



*A Leading Developer, Manufacturer and Marketer of Premium  
Implantable Lenses for Refractive Vision Correction*

# Investor and Analyst Day

NASDAQ: STAA  
November 16, 2017

Evolution in Visual Freedom<sup>TM</sup>

# FORWARD-LOOKING STATEMENTS

All statements in this presentation that are not statements of historical fact are forward-looking statements, including statements about any of the following: any projections of earnings, revenue, sales, profit margins, cash, working capital, effective tax rate or any other financial items; the plans, strategies, and objectives of management for future operations or prospects for achieving such plans; statements regarding new, existing, or improved products, including but not limited to, expectations for sales, marketing and clinical initiatives, investment imperatives, expectations for success and timing of new, existing, or improved products in the U.S. or international markets or government approval of new or improved products (including the Toric ICL in the U.S.); the nature, timing and likelihood of resolving issues cited in the FDA's 2014 Warning Letter or 2015 FDA Form 483; future economic conditions or size of market opportunities; expected costs of quality system or FDA remediation; statements of belief, including as to achieving 2017 plans; expected regulatory activities and approvals, product launches, and any statements of assumptions underlying any of the foregoing. Important additional factors that could cause actual results to differ materially from those indicated by such forward-looking statements are set forth in the company's Annual Report on Form 10-K for the year ended December 30, 2016 under the caption "Risk Factors," which is on file with the Securities and Exchange Commission and available in the "Investor Information" section of the company's website under the heading "SEC Filings." We disclaim any intention or obligation to update or revise any financial projections or forward-looking statements due to new information or events.

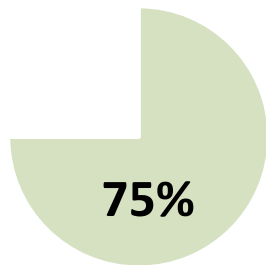
These statements are based on expectations and assumptions as of the date of this presentation and are subject to numerous risks and uncertainties, which could cause actual results to differ materially from those described in the forward-looking statements. The risks and uncertainties include the following: our limited capital resources and limited access to financing; the negative effect of unstable global economic conditions on sales of products, especially products such as the ICL used in non-reimbursed elective procedures; changes in currency exchange rates; the discretion of regulatory agencies to approve or reject new, existing or improved products, or to require additional actions before approval (including but not limited to FDA requirements regarding the TICL and/or actions related to the 2014 FDA Warning Letter or 2015 FDA Form 483) or to take enforcement action; research and development efforts will not be successful or may be delayed in delivering products for launch; the purchasing patterns of distributors carrying inventory in the market; the willingness of surgeons and patients to adopt a new or improved product and procedure; and patterns of Visian ICL use that have typically limited our penetration of the refractive procedure market. The Visian Toric ICL and the Visian ICL with CentraFLOW are not yet approved for sale in the United States.

In addition, to supplement the GAAP numbers, this presentation includes supplemental non-GAAP financial information, which STAAR believes investors will find helpful in understanding its operating performance. "Adjusted Net Income or (Loss)" excludes the following items that are included in "Net Income (Loss)" as calculated in accordance with U.S. generally accepted accounting principles ("GAAP"): gain or loss on foreign currency transactions, stock-based compensation expenses and remediation expenses. A table reconciling the GAAP information to the non-GAAP information is included in our financial release which can be found in our Form 8-K filed on November 8, 2017 and also available on our website.

## A Leading Developer, Manufacturer and Marketer of Premium Implantable Lenses for Refractive Vision Correction

### ICL<sup>™</sup>

Implantable Collamer<sup>®</sup> Lens



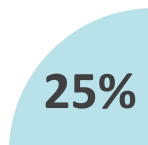
- ICL<sup>™</sup> (phakic IOL) delivers **Visual Freedom** to patients needing Myopic (distance vision) correction
- > 700,000 implanted
- Patient pay

### ICL<sup>™</sup> - In Harmony with the Eye



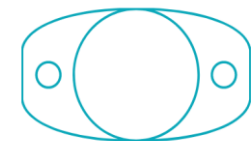
### IOL

Intraocular Lens



- IOL replaces the patient's natural lens after cataract surgery
- Primarily reimbursed

