

# STAAR Surgical

NASDAQ: STAA

[www.staar.com](http://www.staar.com) / [www.discoverevo.com](http://www.discoverevo.com)

Investor Presentation | May 15, 2019



Evolution in Visual Freedom™

 **STAARSURGICAL™**

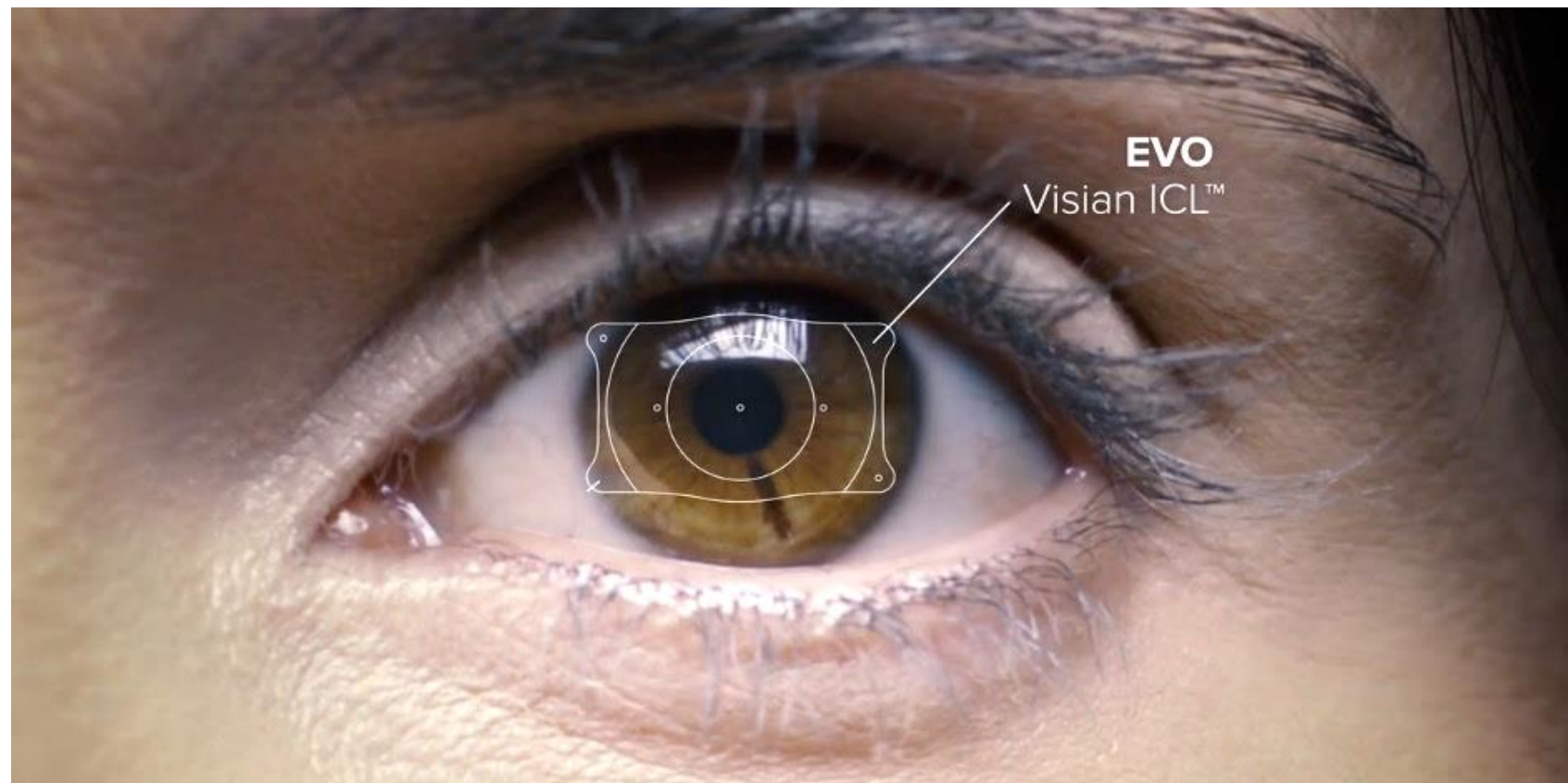
# Forward Looking Statements

- All statements in this presentation that are not statements of historical fact are forward-looking statements, including statements about any of the following: any financial projections, including those relating to the plans, strategies, and objectives of management for 2019 or prospects for achieving such plans, expectations for sales, revenue, or earnings, product safety or effectiveness, and any statements of assumptions underlying any of the foregoing, including those relating to our product pipeline and market expansion activities. Important 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 28, 2018 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 statement 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: global economic conditions; the discretion of regulatory agencies to approve or reject existing, new or improved products, or to require additional actions before approval, or to take enforcement action; potential international trade disputes; and the willingness of surgeons and patients to adopt a new or improved product and procedure.
- The Visian ICL with CentraFLOW, now known as EVO Visian ICL, is not yet approved for sale in the United States.

