

The Choice is Clear

CUTERA[®]

2018 Investor Event

October 9, 2018

 INNOVATIONS
DESIGNED
AROUND U





AGENDA

INTRODUCTION AND OVERVIEW

- James Reinstein, President and Chief Executive Officer

TRUSCULPT ID – A PERSONALIZED SOLUTION

- James Reinstein, President and Chief Executive Officer

- Guest Speaker: Edward Victor Ross Jr., MD – Scripps Clinic

- Larry Laber, EVP, Sales, North America

INTERNATIONAL UPDATE AND OPERATIONAL IMPROVEMENT ACTIVITIES

- Jason Richey, Chief Operating Officer

PRODUCT PIPELINE UPDATE

- Michael Karavitis, EVP, Chief Technology Officer

FINANCIAL UPDATE

- Sandra Gardiner, EVP, Chief Financial Officer

CLOSING COMMENTS

- James Reinstein, President and Chief Executive Officer

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INTRODUCTION AND OVERVIEW

- JAMES REINSTEIN, PRESIDENT AND CHIEF EXECUTIVE OFFICER

Comments on Recent Update to Financial Guidance

Key Highlights

3Q18E Revenue

~ \$40M

truSculpt iD Launch Sets CUTERA Record!

+55% growth over
truSculpt 3D at launch (2Q17)

2018E Revenue

\$165M – \$170M

October 4, 2018 - CUTERA updated Full Year 2018 revenue guidance

- ✓ truSculpt iD – outstanding launch
- ✓ 3Q consumable revenue (per procedure related revenue) grew over 50% compared to 3Q17
- ✓ International sales growth continues at modest pace
- ✓ 2018 revenue guidance revision due largely to headwinds in North America

Near Term Headwinds; Additional Details

Key Highlights

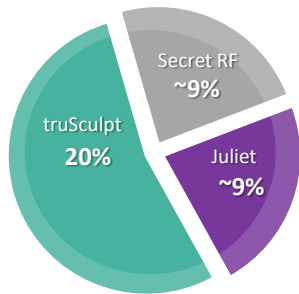
3Q18E Revenue

~\$40M

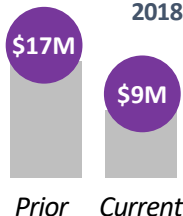
2018E Revenue

\$165M – \$170M

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



Juliet Revenue Forecast 2018E

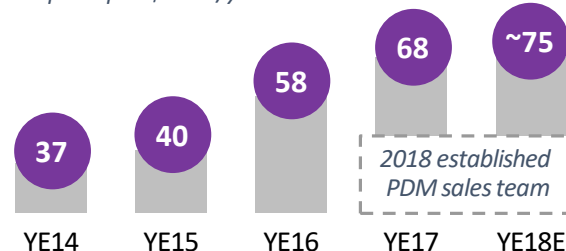


Market Conditions Impacting Enlighten III

ASP 22% Lower YTD 2018

Trend in NA Capital Equipment Sales Force:

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



truSculpt iD Launch a Success

truSculpt iD Launch Sets CUTERA Record!

Key Highlights

+55% growth over
truSculpt 3D at launch (2Q17)

- ✓ 60%+ of systems sold went to customers new to body sculpting and/or competitive wins
- ✓ truSculpt iD features drive premium pricing
 - ✓ truSculpt iD system ASP captured a solid premium over truSculpt 3D
 - ✓ truSculpt iD procedure pricing is more than 2x truSculpt 3D
- ✓ Additional launches in Europe and other regions planned



Q&A



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



Executive Management



James Reinstein
President and
Chief Executive Officer



Sandra Gardiner
EVP, Chief Financial Officer



Marina Kamenakis
SVP, Global Marketing
and Clinical Development



Michael Karavitis
EVP, Chief Technology
Officer



Larry Laber
EVP, Sales,
North America



Jason Richey
Chief Operating Officer

Darren Alch

VP, General Counsel &
Corporate Secretary

Michael Ammen

VP, Business Process
Management

Lukas Hunziker

VP, Research &
Development

Ray Lee

VP, Regulatory Affairs
and Quality Assurance

Dan Mindlin

VP, Operations

**Michael
Palumbo**

VP, Global Service

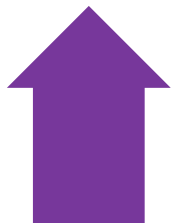
Matthew Scalo

VP, Investor Relations
and Corporate
Development

Cindee Van Vleck

VP, Global Human
Resources

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%)