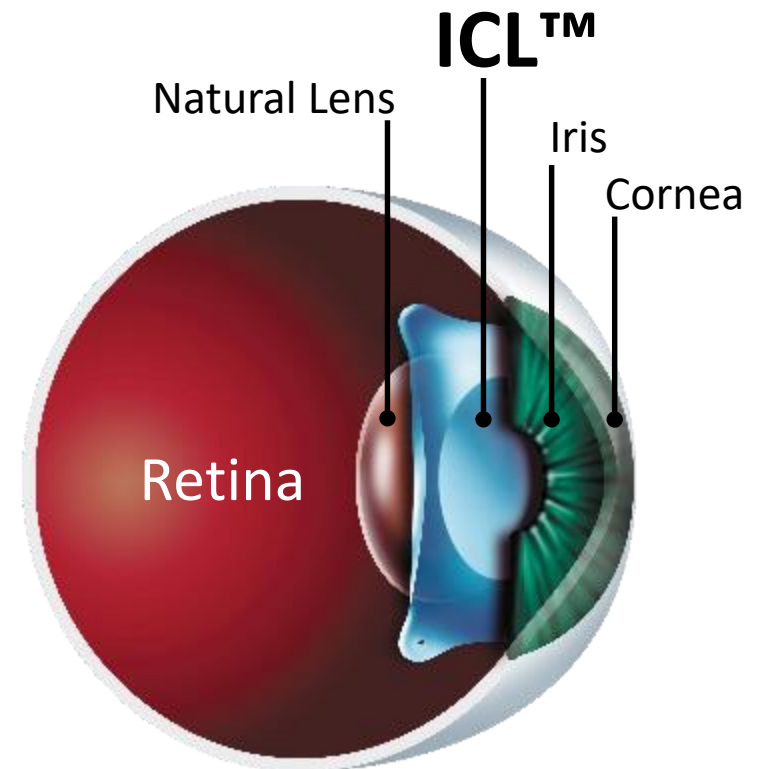
### IOL - Lens Replacement



# ICL™ - THE COLLAMER MATERIAL ADVANTAGE

## In Harmony with the Natural Eye

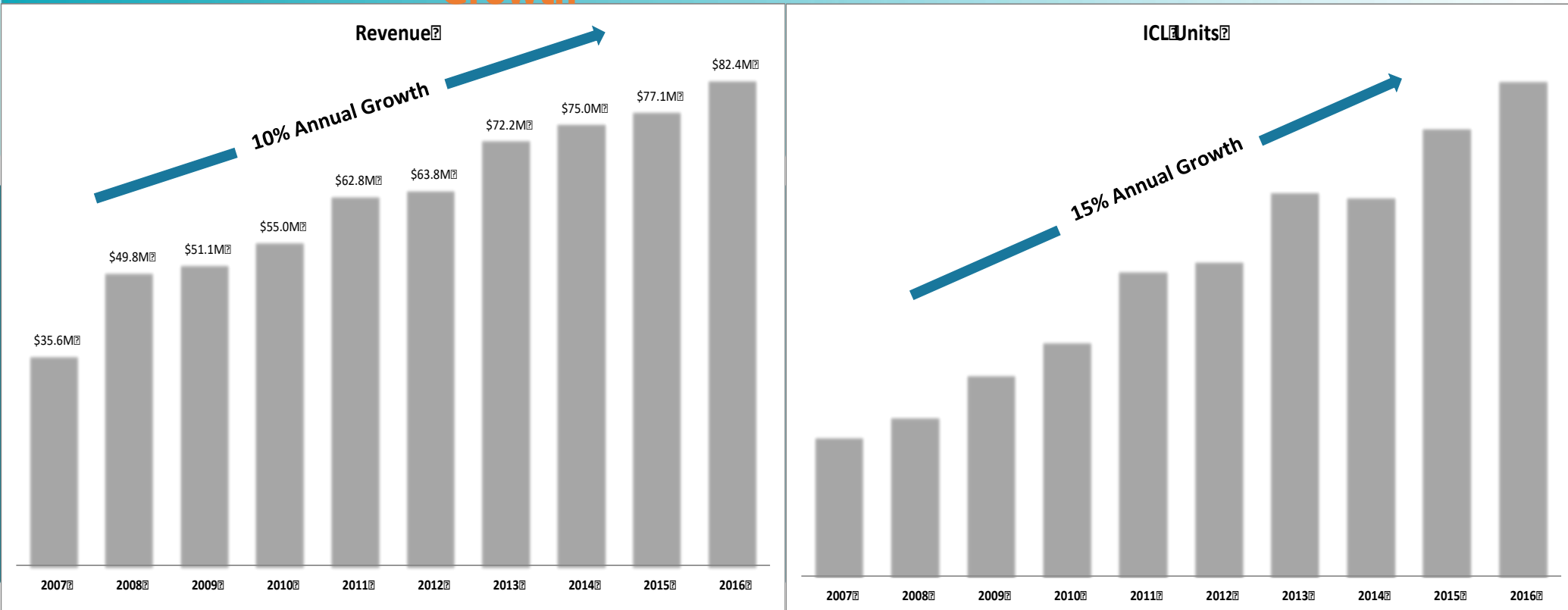
- **Biocompatible**
- **Offers UV protection**
- **Quiet in the eye** - A layer of fibronectin is believed to form around the lens, inhibiting white cell adhesion to the lens. This coating may prevent the lens from being identified as a foreign object.
- **Exclusive to STAAR Surgical** – STAAR's Collamer production is a proprietary process that requires an understanding of polymer chemistry, nuclear physics and optical physics.
- **Proven history for over 20 years!**





# GLOBAL LEADER IN PHAKIC IOL “ICL” IMPLANTATION

## 10-Year Total Revenue & ICL Unit Growth



**CAGR: 10% TOTAL REVENUE; 15% ICL UNITS**

# ICL™ – THE PATIENT EXPERIENCE

## NEED



## OUTREACH-EDUCATION



## IMPLANT



### STEP 1

**Patient need and awareness**  
**Outreach, education and eye surgeon visit**  
**Decision to use ICL**  
**Lenses generally available within 2 to 7 days**

### STEP 2

**Surgery day**  
**Local anesthetic, minimally invasive**  
**Quick 20-30 minute procedure**  
**No dry eye, removable, UV protection**

### STEP 3

**One week post-surgery follow-up**

### STEP 4

**Annual post-surgery follow-up**

# PATIENT TESTIMONIALS: “Upgradeable” “Reversible”

We invite you to visit [staar.com](http://staar.com), [discoverevo.com](http://discoverevo.com) and [discovericl.com](http://discovericl.com)

“I feel like a big part of health is using what your body already has. Visian ICL is in line with that because it's keeping your eye completely intact. My eye is still my eye.”

— EVE TORRES GRACIE, JIU JITSU INSTRUCTOR, FORMER WWE DIVA, MOM



“I had my first opportunity to put my Visian ICL eyes to the test recently in the Brazilian Rainforest, and it couldn't have been more exciting to be able to spot rare species better than ever.”