## We Transform Lives by Providing Visual Freedom through Premium Lens-Based Surgical Correction of Refractive Error

Positioning the ICL™ as a premium and primary procedure for visual freedom

Expanding market opportunity and winning share with a pipeline of products to address myopic and presbyopic vision correction



# ICL™ Advantages

Quiet in the Eye



Biocompatible



No Dry Eye Syndrome



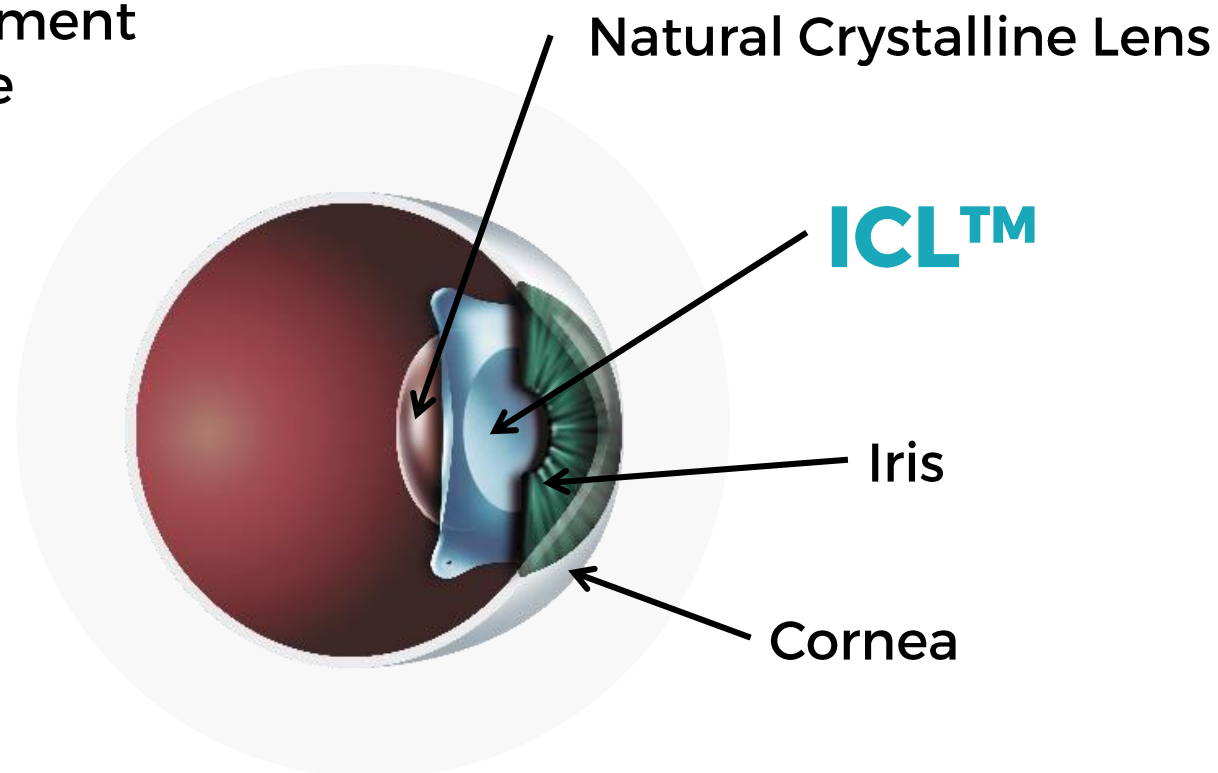
UV Protection



Excellent Night Vision

## Our Exclusive Precision-Manufactured Collamer® Lens Offers a Unique Set of Benefits...

ICL Placement  
in the Eye





# The ICL™

A Remarkable  
Technology



Upgradeable



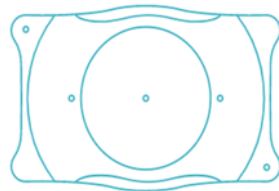
Removeable



Eco-Friendly

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**99.4% of Patients**  
**Would Elect STAAR's Implantable Collamer® Lens Again\***



