

The Choice is Clear

CUTERA®

Cutera, Inc.
Company Overview

Sandra Gardiner

Executive Vice President and Chief Financial Officer

Stifel 2018 Healthcare Conference

November 14, 2018

 INNOVATIONS
DESIGNED
AROUND U



Safe Harbor Statement

Certain statements in this presentation, other than purely historical information, are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). These statements include, but are not limited to, Cutera’s plans, objectives, strategies, financial performance and outlook, trends, prospects or future events and involve known and unknown risks that are difficult to predict. As a result, our actual financial results, performance, achievements or prospects may differ materially from those expressed or implied by these forward-looking statements. In some cases, you can identify forward-looking statements by the use of words such as “may,” “could,” “seek,” “guidance,” “predict,” “potential,” “likely,” “believe,” “will,” “should,” “expect,” “anticipate,” “estimate,” “plan,” “intend,” “forecast,” “foresee” or variations of these terms and similar expressions, or the negative of these terms or similar expressions. The most recent quarter’s estimated financial data in this presentation is preliminary and subject to change as a result of events occurring after the date hereof and as a result of the completion of the Company’s normal controls and procedures related to its quarter-end financial statement closing process. All forward-looking statements are necessarily based on estimates and assumptions that, while considered reasonable by Cutera and its management based on their knowledge and understanding of the business and industry, are inherently uncertain. These statements are not guarantees of future performance, and stockholders should not place undue reliance on forward-looking statements. There are a number of risks, uncertainties and other important factors, many of which are beyond our control, that could cause our actual results to differ materially from the forward-looking statements contained in this presentation, including those described in the “Risk Factors” section of Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and other documents filed from time to time with the United States Securities and Exchange Commission by Cutera.

The Company does not undertake or assume any obligation to update publicly any of the forward-looking statements in this presentation to reflect actual results, new information or future events, changes in assumptions or changes in other factors affecting forward-looking statements, except to the extent required by applicable law. If we update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements. We caution you not to place undue reliance on any forward-looking statements, which are made only as of the date of this presentation.

This presentation may contain certain non-GAAP measures which are provided to assist in an understanding of the Cutera business and its operational performance. These measures should always be considered in conjunction with the appropriate GAAP measure.

Our Mission is Powerfully Simple



Define the forefront of **medical aesthetics** with devices exquisitely engineered to **deliver the highest level** of performance, safety and efficacy with results that drive patient satisfaction and practice growth

A circular graphic with a grey outer ring and a white inner circle. Inside the white circle is the Cutera logo, which consists of the word 'CUTERA' in a bold, sans-serif font, with the 'U' in green. Below 'CUTERA' is the text 'FACE + BODY AESTHETIC SOLUTIONS' in a smaller, grey, sans-serif font.

CUTERA®
FACE + BODY AESTHETIC SOLUTIONS

Investment Summary

Leading player in energy based medical aesthetics

New executive team

400+ employees worldwide

Brisbane, CA headquarters

Gaining Market Share in large, high growth markets
\$10B+

Approaching **5** consecutive years of **double-digit** revenue growth

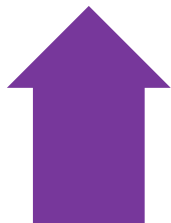
truSculpt iD sets Company record for systems sold at launch! (\$850+M Body Sculpting Market)

Large and growing system base
14,000+ sold to date

Evolving Razor + Blade business model



Initiatives and Achievements: At a Glance



Revenue Growth: Drive Above Market Growth

- ✓ Total 2017 NA system sales +51% Y/Y; driven by truSculpt 3D
- ✓ Capital equipment and practice development salesforce headcount expansion
- ✓ 2018 growth (9% - 12%)



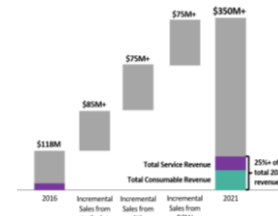
R&D Focus: New Product Launches

- ✓ Target 2+ product launches a year
- ✓ 2018 Launches:
 - truSculpt® iD
 - enlighten SR
 - Secret™ RF
 - Juliet™



Infrastructure Investment

- ✓ Expand global service team
- ✓ Manufacturing and inventory improvement activities
- ✓ Establish global network of distribution centers
- ✓ ERP implementation



Long Term Revenue Objectives

- ✓ Focused to achieve revenue goals set out in the 3-4-5 Plan
- ✓ Recurring revenue (consumables and service) was 18% of YTD18 revenue

Proven Track Record of Innovation





AESTHETIC PRODUCTS

Why CUTERA Wins:

Comprehensive Energy Based Aesthetic Product Line

CUTERA's reputation for producing the **highest quality product** is a clear competitive advantage

CUTERA's broad portfolio benefits the customer through bundling to address their specific needs

High ROI for **Dermatologists, Plastic Surgeons** and **Other medical specialties**

Large market opportunities
Body Sculpting: ~\$950M +10% CAGR*

* 2018 Market size and growth figures are based on public information, industry reports from Medical Insights, and internal estimates



truSculpt iD: A Record Launch for CUTERA

The Body Contouring Market



truSculpt iD Sets a Company
Product Launch Record:

+55% growth

truSculpt iD
expects to capture

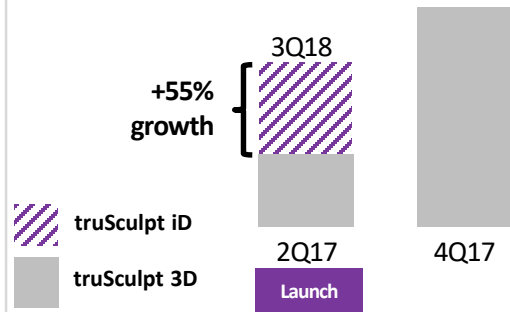
7%-10%

of the 2021 body
contouring market

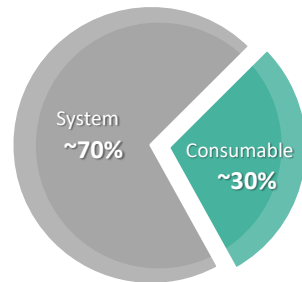
25%+

4-year
CAGR to
2021

Overlaying truSculpt iD Launch with truSculpt 3D:




2021 truSculpt expected Revenue, by Type:

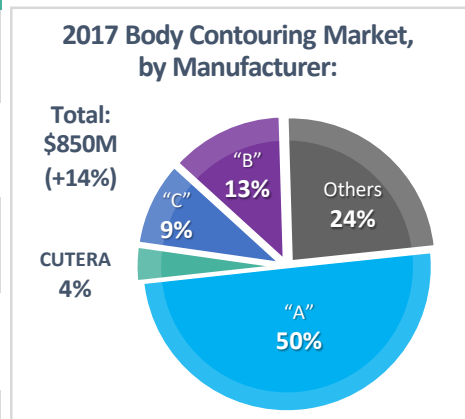


truSculpt iD Body Sculpting System

Significant Treatment Time Advantage versus Competition

Comparison of Leading Body Sculpting Systems				
	 SCULPT YOUR BEST BODY	Competitor A	Competitor B	Competitor C
Treatment time	15 minutes	70 minutes	75 minutes	150 minutes
Fat thickness reduction	24% (1 Treatment)	22% (1 Treatment)	24% / 11% FDA (2 Treatments)	31% (3 Treatments)
Max body parts per treatment	2 - 3	1	1 - 2	NA
Market share (2017)	<5%	50%	13%	10%
Coverage area	300 cm ²	366 cm ²	288 cm ²	300 cm ²
Consumable price	\$200 - \$300	\$450	\$280	\$200

Source: Public filings and internal estimates



truSculpt iD: What Customers are Saying

“

We upgraded to the truSculpt iD because of the versatility of the device and its ability to treat multiple body areas in just 15 minutes hands off. No other device compares in results with 24% fat reduction in such a short treatment time.”

James Mirabile, M.D., FACOG
Mirabile M.D. Beauty, Health & Wellness

“

truSculpt iD is a great addition to my practice and the body sculpting solutions I offer. My patients rave about how fast and comfortable it is. This revolutionary new sculpting device is perfect for those who want sculpting in as little as 15 minutes.”

Anne Chapas, M.D.
Union Square Laser Dermatology

“

Trusculpt iD is an innovative addition to the nonsurgical body contouring realm of devices. Patients find the treatment absolutely seamless with zero downtime. Most patients say the procedure feels like a hot stone massage. Many see results as early as six weeks and continue to see improvement up to 12 weeks. The reason why this treatment is superior to other noninvasive contouring devices is that it is truly customizable to the patients needs and can treat multiple areas in a single 15 minute treatment.”