— PHIL TORRES, ENTOMOLOGIST, TV SHOW HOST



Find us on





# MYOPIA

## A Growing Global Concern...

**High Myopia Could Impact Almost 1.0 Billion People by 2050...**

- **An inability to focus at distance**
  - Genetic and/or Environmental Factors
- **Researchers expect dramatic increase in myopia**
  - More screen use and near vision work
  - Less time spent outdoors
  - Positive correlation between education level and myopia incidence





# PRESBYOPIA

## A New Refractive Market Opportunity

### Impacts 1.7 Billion People Globally...

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- An age-related loss of lens accommodation
  - First symptoms generally appear at age 42 to 44
  - An inability to focus when reading
- Surgical refractive options: Monocular/LASIK/RLE
- An ICL refractive solution could be more desirable to patients seeking Visual Freedom
  - Not laser/equipment dependent
  - Bilateral placement - no emmetropia qualifier
  - Target each eye for desired correction



# OUR FOCUS 2015 - 2017

## BUILDING A FOUNDATION FOR CONSISTENT GROWTH

- ✓ Engender *Culture of Quality* - FDA Remediation and Systemic Change
- ✓ Build R & D Continuum: CentraFLOW®/ Presbyopia/ Cataract Care
- ✓ Invest in Proprietary Technology and Process Improvements
- ✓ Develop Global Clinical Validation and Clinical Utility Competency
- ✓ Properly Size Commercial Strategic Investment – People and Services
- ✓ Create an Extraordinary Surgeon and Patient Experience
- ✓ Deliver Shareholder Value: STAAR Market Cap

▪ May 7, 2015	\$322M
▪ November 15, 2017	\$632M

# 2018-2020 OUR FOCUS



## WORKING TO DELIVER STRONG GROWTH & SUSTAINED PROFITABILITY

- Achieve and Retain Compliance with All Regulatory Bodies – *Culture of Quality*
- Successfully Build the *Visual Freedom* Market for Implantable Lenses:  
Tangibly Impact Surgeon Engagement, Practice Development and Patient Desirability
- Execute Go-to-Market Strategy to Significantly Expand Market Share Globally
- Innovate, Develop and Introduce Premium Collamer Lenses and Delivery Systems
- Enhance Clinical & Medical Affairs Excellence: Clinical Validation, Surgeon Training
- Implement *Foundations 2020*: Operations & Systems Updates & Improvements
- Deliver Shareholder Value



# 2018-2020 WHAT BUSINESS ARE WE IN?



*STAAR is in the patient vision satisfaction business by providing spectacle independence and quality of vision through lens-based surgical correction of refractive error.*

The business model for Surgeons, Practice Management and STAAR is one of high perceived value generating profit.

2018-2020

# STAAR's CURRENT & FUTURE POSITIONING



- STAAR is the market leader and best refractive surgical solution and patient experience for high Myopia.
- STAAR is focused on becoming a leading provider of refractive surgical solution and patient experience for mid-Myopia.
- STAAR aims to become a market leader in refractive surgical solution and patient experience for early Presbyopia.
- STAAR aims to become a competitive provider of supplemental lenses implanted during or after cataract surgery.

# TAM – 3.6 MILLION REFRACTIVE PROCEDURES\*

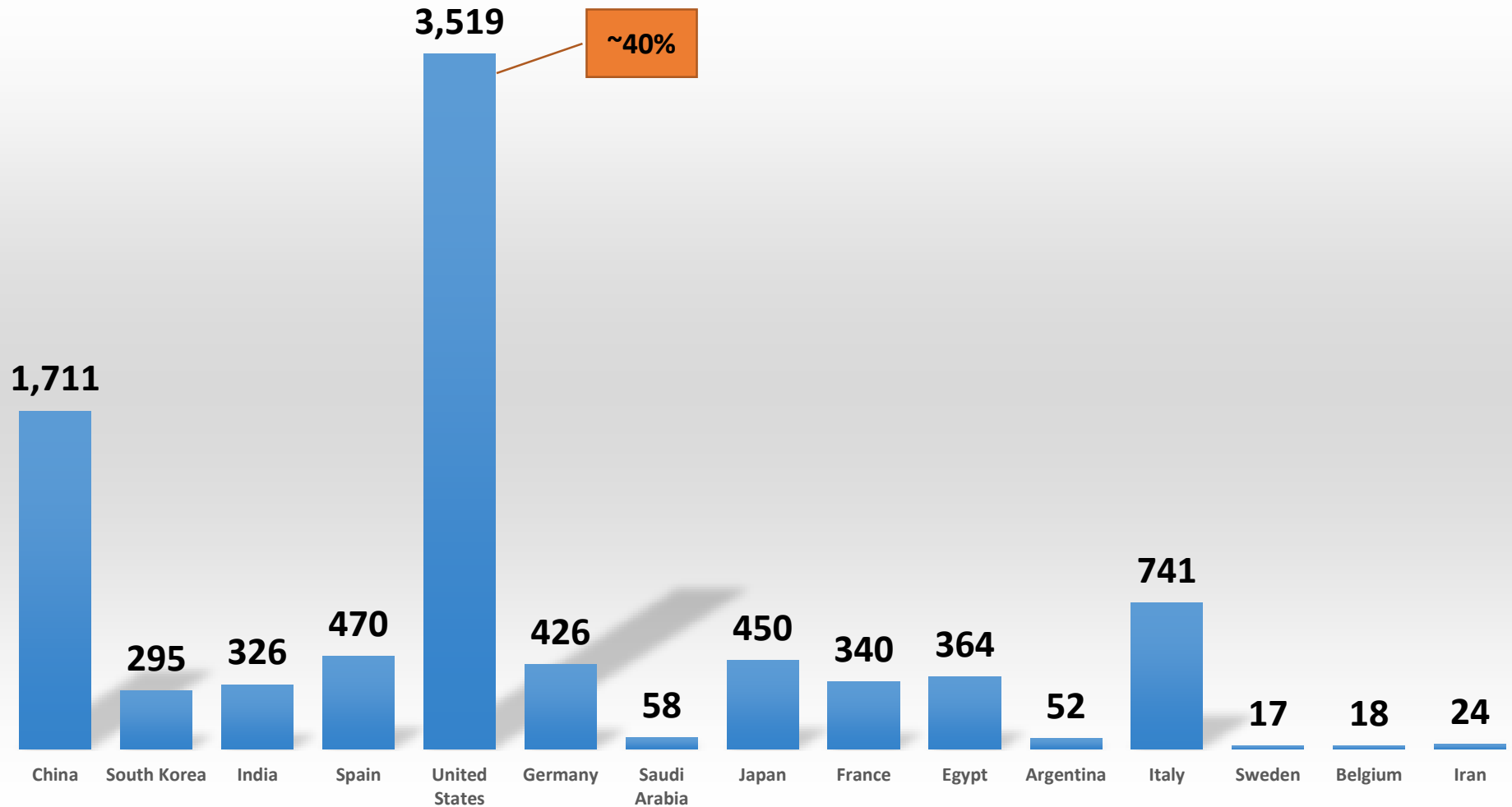
Vision Correction Method	US		OUS		Global	
	People/ Procedures (mil)	Total Market (\$mil)	People/ Procedures (mil)	Total Market (\$mil)	People/ Procedures (mil)	Total Market (\$mil)
Contact Lenses	46.9	\$4,525	190.0	\$7,317	236.9	\$11,842
Contact Lens Solution	46.9	\$1,326	190.0	\$2,387	236.9	\$3,713
Eyeglasses	116.1	\$16,041	1,229	\$31,500	1,345	\$47,541
Reading Glasses	59.3	\$800	789.5	\$2,380	848.8	\$3,180
Eye Exams-Professional Fees	125.0	\$10,000	1,456.5	\$21,186	1,582	\$31,186
Refractive Surgery *	0.6	\$2,050	3.0	\$4,051	3.6	\$6,101
Vision Care Population	197.7	\$34,742	1,411.2	\$82,592	1,608.9	\$117,334
<b>Annualized Cost/Person</b>	<b>\$175.73</b>		<b>\$58.53</b>		<b>\$72.93</b>	