**An Evolution  
in Visual Freedom™**

# ICL™ Milestone



1 Million+ ICLs



75+ Countries

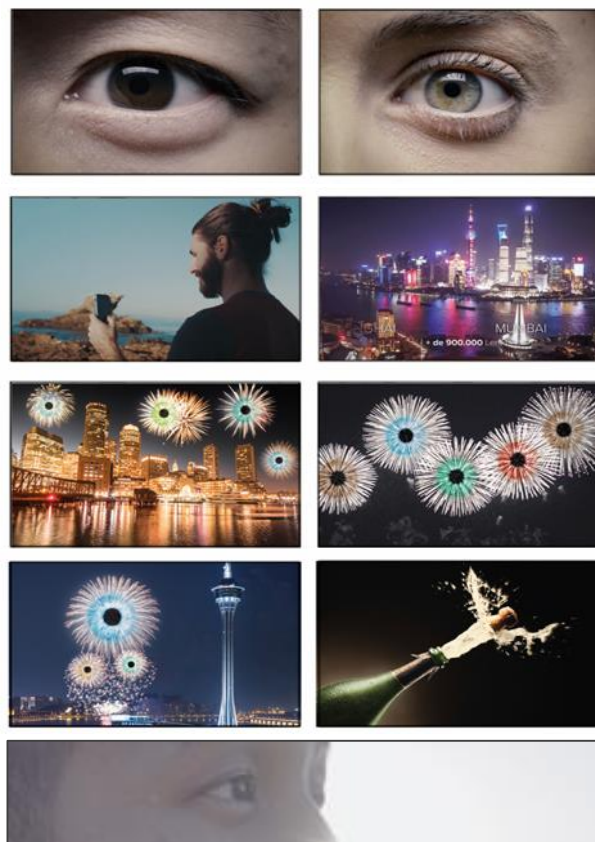


85% of Sales Mix

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# 1 Million+

## ICLs™ Implanted Globally



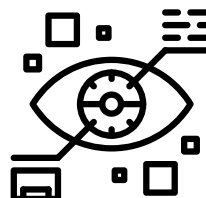
# EVO ICL™

## Safety and Effectiveness Outcomes Reported in Literature

*"Improved safety and effectiveness across a broad range of refractive errors make EVO an attractive option for surgeons and patients."*

## Stellar Safety and Effectiveness of STAAR's EVO Lens...

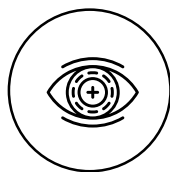
- 2018 Literature Review authored by Dr. Mark Packer is a review of **67 papers** from 10 countries\*
- Review covers > **6,000 Eye** data points with up to 5 years of Follow-Up
- Outstanding outcomes for Safety and Effectiveness



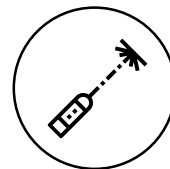
# Investment Highlights

Surgeon training and consumer education and marketing regarding latest ICL technology is driving faster growth

## STAAR Surgical...



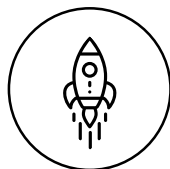
...is pursuing a large vision correction market opportunity



...is gaining market share from laser-based refractive procedures



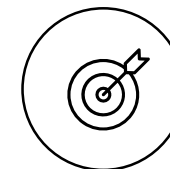
...market share gains have accelerated in recent quarters



....gross margins have been expanding for multiple quarters enabling near-term investments for additional growth



...sales are globally-diversified and not subject to government payer or insurance reimbursement risk



...is targeting at **least 20% to 30% market share** for the ICL™



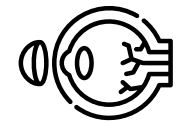


# Our Market

## Refractive Error



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Annual Vision Spend*			
	 <b>\$48B</b> Eyeglasses	 <b>\$16B</b> Contact Lenses	 <b>\$6B</b> Refractive
	Myopia	Presbyopia	Cataracts
	Distance “Nearsightedness”	Near “Reading Glasses”	Cloudy Blurry
	Genetic and/or Environment	Age-Related ~Ages 40+	Age-Related** ~Ages 60+
	1.5 Billion People	1.7 Billion People	Very Common
	<ul style="list-style-type: none"> <li>EVO Visian ICL</li> <li>Visian ICL (U.S.)</li> </ul>	<ul style="list-style-type: none"> <li>EVO Visian ICL with EDOF Optic in Pivotal Clinical Trial**</li> </ul>	Piggyback Lens in Pipeline

\* Market Scope and Company Estimates. \*\* Primarily; may also present at birth; early age or from trauma. \*\* Multi-site European clinical trial for EVO ICL with EDOF (Presby Lens) currently underway; initially targeting CE Mark approval.

# Myopia

Predicted to Impact 50% of Global Population by 2050

## Types of Myopia Diopters of Correction

High	-10 to -20
Mid	-6 to -10
Low	-1 to -6

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## A Large and Growing Market...

### Environmental Influences

More screen use and near vision work; less time spent outdoors during eyes' early formative years; positive correlation between education level and myopia



EVO ICL™ Label Approved Use is **-0.50 to -20 diopters** of vision correction/reduction



ICL is becoming an **All Myopia Solution** and expanding market exponentially!



Ophthalmic societies in **Germany** and **Japan** recently expanded recommended diopter range for EVO ICL, moving lower-end to -3.0 from -6.0 Diopters

5x

Market Opportunity Moving Down Diopter Curve

70M Eyes

STAAR's Viable Market\*\*

\*\*"Ophthalmology 2016;123:1036-1042 © 2016 by the American Academy of Ophthalmology;" Myopia incidence was estimated at 1.4B people globally at time of study growing to 4.8B people by 2050 or predicted 50% of global pop. \*\*Viable Market adjustments based on Epidemiological Data; Distribution of Uncorrected Refractive Error by Age; Patient Ability to Pay; Proximity to Qualified Surgeon; Willingness to Undergo a Refractive Procedure; Surgeon Input.