Michael Somenek, MD
Somenek M.D. Advanced Facial Plastic Surgery



OPERATIONAL UPDATE

Operational Improvement Activities

Project Prioritization

Procurement & Inventory Optimization

- Moving to more automated inventory control - barcode system
- Implemented part kitting process

Facility Layout

- Streamlined assembly to shipping
- Reconfigured shipping via Kanban

Transition of Product Assembly

- Initiated transfer of manufacturing to external CMOs
- Target expansion of manufacturing transfer through 2020

Distribution Centers

- Identified multiple locations worldwide
- Target implementation of first distribution center in 2019

Improve efficiency, reduce COGS, & unlock cash

Reduce build time; smaller operational footprint

Improve capacity; reduce labor & material costs

Improved delivery, better customer service; reduce shipping costs

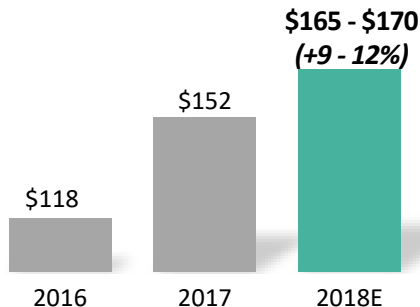


FINANCIAL UPDATE

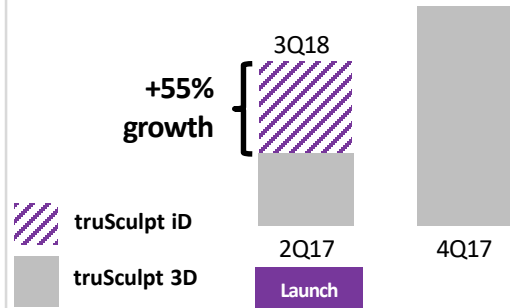
2018 Financial Highlights



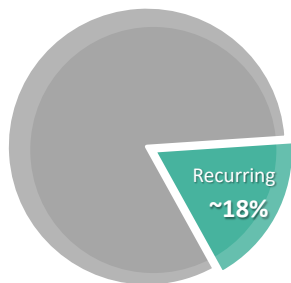
Total Annual Revenue (\$M)



Successful truSculpt iD Launch in 3Q18



Recurring Revenue as a % of Total Revenue, YTD18



Higher margin recurring revenue becoming a larger portion of total revenue

* Recurring revenue is the combination of sales from consumable products, service, and distributed skincare products