Source: Refractive Surgery Report: A Global Market Analysis (2015-2021) | Market Scope, October 2016



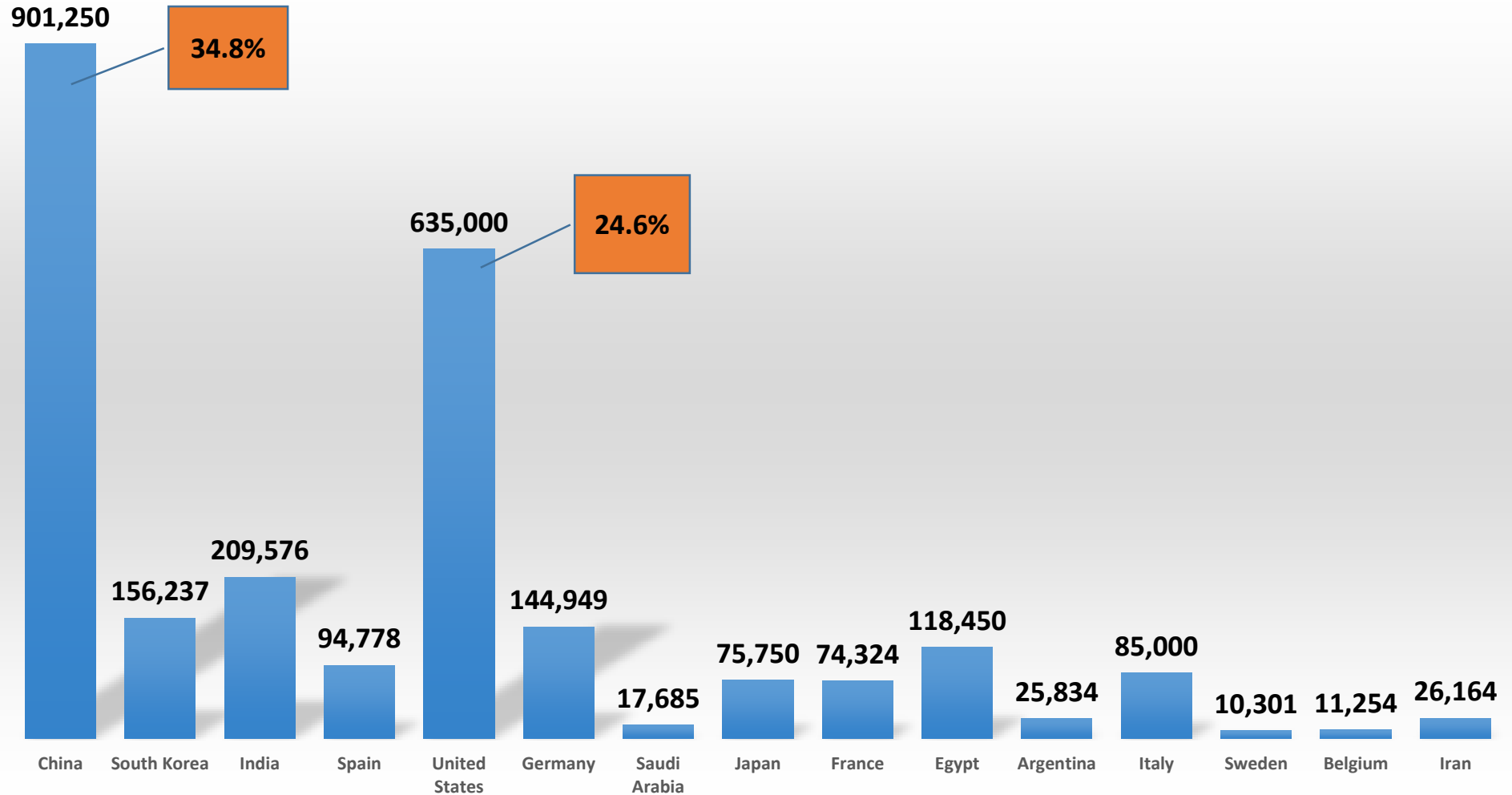
# REFRACTIVE SURGEONS/COUNTRY (2016)