# Presbyopia

An Inability to Focus on Near Objects due to an Age-Related Loss of Lens Accommodation



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## Expanding Visual Freedom to Include Near, Intermediate and Distance Vision Correction

STAAR is in a multi-site European Pivotal Clinical Trial for a bilateral EDOF ICL that will target each eye for desired correction



### Primary Outcome Measure

Uncorrected Near Visual Acuity (UCNVA) 20/40 or Better at 40cm in 75% of Eyes



STAAR intends to seek CE Mark Approval in 31+ Countries

110M  
Eyes

STAAR's Viable  
Market\*\*

\*Viable Market adjustments based on Epidemiological Data; Distribution of Uncorrected Refractive Error by Age; Patient Ability to Pay; Proximity to Qualified Surgeon; Willingness to Undergo a Refractive Procedure; Surgeon Input.

# Existing Market

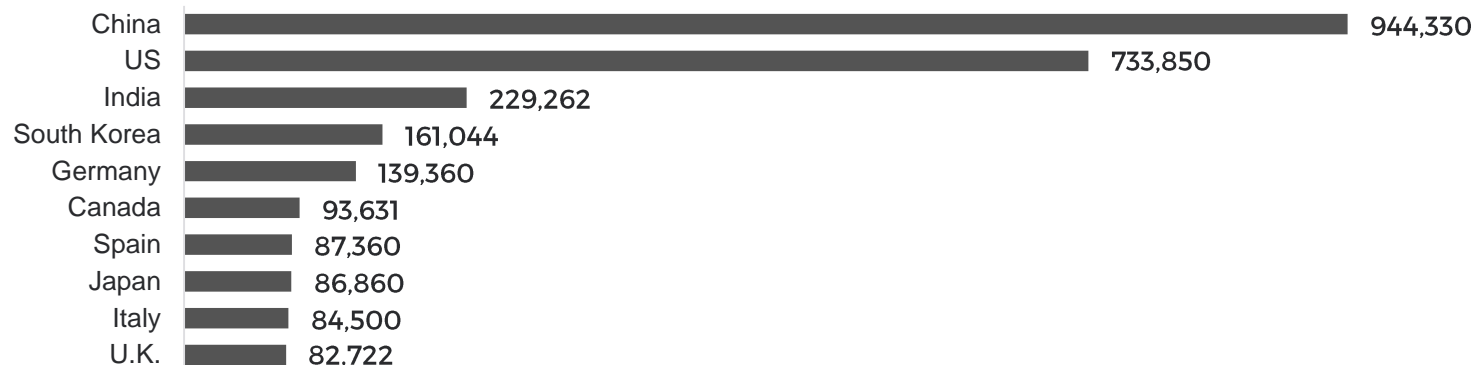
STAAR is one of the fastest growing companies in Ophthalmology

STAAR has sold more lenses since 2015 than the prior 15 years combined

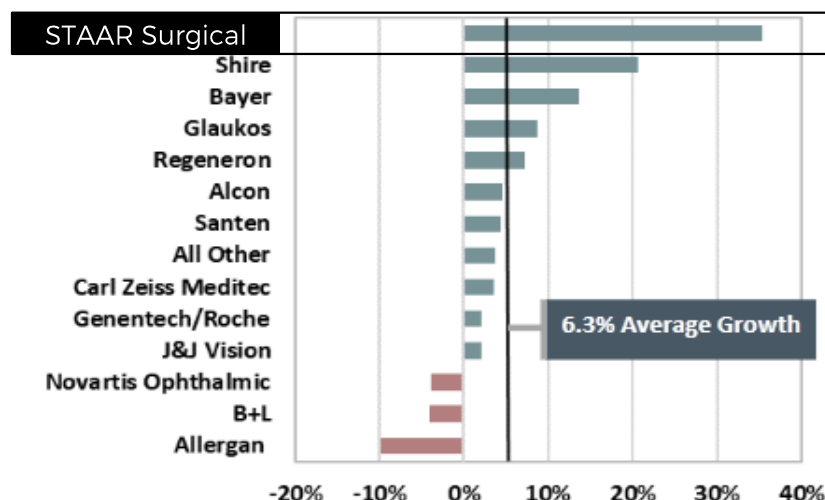
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## 4 Million Annual Refractive Procedures Globally...

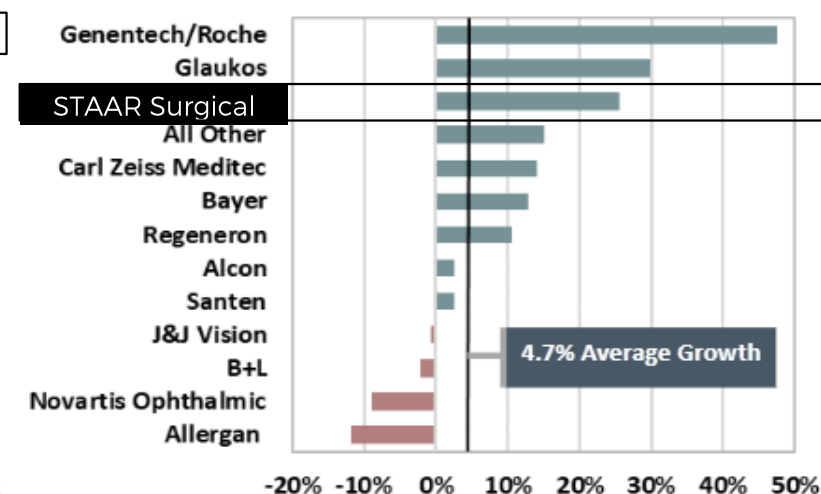
### Top 10 Markets\*



### Q3'18 Revenue Growth Y/Y\*\*



### Q4'18 Revenue Growth Y/Y\*\*



\* Company internal estimates and December 2018 Market Scope Report data. \*\* Market Scope Report Data.