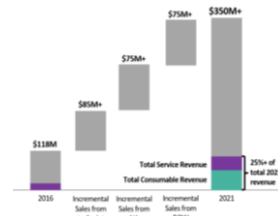
R&D Focus: New Product Launches

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



Infrastructure Investment

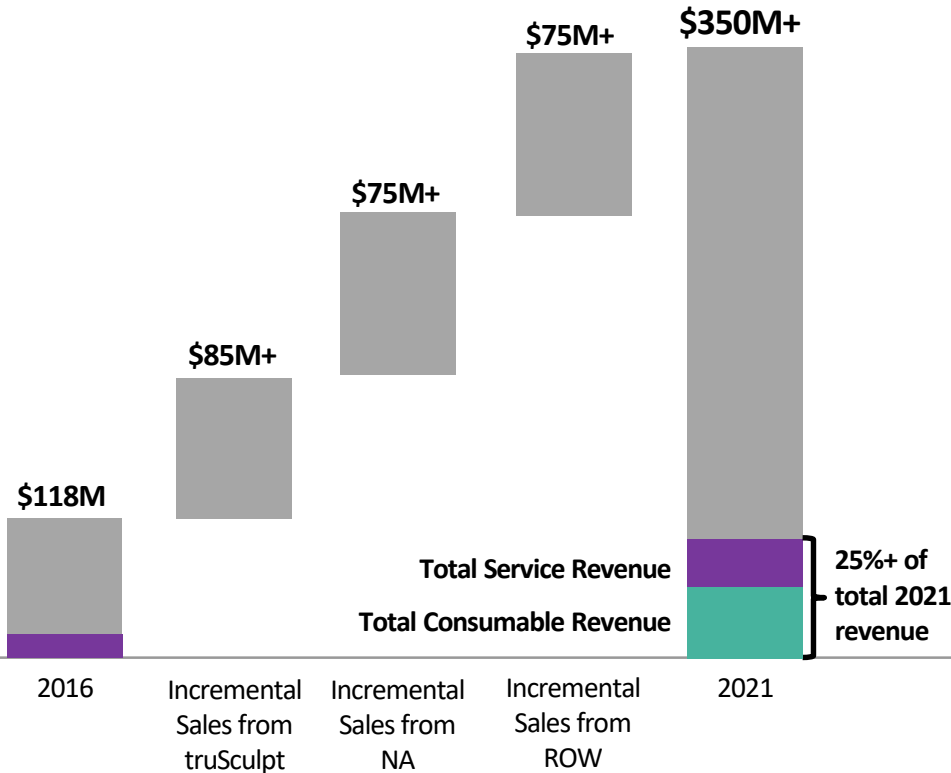
- ✓ Expand global service team
- ✓ Manufacturing and inventory improvement activities
- ✓ Establish global network of distribution centers
- ✓ ERP implementation



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

Long Term Revenue Objectives



Goal: Triple 2016 total revenue by 2021

To achieve goal, three main drivers identified:

- Successful market adoption of truSculpt iD
 - NA sales growth driven by headcount expansion and sales productivity per rep
 - ROW sales growth driven by headcount expansion, overall quality improvement, enter new markets (e.g. China, Brazil)
- ✓ Committed to growing the high-margin recurring revenue and service revenue



TRUSCULPT ID – A PERSONALIZED SOLUTION

- JAMES REINSTEIN, CHIEF EXECUTIVE OFFICER

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

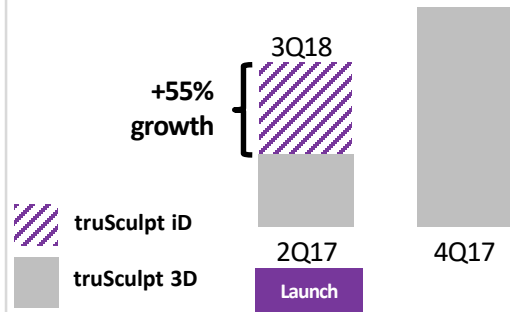
7%-10%

of the 2021 body
contouring market

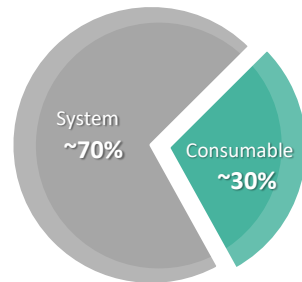
25%+

4-year
CAGR to
2021

Overlaying truSculpt iD Launch with truSculpt 3D:



2021 truSculpt expected Revenue, by Type:



truSculpt iD Body Sculpting System

Value Proposition

BENEFIT FOR THE PATIENT

- Individual customizable results
- Faster treatment time: 15 minutes
- More comfortable than competitive offerings
- Most everyone is a candidate!
- Treat all fat thickness
- Treat skin with laxity
- Treat all skin types



BENEFIT FOR THE DOCTOR


- Faster treatment time: 15 minutes
- Significantly faster than leading players
- Only device with Hands-Free and Hand-Held
- Treats all body types and skin quality
- High patient satisfaction
- White glove customer service
- In-depth marketing services program, tailored to local providers

truSculpt® iD

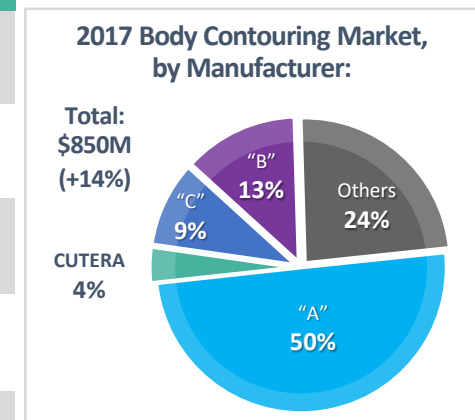
SCULPT YOUR BEST BODY

truSculpt iD Body Sculpting System

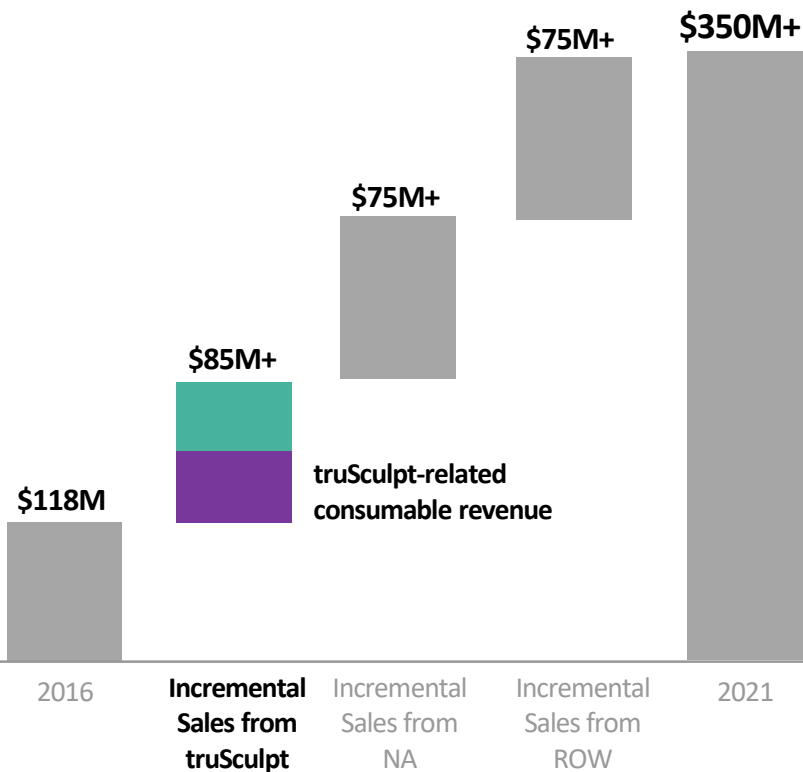
Significant Treatment Time Advantage versus Competition