*Top 15 ICL Countries*



# REFRACTIVE VISION CORRECTION PROCEDURES (2016)

*Top 15 ICL Countries*



# STAAR'S TARGET MARKET OPPORTUNITY 2M EYES

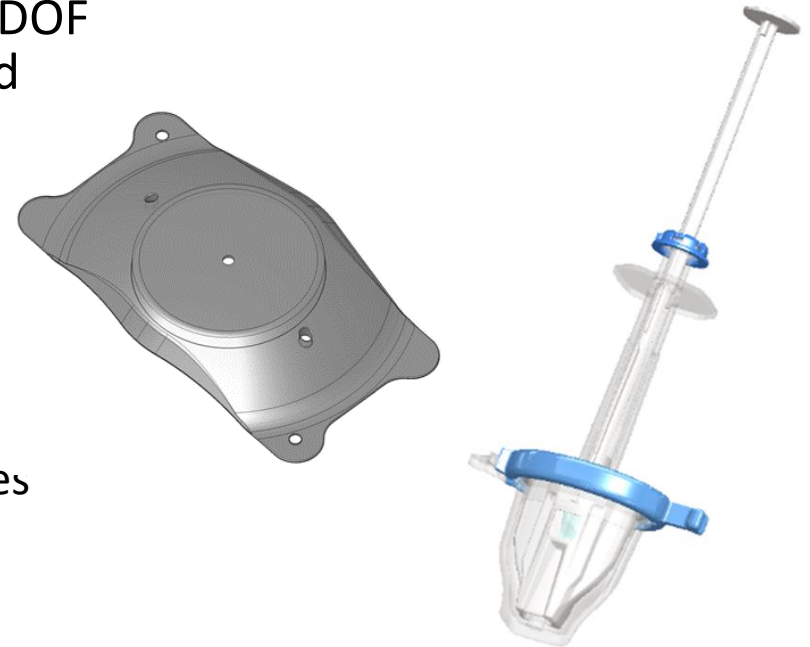
## 3.6 Million Refractive Procedures Performed by Eye Surgeons Annually

### Current & Future Products to Capture Share:

EVO; EVO with Larger Optic (EVO+); EVO with EDOF for Presbyopia; Pre-Loaded EVO and Pre-Loaded Visian ICL

### Estimate of Annual Opportunity:

- High Myopia (-10+): 70,000 Eyes
- Mid-Myopia (-6 to -10): 500,000 Eyes
- Early Presbyopia (Age 45 to 55) : 1,500,000 Eyes



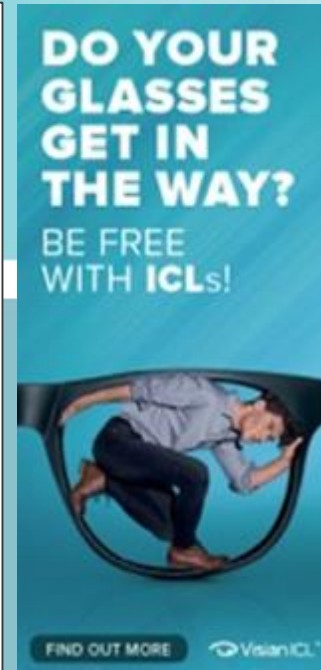


# 2018-2020: STRATEGIC IMPERATIVES

## Working to Deliver Strong Growth & Sustained Profitability

### Build Global Awareness of the ICL

- All High Myopes Need to Know About the ICL
- The Patient Experience for the High Myope with ICL vs. Glasses and Contact Lenses Should Become a “A Wished for Rite of Passage”
- Front Office Opticians and OD’s Must Be Trained in Practice Development
- Video Channels, Facebook, Twitter, Instagram... Active Sharing of the *Visual Freedom* Experience
- Sponsorships, Brand Ambassadors: Athletics, Music... Streaming Event Marketing



#### • Social Media



Facebook



Instagram



SnapChat



# 2018-2020: STRATEGIC IMPERATIVES

## Working to Deliver Strong Growth & Sustained Profitability

### Clinical Affairs: Clinical Validation

#### U.S.

- Toric ICL Approval
- Toric ICL PAS (Post Approval Study)
- EVO IDE and Clinical Trial
- EVO PAS (Post Approval Study)
- EVO Presbyopia EDOF IDE

#### Outside the U.S.

- European EVO EDOF Presbyopia Clinical Trial and Approval
- EVO EDOF Toric Lens Clinical Pilot
- EVO Supplemental Lens Data Collection and Clinical Reports
- Clinical Applications

Clinical Ophthalmology

Dovepress

Open Access Full Text Article

REVIEW

### Meta-analysis and review: effectiveness, safety, and central port design of the intraocular collamer lens

This article was published in the following Dove Press journal:  
Clinical Ophthalmology  
9 June 2016  
Number of times this article has been viewed

Mark Packer

Mark Packer MD Consulting, Inc.,  
Boulder, CO, USA

**Abstract:** The purpose of this review is to summarize relevant data from publications appearing in the peer-reviewed scientific literature over the past decade since US Food and Drug Administration approval of the implantable collamer lens (ICL), and, in particular, to review studies relating to sizing methodology, safety, and effectiveness, as well as more recent studies reporting clinical outcomes of the V4c Visian ICL with K3 Aquaport, V4cMO. A literature search was conducted using two databases, PubMed.gov and Scisearch.gov, to identify all articles published after 2005 related to the Visian ICL (STAAR Surgical, Inc.). Articles were examined for their relevance to sizing methodology, clinical safety, and effectiveness, and the references cited in each article were also searched for additional relevant publications. The literature review revealed that all currently reported methods of determining the best-fit size of the ICL achieve similarly satisfactory results in terms of visual acuity, the safe distance between the crystalline lens and the ICL. Specifically, meta-analysis demonstrated that anterior-to-posterior and white-to-white measurement-based sizing methods do not result in clinically meaningful nor statistically significant differences in visual function (two-sample two-sided *t*-test using pooled mean and standard deviations,  $t(2,994)=1.33$ ,  $P=0.18$ ). The reported rates of complications related to ICL are very low, except in two case series where additional risk factors such as higher levels of myopia and older age impacted the incidence of cataract. On the basis of preclinical studies and initial clinical reports, with up to 5 years of follow-up, the new V4cMO central port design holds promise for further reduction of complications. Given its safety record and the significant improvements in vision and quality of life that the ICL makes possible, the benefits of ICL implantation outweigh the risks.