# Global Consumer Marketing

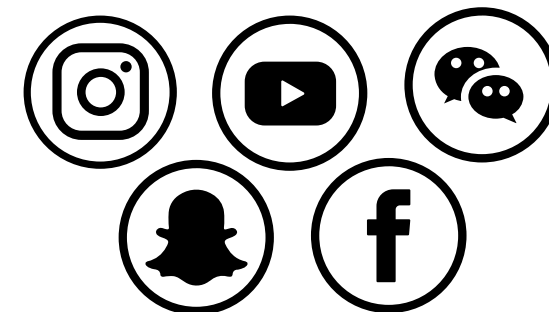
Display, SEO/SEM in High Potential & Focus Markets

Consumer Advertising & Social Media Campaigns

Generate "Peer to Peer" Brand Desirability

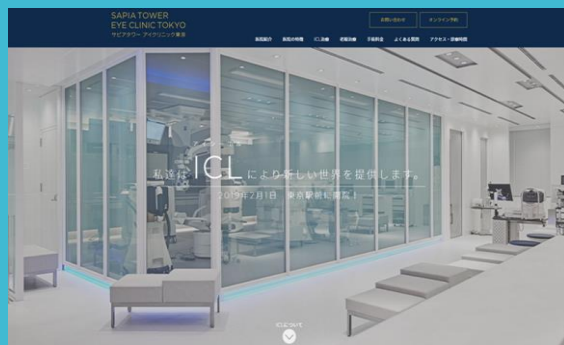
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## Increasing EVO Visian ICL Brand Awareness, Desirability, Conversion and Activating Influencer Communications for Key Markets...



# The ICL™ Paradigm Change

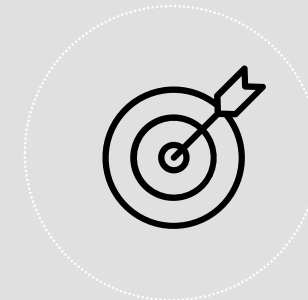
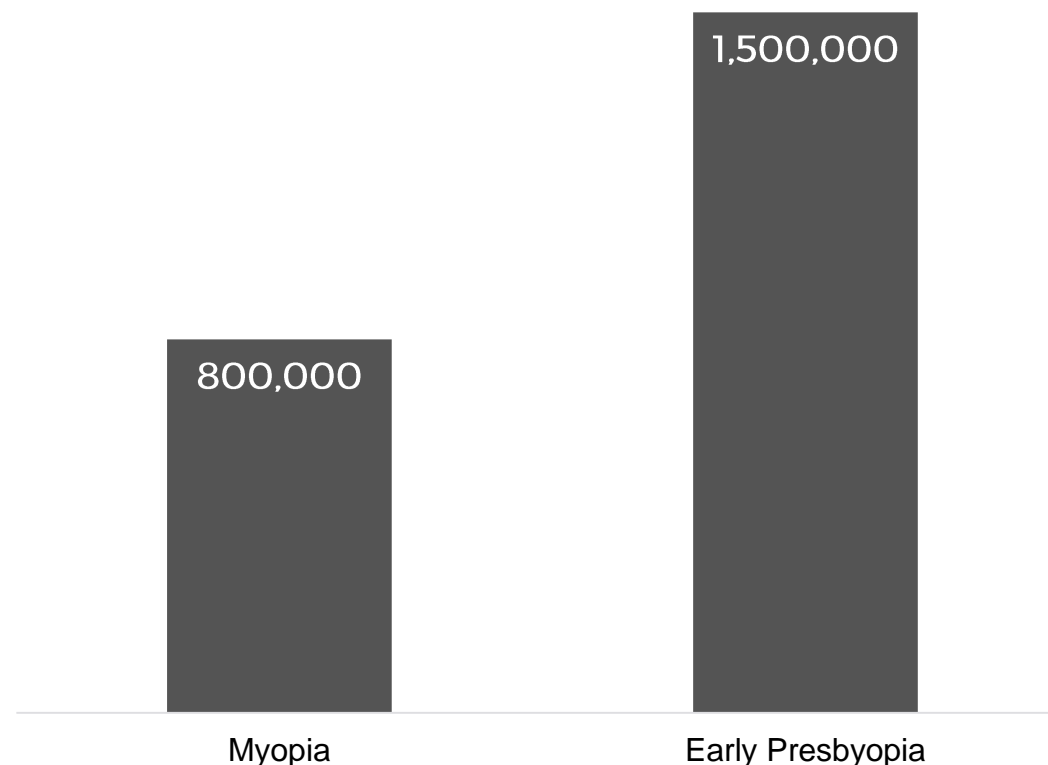
Significant Visual Freedom Market Opportunity for Premium Refractive Procedures with EVO



ICL Only Clinic in Tokyo, Japan

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In the Near-to-Medium Term STAAR is targeting 2.3 million eyes annually, which would represent an annual revenue opportunity > \$1 Billion \*



**TARGET**  
At least  
**20-30%+**  
Market Share

\* Company internal estimates updated October 31, 2018; FY18 Revenue was approximately \$124 million.