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



How truSculpt Drives Our Long Term Revenue Objectives



truSculpt iD traction is a key component of our 2021 revenue target

- ✓ Current 2021E projected truSculpt iD revenue forecast based on:
 - ✓ Reaching cumulative base of 1,500+;
 - ✓ \$200+ blended global ASP per Tx
- ✓ Market share expansion: 2021 truSculpt revenue target is between 7%-10% of the forecasted 2021 body contouring market
- ✓ truSculpt iD a driver of consumable revenue projections



TRUSCULPT ID – A PERSONALIZED SOLUTION

- E. VICTOR ROSS JR., MD, SCRIPPS CLINIC

Key Opinion Leader: Dr. Vic Ross

Educational Background

Specialties: Dermatology, Cosmetic Dermatology, Dermatologic Laser Surgery

Medical Staff: Scripps Green Hospital and Scripps Clinic Carmel Valley

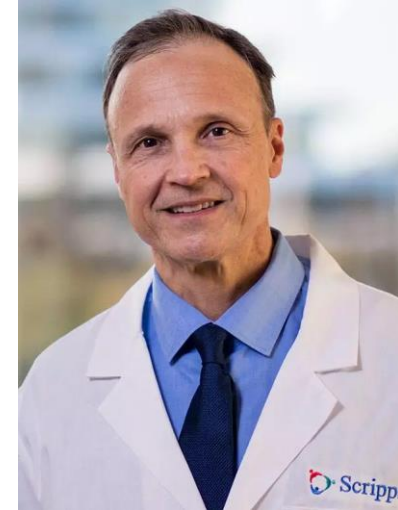
Board Certifications: American Board of Dermatology, Dermatology, 1992

Medical Education: Tulane University School of Medicine, MD, 1986

Internships: Naval Medical Center San Diego, Internship-Medicine, 1987

Residencies: National Naval Medical Center, Dermatology, 1992

Fellowships: Massachusetts General Hospital, Dermatologic Laser Surgery, 1996



Energy Based Device Aesthetic Medicine: My Experience

Experience with Energy Based Devices, by Category

Skin tightening:	RF needles and pins (Infini, Fractora, Forma)
Vascular:	Excel V, Icon, BBL, Ellipse, PDL
Body sculpting:	Coolsculpting, Vanquish, Body FX, Trusculpt
Hair removal:	Gentle max, Elite, Light sheer, various IPLs
Multi-app:	Icon, Nordlys, Fractional lasers,

Dr. Ross' Practice Stats for Body Sculpting Procedures

2017 Procedures:	~500
by patient sex (f/m):	80%/20%
Estimated Growth in 2018E:	+20%
Estimated Growth in 2019E:	+20%
by patient sex (f/m):	70%/30%

Fees Received by Manufacturer over last 12 months

Consultant:	Candela, Cutera, Cynosure, Ellipse, Lumenis, Sciton, Sebacia
Honorariums:	Candela, Cutera, Cynosure, Ellipse, Lumenis, Sciton, Sebacia

Body Sculpting EBD Key Features: A KOL's Perspective

Clinical Outcomes

Patient Satisfaction


Total Procedure Time

System Ease of Use

Return on Investment

truSculpt iD Body Sculpting System

Significant Treatment Time Advantage versus Competition

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Source: Public filings and internal estimates

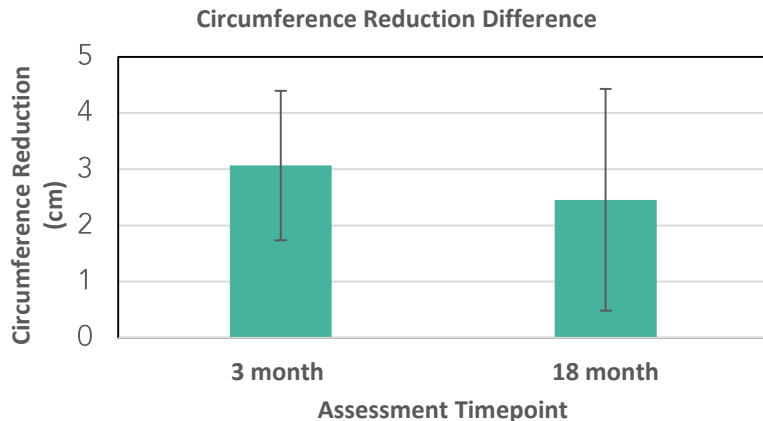


Only system consistently treating multiple body parts in one session

truSculpt iD: Review of Clinical Data



Source: Drs Bruce Smoeller and Karl Napekoski



Lipolysis Study

Objective: To evaluate the truSculpt Radiofrequency Device for non-invasive fat reduction in abdominal tissue

Study Design:

- Single abdominal truSculpt treatment
- Biopsies collected (11 patients)
 - Time points : Immediate, 10, 20, 30, 60, and 90 days

Results: Fat necrosis was observed in 4 of the 9 patients spanning the 10 to 60 days

Circumference Reduction Study

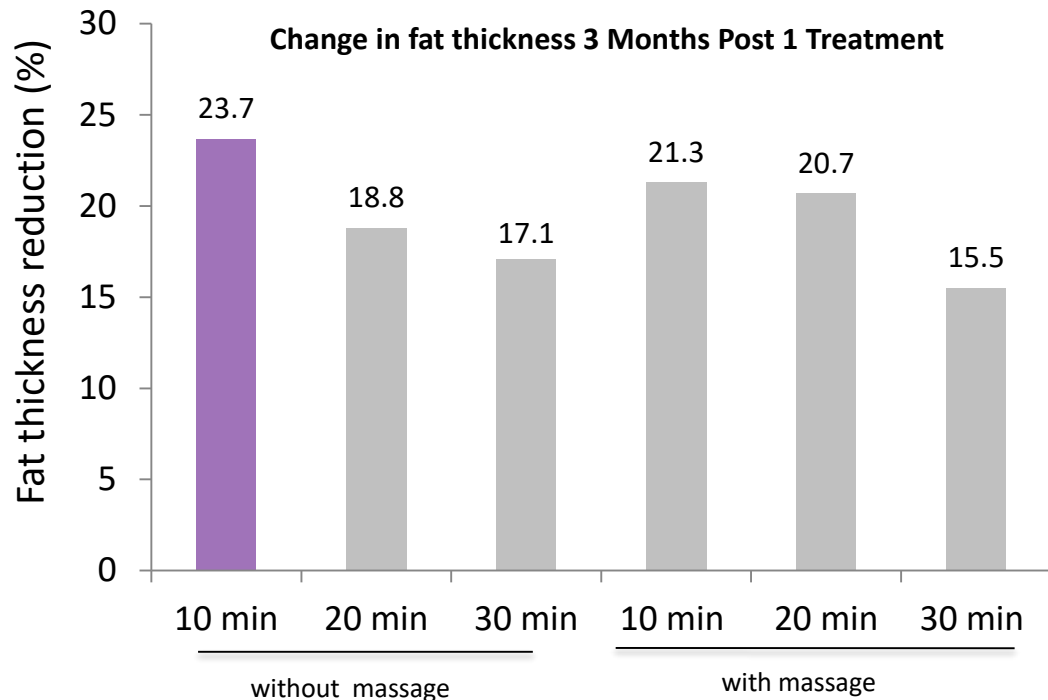
Objective: To evaluate the safety and efficacy of the Cutera truSculpt device for circumferential reduction.

Study Design:

15 of 46 treated with truSculpt had their waist circumference measured 18 months after treatment

Results: Average circumferential reduction w.r.t. baseline was 2.32 ± 0.5 (SEM) cm.

truSculpt iD: Additional Clinical Experience



Source: *Optimization of Treatment Times Using a Novel Monopolar Radiofrequency Device for Subcutaneous Adipolysis*, Ashish Bhatia M.D. F.A.A.D. Director Oak Dermatology Schaumburg Illinois

Study Results and Takeaways

Best Results:

10-minute treatment time (~24% reduction) at the 3 month follow-up (measured by ultrasound)

Other Takeaways:

Massage had statistically insignificant effect

Min/max weight fluctuations across all groups - ± 4 Pounds

Potential side-effects: nodules as a result of hyperthermia (at longer treatment times)

truSculpt iD: Key Observations from Early Experience

truSculpt iD: Key Observations

Background: Received truSculpt iD system June, 2018.
Experience with over 20 patients and growing

Key Observations:

- **Excellent clinical results:** 24% circumferential reduction
- **Expands treatable patient population:** truSculpt iD hand piece design enables treatment for the widest range of patient sizes (e.g. low body fat, hard belly fat)
- **Unparalleled procedure time:** set up, procedure, break down combined < 30 minutes. Frees up practice resources.

Conclusion: truSculpt iD provides the physician a hands-free body sculpting solution that expands the treatable patient population in the shortest amount of time