**Keywords:** refractive surgery, phakic lens, posterior chamber, myopia

#### Introduction

One decade has passed since the United States Food and Drug Administration (US FDA) determined that implantation of the STAAR Visian Implantable Collamer Lens (ICL, STAAR Surgical, Monrovia, CA, USA) is a safe and effective refractive procedure for the correction of myopia.<sup>1</sup> Worldwide, the Visian ICL has been marketed for approximately two decades, and over 550,000 lenses have been implanted.<sup>2</sup> The benefits of the ICL for the correction of moderate-to-high myopia and myopic astigmatism include predictable, stable refractive correction<sup>3</sup> and a high efficacy index,<sup>4</sup> as well as improvement in quality of vision and quality of life.<sup>5</sup> Long-term studies have investigated the safety profile of the ICL and demonstrated generally low rates of adverse events.<sup>6</sup> In a prospective, randomized, study comparing ICL implantation and photorefractive keratectomy, the ICL performed better than photorefractive keratectomy in all measures of safety, efficacy, practicability, and stability, supporting the ICL as a viable alternative to this popular refractive surgical procedure.<sup>8</sup>

Correspondence: Mark Packer  
Mark Packer MD Consulting, Inc.,  
1400 Shoshone Avenue, Boulder,  
CO 80502, USA  
Tel: +1 303 440 1234  
Email: mark@markpackerconsulting.com

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Clinical Ophthalmology 2016;10:1059–1077

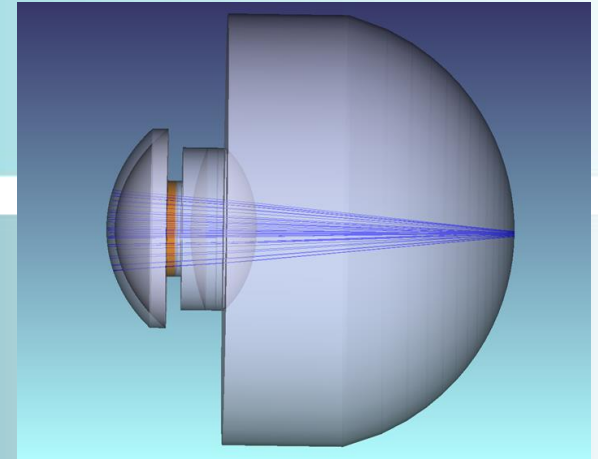
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# STRATEGIC IMPERATIVES: (2018-2020)

## Working to Deliver Strong Growth & Sustained Profitability

### Innovate/Develop, Premium Lenses & Delivery Systems

- EVO EDOF Presbyopia Toric
- Collamer Material IOL EDOF Presbyopia
- Second Generation Collamer Material
- Supplementary IOL for Sulcus Placement: *Piggyback Lens*
- Additional Lens Sizes
- Diagnostic Devices to Support Lens Fitting & Placement
- Next Generation Delivery Systems





# 2018-2020: STRATEGIC IMPERATIVES

## Working to Deliver Strong Growth & Sustained Profitability

### Launch & Deliver Foundations 2020:

#### Optimize: Invest Incremental \$1.0M

- Raw Materials Processing
- Collamer Manufacturing
- Lens Machining
- Optical Measurement
- QC Automation

#### Target: \$1.2M Annualized Cost Reductions

- Direct Labor Cost Reduction
- Raw Material Cost Reduction
- Improve Yields
- Reduce Overhead



# 2018-2020: STRATEGIC IMPERATIVES

## Working to Deliver Strong Growth & Sustained Profitability

### Commercial Infrastructure Business Model

#### Sales: Direct

- U.S., Canada, UK, Spain, Germany, Japan

#### Sales: Hybrid (Shared STAAR w/Distributor)

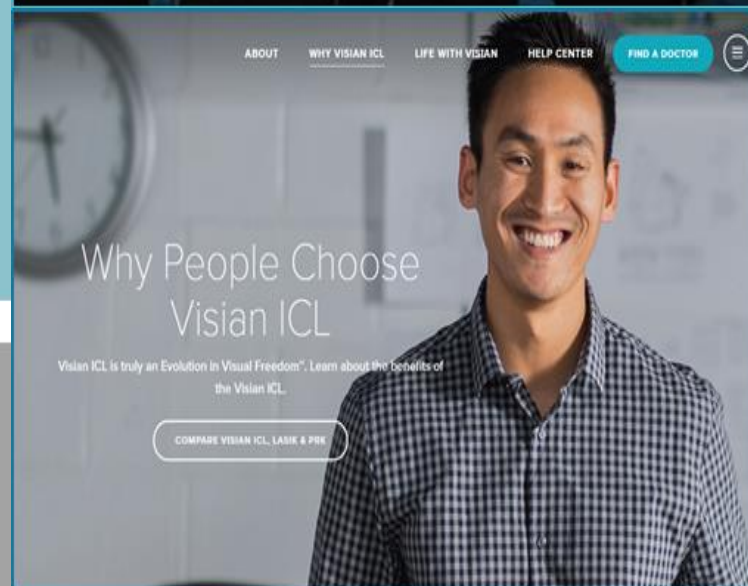
- China, Korea, India

#### Sales: Distributor

- Rest of Europe, Middle East, Latin America, Rest of APAC

### Strategic Agreements: All Channels

- Practice Development
- Certified Training
- Clinical Research
- Fellowship Programs
- Co-Marketing & Branding
- Digital Marketing Support
- Patient Education & Patient Events



# THREE-YEAR FINANCIAL OUTLOOK (2018-2020)

## STAAR SURGICAL OUTLOOK



- **REVENUE GROWTH GOALS:** Assumes U.S. Market Open for New Products
  - *15% to 20% Increase Annually*
  - *Stretch Target 25+% ICL Unit Growth Annually*
  