# Financial Overview

Business Results, Outlook and Execution

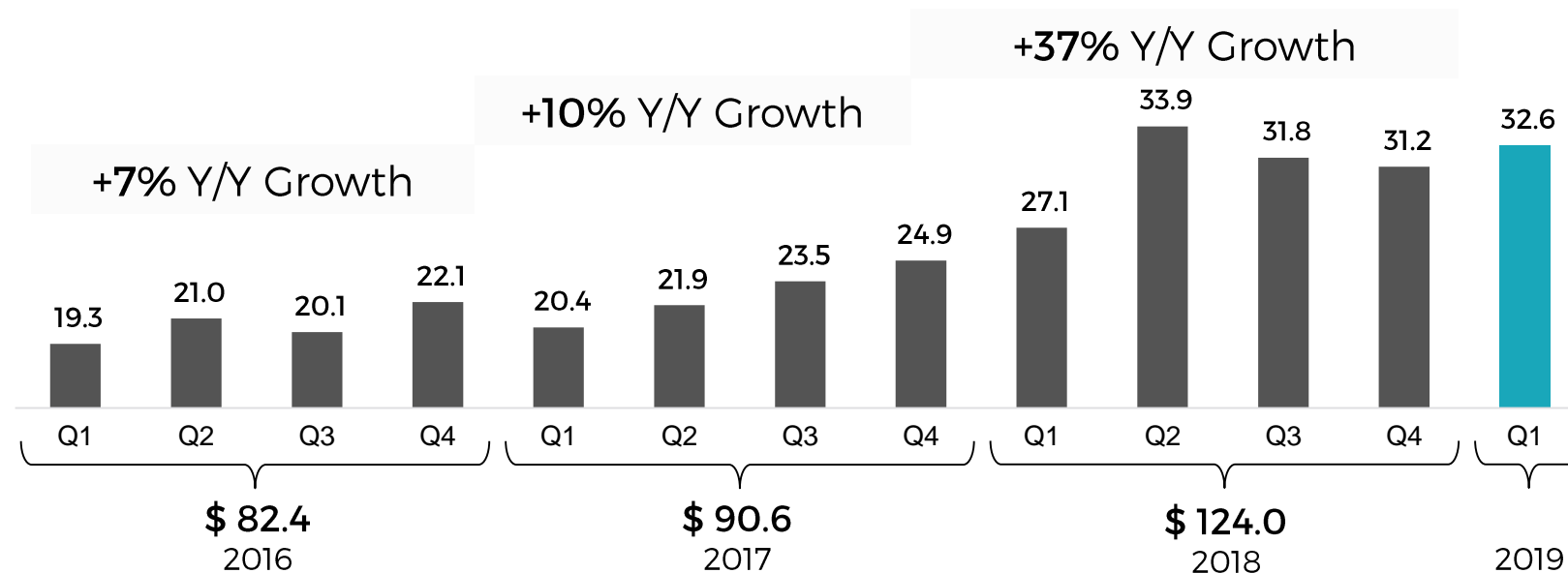
# Business Results

2016 – Q1' 2019  
As Reported

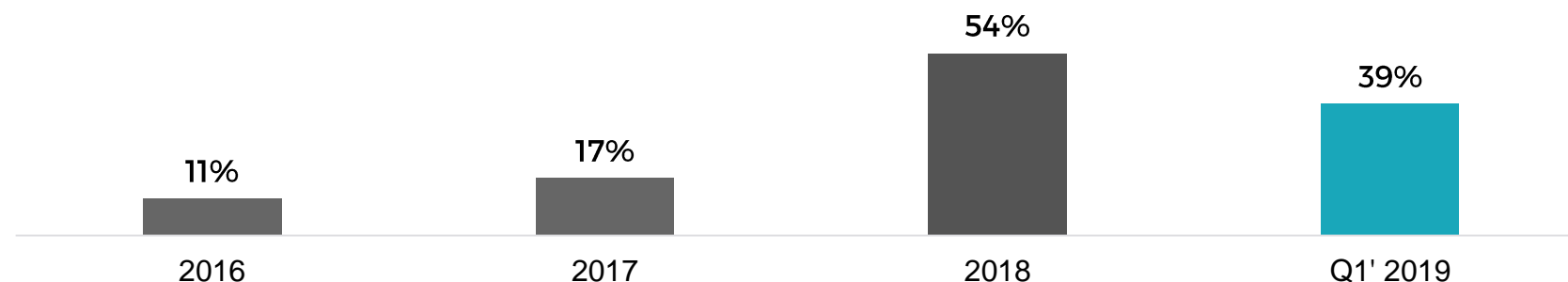
## Volume Increases Fuel Gross Margin

- Nidau Production
- Presbyopia Clinicals
- Presbyopia Production
- Commercial Buildout
- Digital Marketing
- Surgeon Support
- Patient Outreach