TRUSCULPT ID – WHY CUTERA WINS

- LARRY LABER, EVP, SALES, NORTH AMERICA

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**

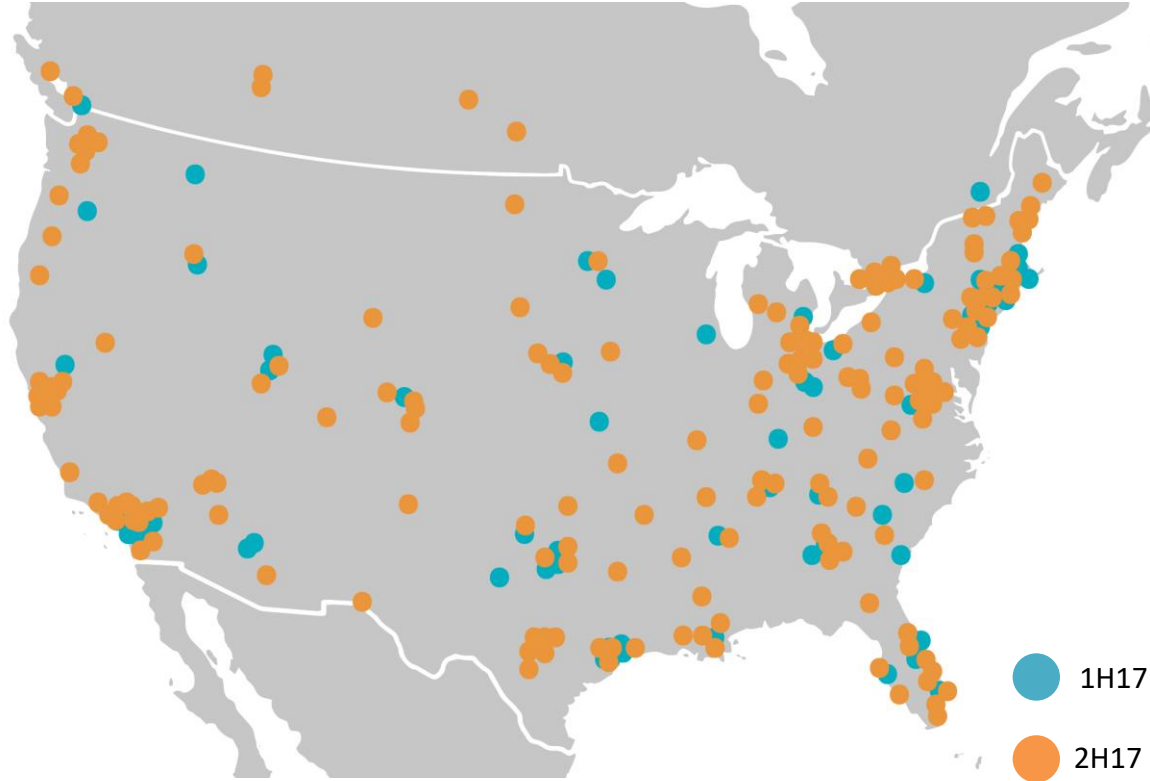


Why CUTERA Wins:

truSculpt 3D Experience and Applying Lessons Learned to truSculpt iD

Experience with truSculpt 3D:

- ✓ truSculpt 3D success drove total 2017 NA system sales +51%
- ✓ Broad demand for body sculpting; Growth in the Non-Core customer market
- ✓ Able to penetrate 4% of the body sculpting market with a prior generation system
- ✓ The importance of a Practice Development Management team; End 2018 with 10 reps



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

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*

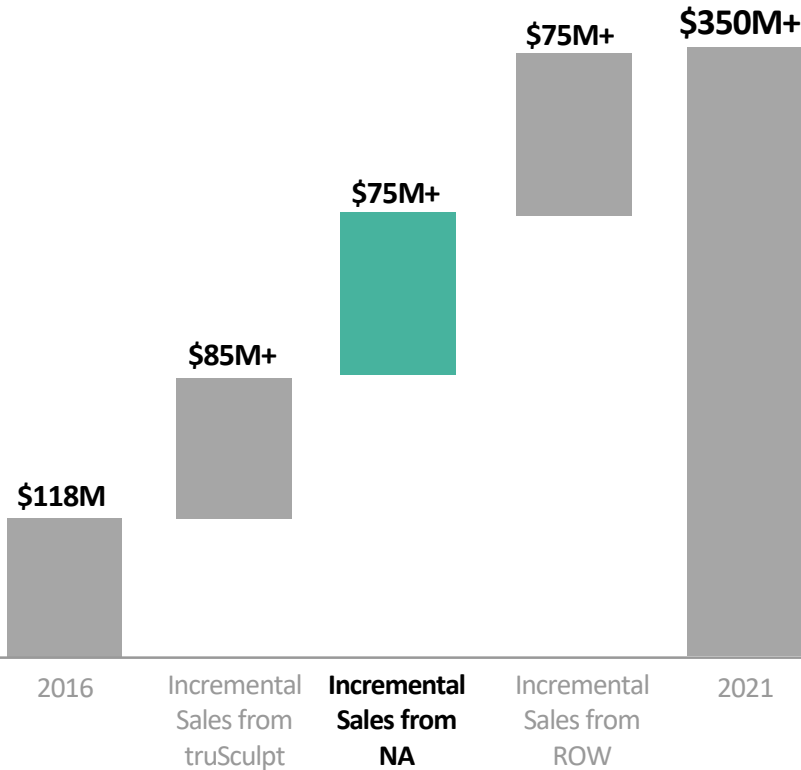
Internal Medicine Specialist

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



Long Term Revenue Objectives

Contribution from the North America Sales Team



NA Sales Team Contribution to Long Term Revenue Objectives:

- ✓ Established Practice Development Management team; End 2018 with 10 reps
- ✓ Focus on expanding sales management to grow capital equipment sales team
- ✓ In 3Q18, generated \$1.4M in annualized NA product revenue per capital equipment rep