- **PROFITABILITY IMPROVEMENT:** Assumes Base Business Spending Largely Scalable
  - *Added Investment Focus: Commercial Infrastructure, Clinical & Regulatory, Consumers*
  - *Achieve Sustainable Positive EPS – Within 3 Year Plan*
  
- **MAINTAIN & IMPROVE CASH FLOW:**
  - *Achieve Cash Balance of \$25M by Year-End 2020*

# THREE-YEAR FINANCIAL OUTLOOK (2018-2020)

## STAAR SURGICAL OUTLOOK



### ➤ REVENUE ASSUMPTIONS

- *U.S. TICL Approval 2018*
- *EU & U.S. Preloaded ICL Launch 2018 – ROW to Follow Throughout Planning Period*
- *Korea Resumes Sales Growth 2018*
- *EU ICL Presby Launch 2019*
- *Moderate Change in ASP's throughout Planning Cycle – Decreased ASP's of Selling Lower Diopter Range ICL's Offset by Increased ASP's of Toric Mix and Introduction of Preloaded ICL's*

### ➤ UNIT COST ASSUMPTIONS

- *Target \$1.2M Net Reduction in Manufacturing Costs Annually Offsetting Improvement and Automation Costs*

### ➤ SG&A ASSUMPTIONS

- *Overall Spending Growth Slows to Single Digits in Latter Part of Planning Period*
- *R&D Spend as a % of Sales Settles into the Mid-Teens by the end of Planning Period*

- “Millions of Eyes” Global Opportunity – Myopia & Presbyopia
- Revenue Growth Goal 15% – 20% Annually
- Targeting Achievement of Sustained Profitability within Period
- Gross Margin & Cash Generation Growth Continues
- EVO ICL Product Family Expansion: Myopia & Presbyopia EDOF
- Growing Global Partners – Strategic Agreements Secure Base







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## **APPENDIX Q3 2018 AND YTD FINANCIAL SLIDES**

NASDAQ: STAA  
November 16, 2017

Evolution in Visual Freedom™

# FINANCIAL SUMMARY

Income Statement (\$ millions, except per share)	Q3 2017	Q3 2016
Revenue	\$ 23.5	\$ 20.1
Gross Profit	\$ 16.8	\$ 14.9
Gross Profit Margin	71.8%	74.2%
Operating Expenses	\$ 15.8	\$ 16.6
Other Income (Expense)	\$ 0.5	\$ 0.0
Income (Loss) Before Taxes	\$ 1.6	\$ (1.7)
Net Income (Loss)	\$ 1.2	\$ (1.8)
Net Income (Loss) per Share	\$ 0.03	\$ (0.04)

## Q3 2017 NON-GAAP FINANCIAL SUMMARY

Adjusted Net Income (\$ millions, except per share)	Q3 2017	Q3 2016
GAAP Net Income (Loss)	\$ 1.2	\$ (1.8)
Foreign Currency Impact	\$ (0.4)	\$ (0.0)
Stock-Based Compensation Expense	\$ 0.8	\$ 0.4
Remediation Expense	\$ 0.0	\$ 0.5
Adjusted Net Income (Loss)	\$ 1.5	\$ (0.9)
Adjusted Net Income (Loss) per Share	\$ 0.04	\$ (0.02)