## Revenue (\$ Millions)



## ICL Unit Growth Y/Y





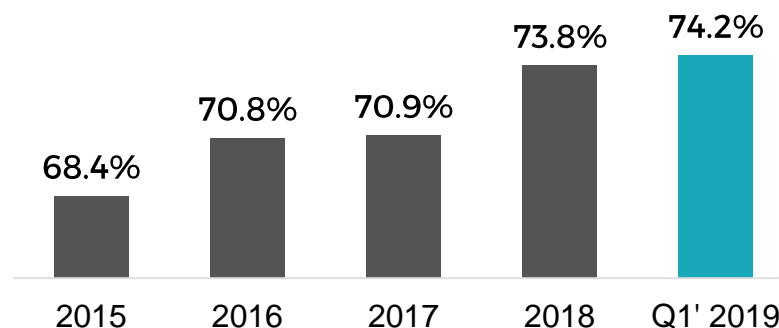
# Business Results

2015 – Q1' 2019  
As Reported

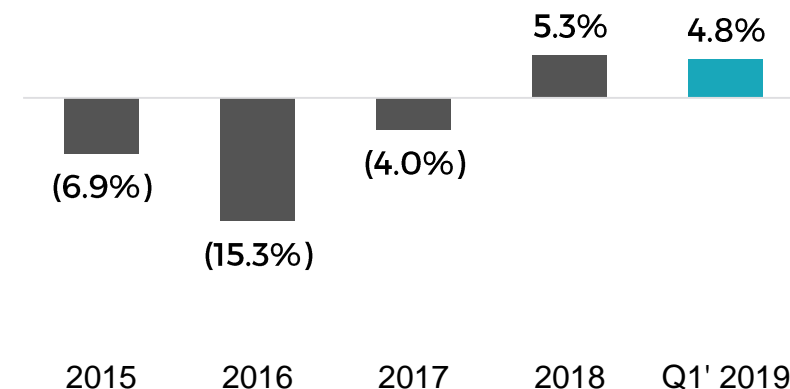
## Potential Investments

- Automation
- Precision Manufacturing
- R&D
- IT Systems
- Working Capital

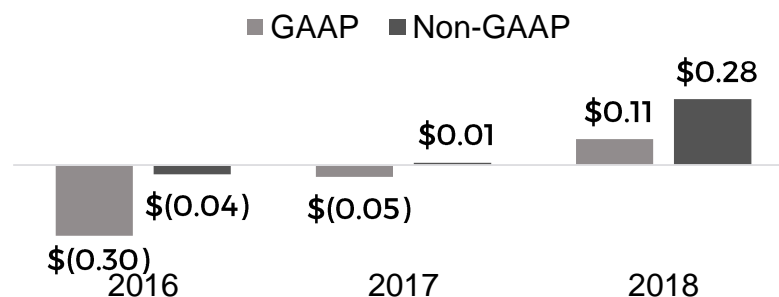
## Gross Margin



## Operating Margin



## Earnings Per Share



Q1' 2019: \$0.03 GAAP and \$0.09 Non-GAAP

## Balance Sheet

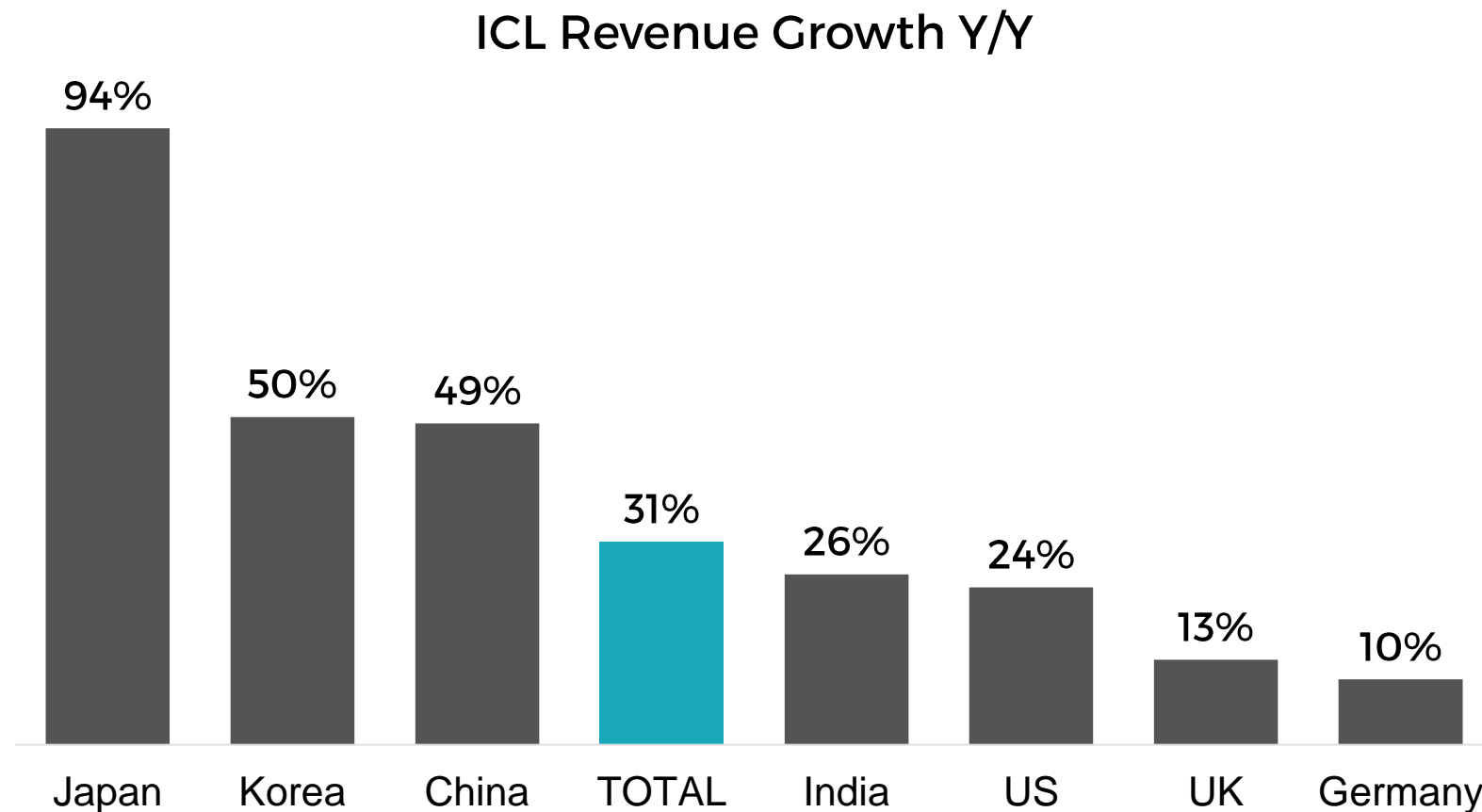
**\$102.2 Million**  
Cash, Cash Equivalents  
and Restricted Cash at  
**March 29, 2019**

# ICL™ Recent Results

Q1' 2019

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## Significant ICL Revenue Growth Continues in Multiple Markets...



# Business Outlook & Recent Execution

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## Meeting or Exceeding Our Targets

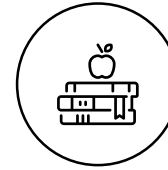
	2019 Outlook Y/Y*	Q1' 2019 Execution
Revenue Growth	20 Percent	20 Percent Y/Y reported 23 Percent Y/Y adjusting for FX
ICL Unit Growth	30 Percent	39 Percent Y/Y Japan up 86%; Korea up 62%; China up 56%; Germany up 27%; India up 23%
GAAP Net Income	Increase GAAP Net Income	\$0.03 per share compared to \$0.01 per share year ago
Cash Flow	Achieve Positive Cash Flow	Generated \$0.7 million of Cash
Cash Balance	Increase Cash Balance	\$102.2 Million

\* Note that STAAR may incur charges, realize gains or losses, incur financing costs or interest expense, or experience other events in 2019 that could cause actual results to vary materially from this outlook. Revenue Growth includes \$2.6M reduction in sales of low margin injector parts.