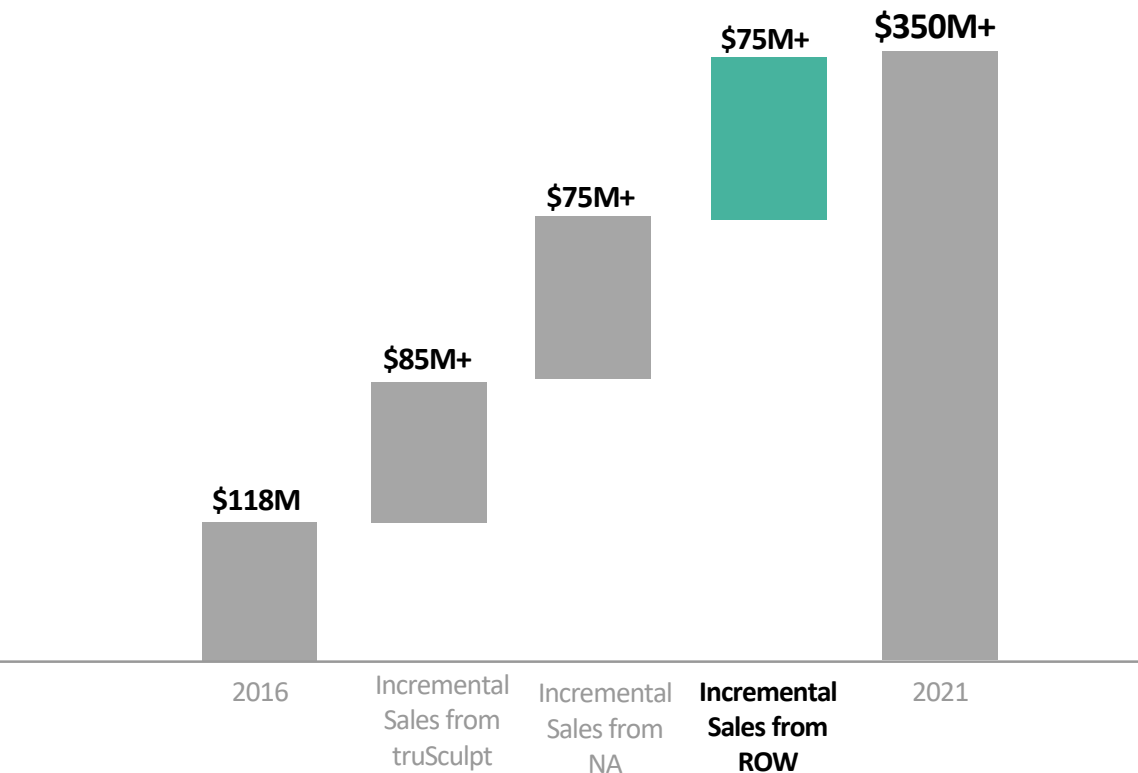


INTERNATIONAL UPDATE AND OPERATIONAL IMPROVEMENT ACTIVITIES

- JASON RICHEY, CHIEF OPERATING OFFICER

International Update and Long Term Revenue Objectives

Contribution from the International Sales Team



International sales growth driven by:

- ✓ Expansion of **capital equipment sales team**
- ✓ Expansion of **practice development team**
- ✓ **Duplicating** many of our NA **sales & marketing practices** (CUCF, Weekend Programs, KOL advisory board)

Go-to-Market: Direct vs. Distribution

- ✓ **Increase number of direct countries**, opportunistic expansion of salesforce (EU, ME, LATAM)
- ✓ Distribution in 40+ countries; target **expansion of distributor network** (ME, APAC, LATAM)
- ✓ Entered **China** with distributor, 1Q18; entering South America – **Brazil**



OPERATIONAL IMPROVEMENT ACTIVITIES

CUTERA's Focus Moving Forward

Our Four Pillars: A New Framework to Systematically Take Action and Improve



GROWTH	PROFITABILITY	TALENT	CULTURE
<i>Build Pipeline</i>	<i>Build Better</i>	<i>Attract</i>	<i>Continuous Improvement</i>
<i>Expand Portfolio</i>	<i>Spend Better</i>	<i>Retain</i>	<i>Discipline and Accountability</i>
<i>Drive Demand</i>	<i>Price Better</i>	<i>Develop</i>	<i>Teamwork</i>

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

Operational Improvement Activities Roadmap



Operational Improvement Activities

Summary

Managing according to the four pillars

Activities prioritized based on strategic need and potential cost savings

**Transition of product assembly offers significant potential financial impact;
Benefits from these activities gain momentum throughout 2020 and beyond**

2018 is a year of infrastructure investment and CUTERA is on the right track





PRODUCT PIPELINE UPDATE

- MICHAEL KARAVITIS, EVP, CHIEF TECHNOLOGY OFFICER

Proven Track Record of Innovation



Clinical Results in Multiple, High-Growth Markets

Proven Laser + Light-based Technology

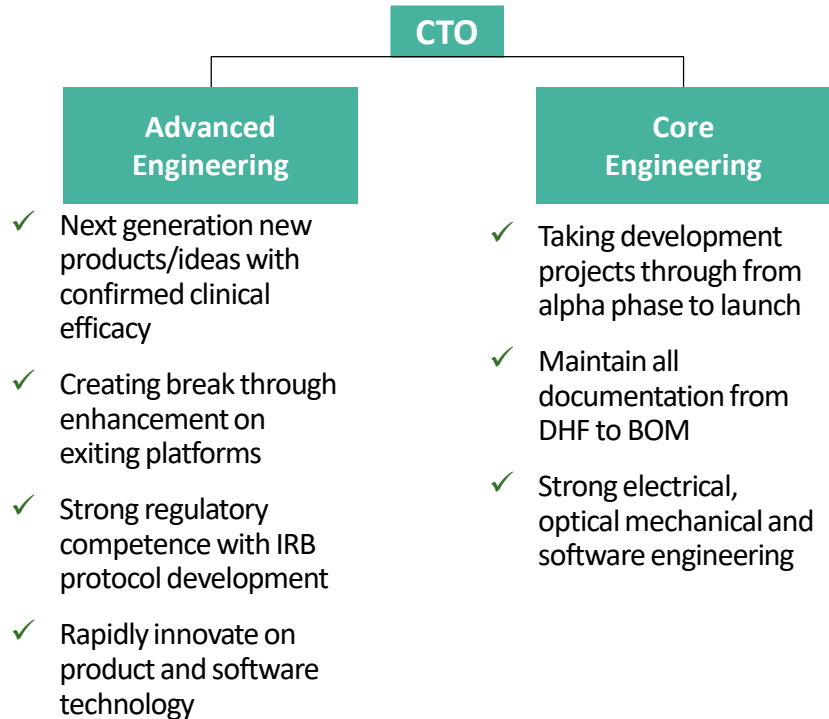


Best-in-class medical aesthetics devices engineered to offer high-level support across a **broad range of specialty aesthetic services**

