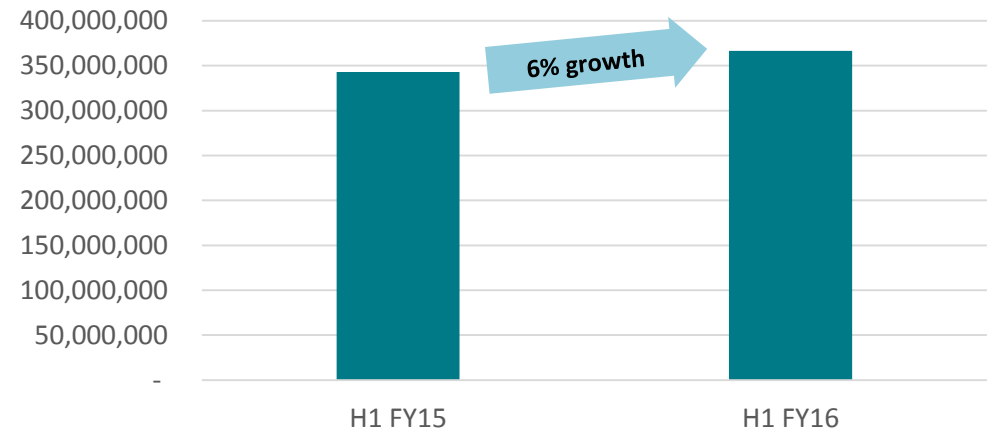
Ellex A\$ Revenues 1H FY15 vs 1H FY16



Ellex US\$ revenues 1H FY15 vs 1H FY16



Ellex Yen Revenues 1H FY15 vs 1H FY16



END

Detailed Investor Presentation to be released with the financial statements during the week commencing 23 February 2016

For further information, please contact:

Andrew Angus | Investor Relations | M: +61 402 823 757



One Powerful Vision

Page 7