# SEPTEMBER YTD 2017 RESULTS

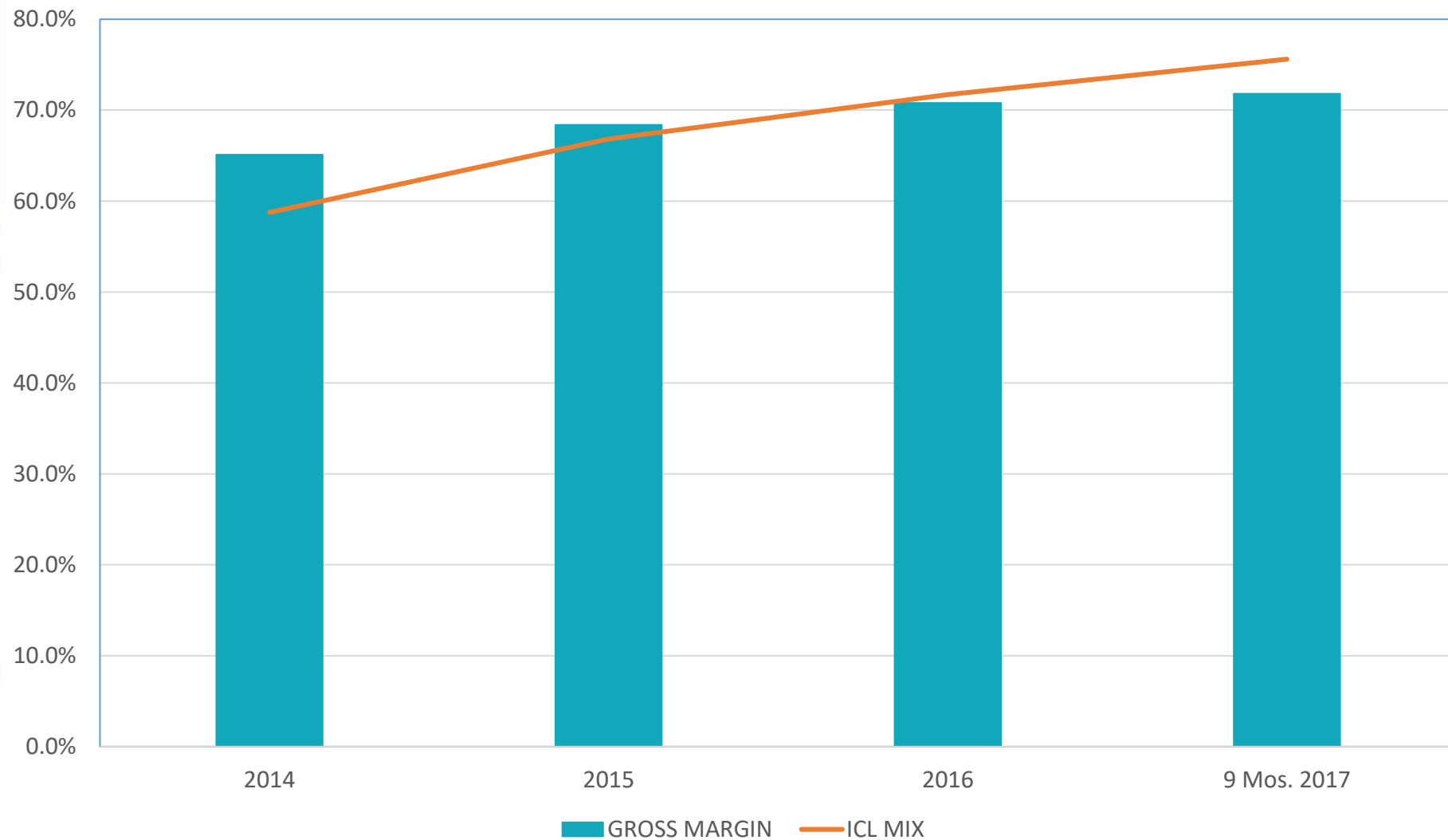
## Key Takeaways

- Net Sales of \$65.8 Million Up 9% from the Prior Year Period
- ICL Sales Up 15% and Units Up 15% from the Prior Year Period
- IOL Sales Down 13% from the Prior Year Period
- Operating Expenses Improved to \$15.8 Million from \$16.6 Million in the Prior Year Period Resulting in Net Income of \$1.2 Million Compared to a Net Loss of \$1.8 Million in the Prior Year Period
- Cash Provided by Operating Activities Improved to \$1.8 Million from \$0.9 Million in the Prior Year Period

## Forward Looking Metrics

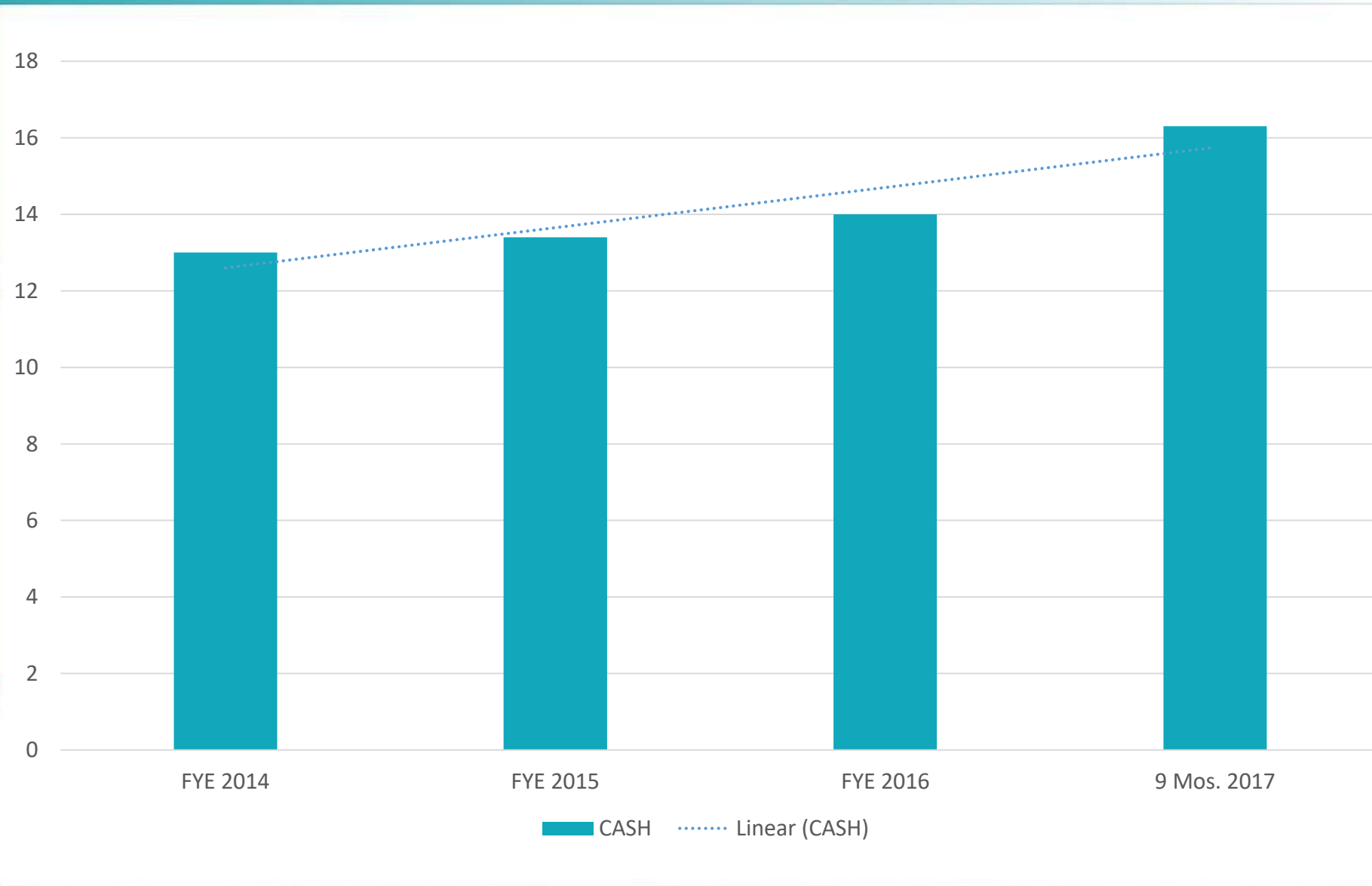
- Double Digit ICL Unit Growth Projected for 2017
- Gross Margin Expansion Projected for 2017
- Continued Investment in Operations to Support Base Business and Investment in Strategic Priorities; Overall 2017 Planned Expenses Less than 2016

# GROSS MARGIN EXPANSION





# CASH - \$ Millions





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