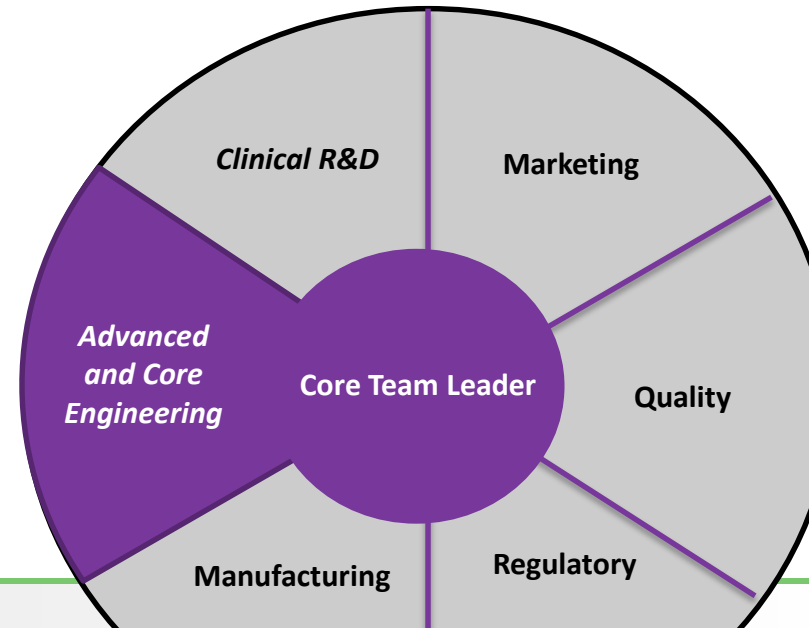
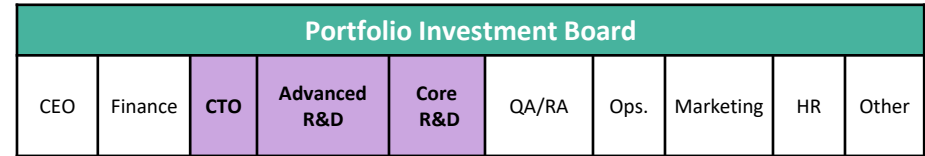