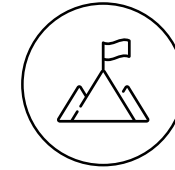
# Growth Drivers



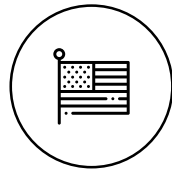
Continued ICL market penetration globally; market share gains in Mid-to-low diopter (-1 to -10) lenses (moving down the diopter curve) expands STAAR's opportunity



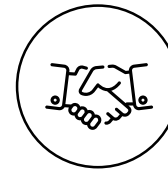
Increasing investment in surgeon training, DTC marketing and patient education



EVO with EDof (Presby Lens) in CE Mark Countries; a bilateral intraocular custom solution for Presby treatment in pivotal clinical trial



EVO in the U.S. represents significant opportunity for the ICL in the 2<sup>nd</sup> largest global market



Strategic cooperation agreements and alliances with global partners drives base business growth



Increasing number of clinical studies, already 100+, support ICL safety, efficacy and advantages



# Three Year Plan 2018 - 2020

**Due to Extraordinary Growth,  
STAAR will Reset 3-Year Plan One Year Early... November 2019**

**Millions  
of Eyes**  
“Millions of Eyes”  
Global  
Opportunity –  
Myopia and  
Presbyopia

**Revenue  
Growth**  
20% Annual  
Revenue Growth  
Goal

**Profitability  
Targets**  
Targeting  
Achievement of  
Sustained  
Profitability

**Margin  
Expansion**  
Gross Margin  
Improvement &  
Cash Generation  
Growth  
Continues

**Product  
Expansion**  
EVO ICL Product  
Family Expansion  
– Myopia and  
Presbyopia EDOF

**Global  
Partners**  
Growing Global  
Partners –  
Strategic  
Agreements  
Secure Base



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