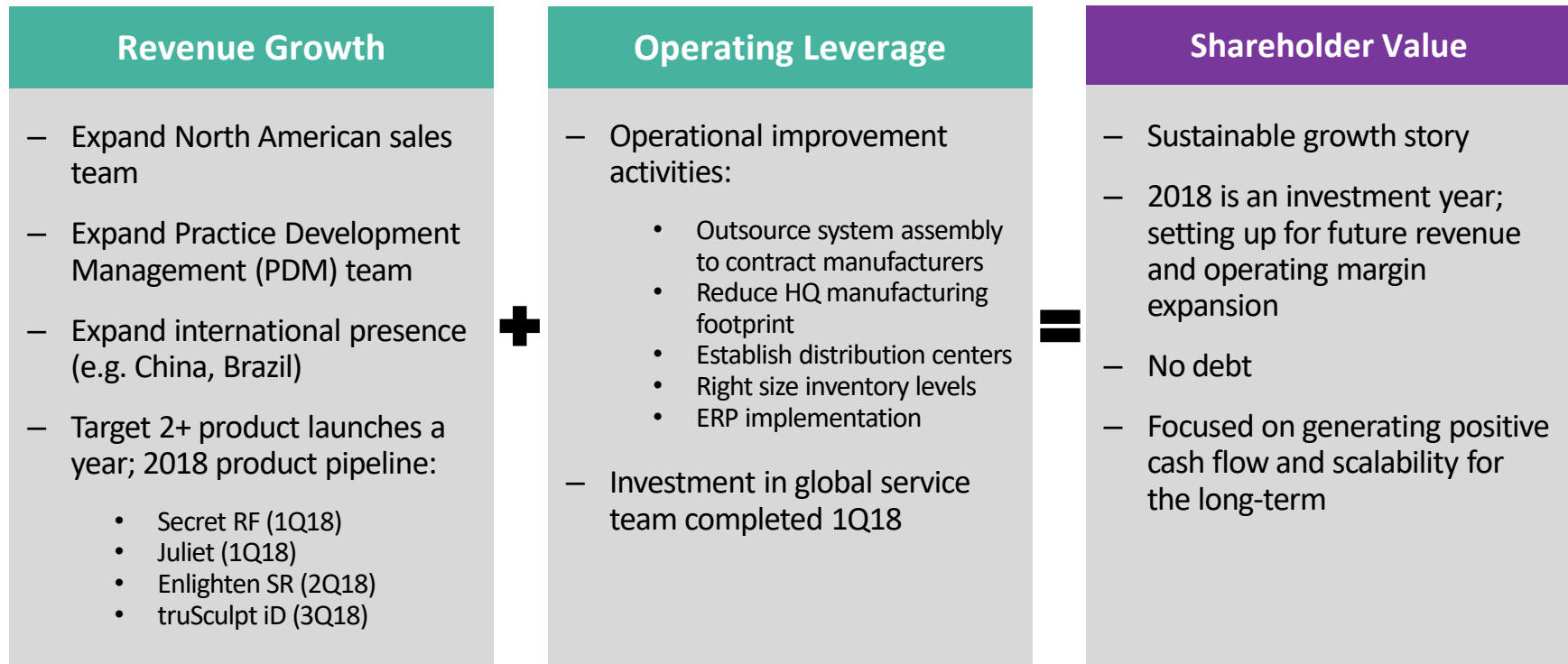
3Q18 Gross Margin Expanded

130 bps

sequentially; reaching 54%



Multiple Initiatives to Drive Shareholder Value



Investing in Corporate Scalability

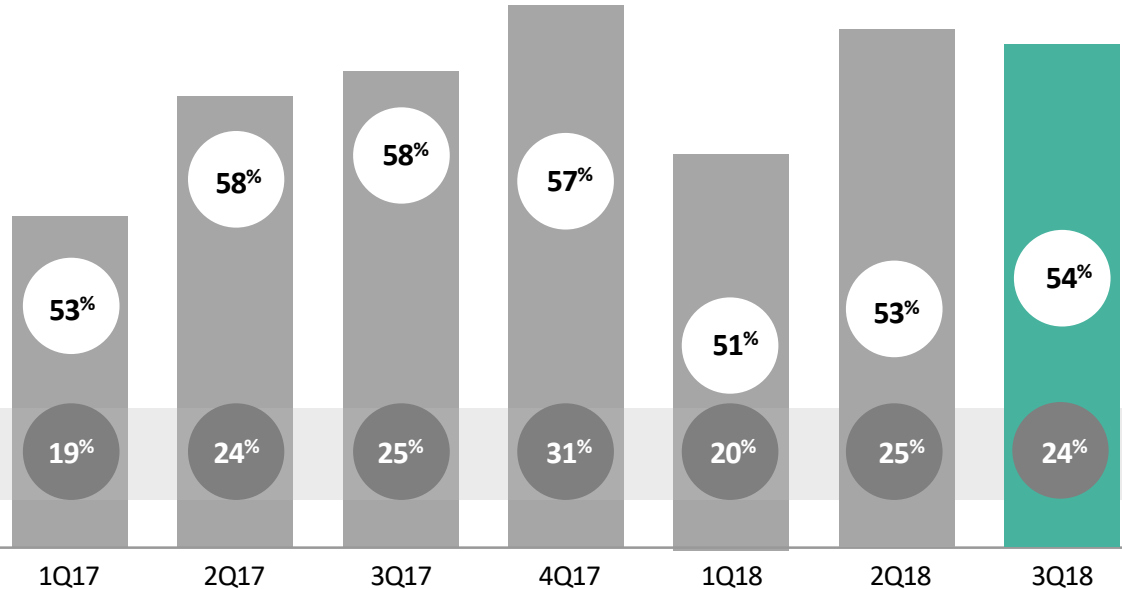
2018 Gross Margins Reflect Investments

Investments in Service and Manufacturing

- ✓ Expanded service team headcount +20%
- ✓ Enhanced supply chain management and inventory controls
- ✓ Implemented system part kitting procedures – lead to reduction of system assembly time
- ✓ Transitioning to contract manufacturing
- ✓ To establish regional distribution centers
- ✓ Initiated ERP upgrade process in 3Q18

Quarterly Progression of Revenue and Gross Margins

Quarterly Revenue as a % of Annual Revenue*



* Due to rounding, quarters do not add to 100%. Based on mid-point of 2018 annual revenue guidance of \$165 - \$170 million

Long Term Financial Targets

	2017	Financial Guidance 2018	2021 Target **
Total Revenue	\$151M	\$165M – \$170M	\$350M+
Gross Margin	57%	53% - 54%	60%
Operating Margin	5%*	NM	15%+

* 2017 operating margin excludes a \$4 million facility lease termination fee

** 2021 target based on 3-4-5 plan announced at the Company's 2017 investor event. Does not include significant M&A activity

Investment Summary

Large and growing system base

14,000+ sold to date

Evolving Razor + Blade
business model

Gaining Market Share in large,
high growth markets

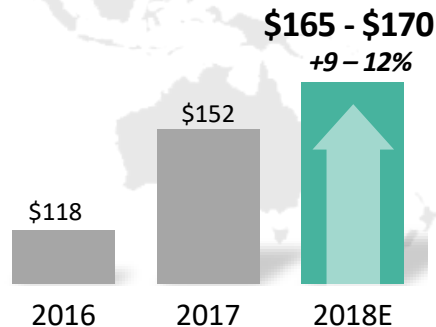
\$10B+

Approaching **5** consecutive
years of **double-digit** revenue
growth

truSculpt iD sets Company
record for systems sold at launch!
(\$850+M Body Sculpting Market)



Total Annual Revenue (\$M)



The Choice is Clear

CUTERA®

The New Era

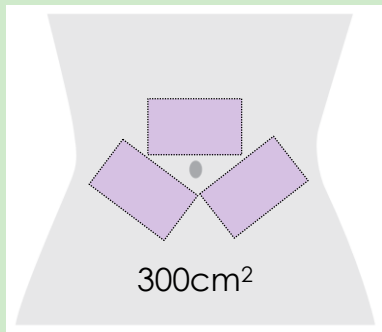
 INNOVATIONS
DESIGNED
AROUND U



truSculpt iD Body Sculpting System

Additional data points

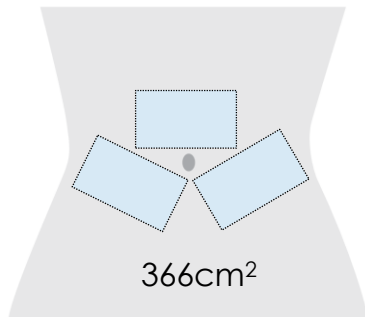
truSculpt® iD



300cm²

Total Tx Time: 15 mins
Setup/clean up: 10 mins

coolsculpting®
List Price: \$150,000

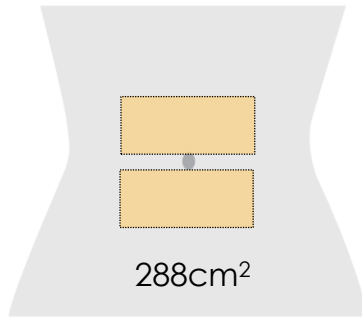


366cm²

\$150 and 35 minutes each area

Total Tx Time: 105 mins + Massage
Setup/clean up: 20 mins
Consumable Price: \$450

culpSure
List Price: \$205,750

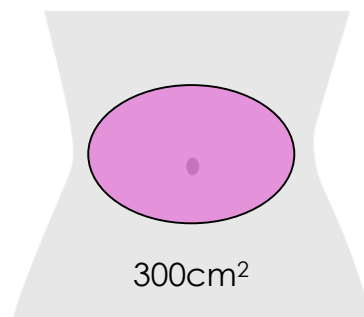


288cm²

\$35 each and 25 mins/4 areas

Total Tx Time: 50 mins
Setup/clean up: 15 mins
Consumable Price: \$280

UltraShape®
List Price: \$129,900



300cm²

\$25 each FTZ and 32 mins/8 areas

Total Tx Time: 32 mins x 3 Tx
Setup/clean up: 15 mins x 3 Tx
Consumable Price: \$200 x 3 Tx

truSculpt iD: Key Wins

Multi-Physician Plastic Surgery Practice in the Northeast

Reasons for purchase: *prefers RF and can treat patients of all skin and body types*

Plastic Surgery Practice in the New York Area

Reasons for purchase: *15 minute treatment time and how RF technology enhances “skin tightening”*

Dermatology Practice in Texas

Reasons for purchase: *Body sculpting a pillar of the practice, CUTERA reputation, multi-system purchase*

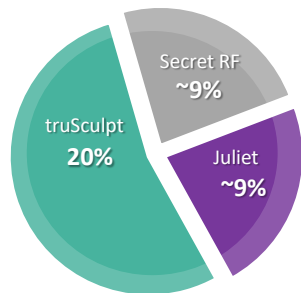
Internal Medicine Specialist

Reasons for purchase: *Positive experience with truSculpt 3D, wants hands-free to optimize treatment time*

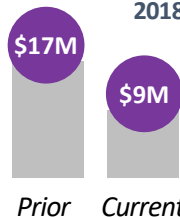


Near Term Headwinds

38% of 1H18 Total Revenue Derived from Razor/Blade Platforms



Juliet Revenue Forecast 2018E



Market Conditions Impacting Enlighten III

ASP 22% Lower YTD 2018

Trend in NA Capital Equipment Sales Force:

3Q18, product revenue per rep at \$1.4M/year