R&D Organization and the Product Development Process

R&D Organizational Structure

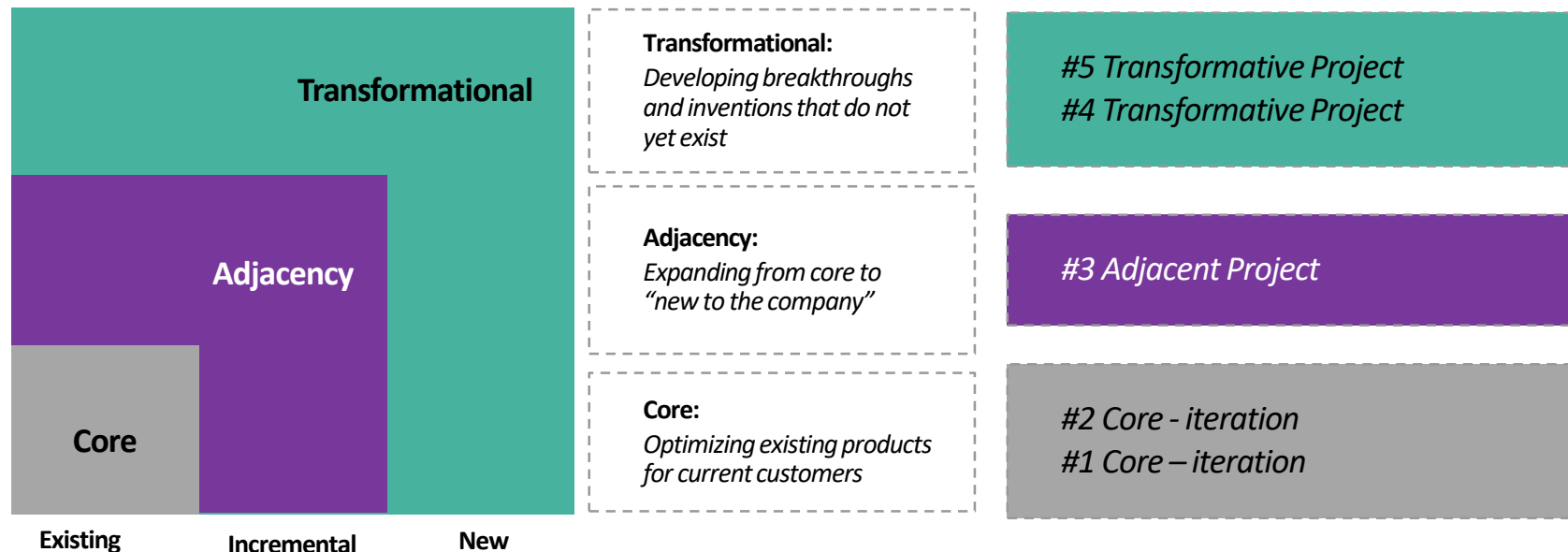


Product Development Process Organizational Structure

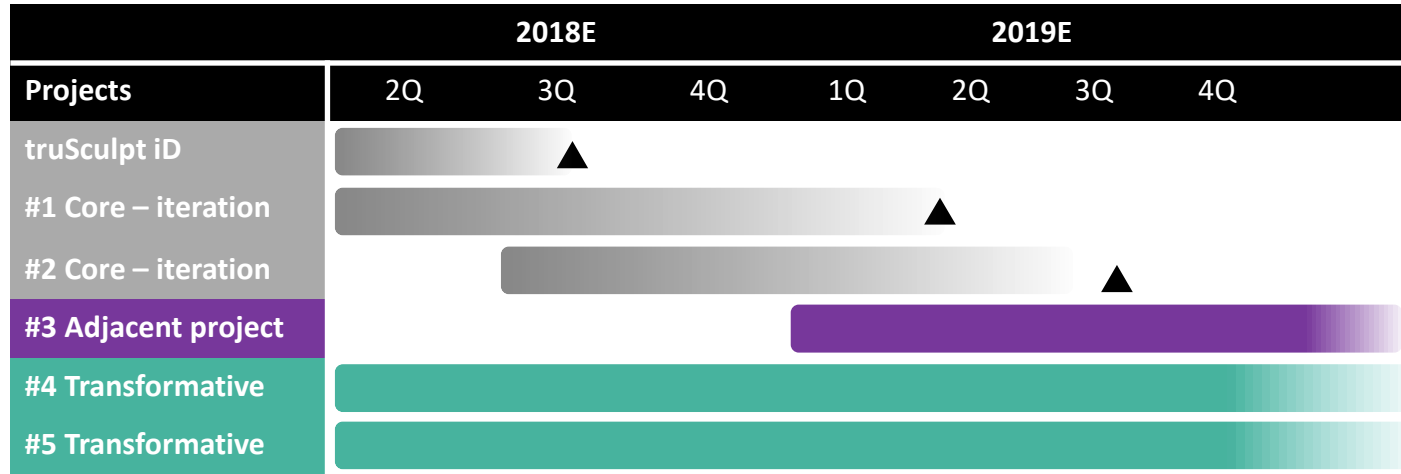


New Product Development

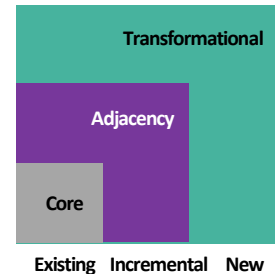
- ✓ Fully operating in the Portfolio Investment Board (PIB) process
- ✓ Organization developing new applications while focusing on extending current product lines



New Product Development – Product Roadmap



▲ Target Commercialization

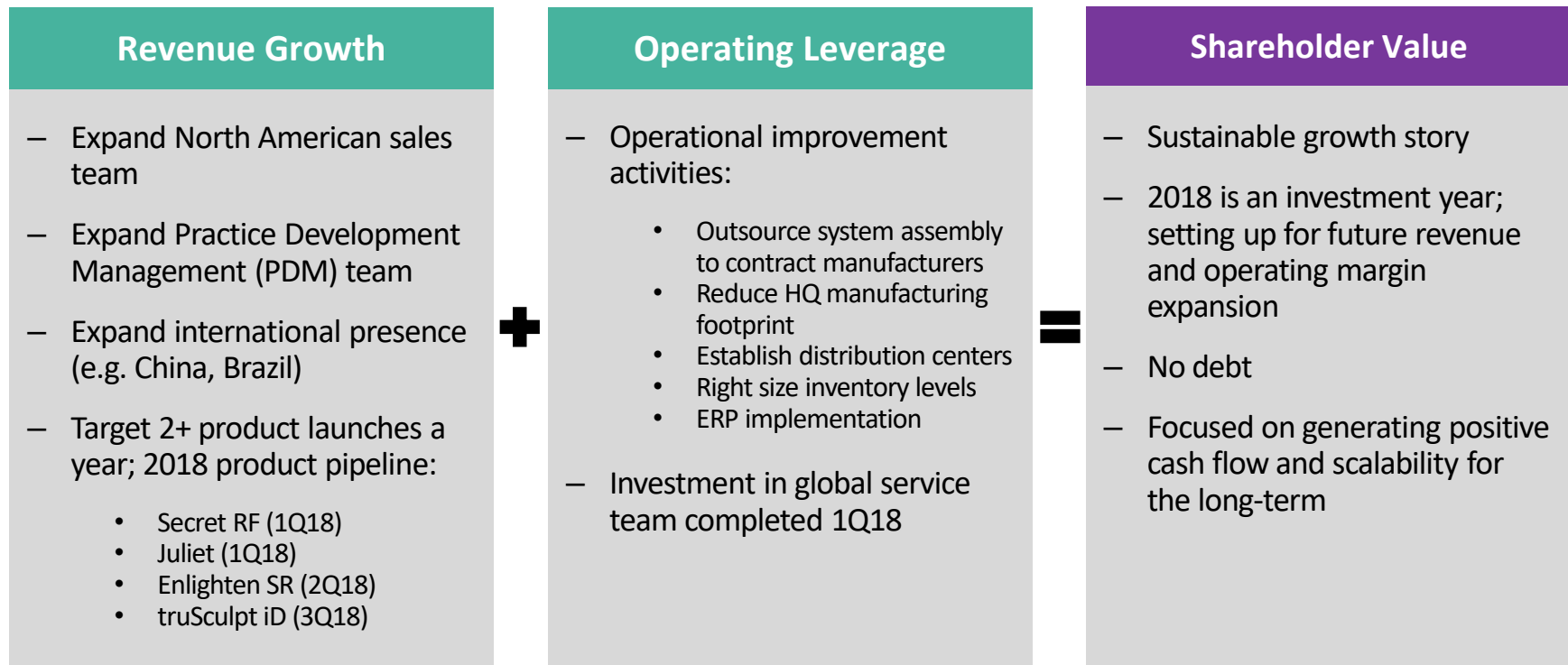




FINANCIAL UPDATE

- SANDRA GARDINER, EVP, CHIEF FINANCIAL OFFICER

Multiple Initiatives to Drive Shareholder Value



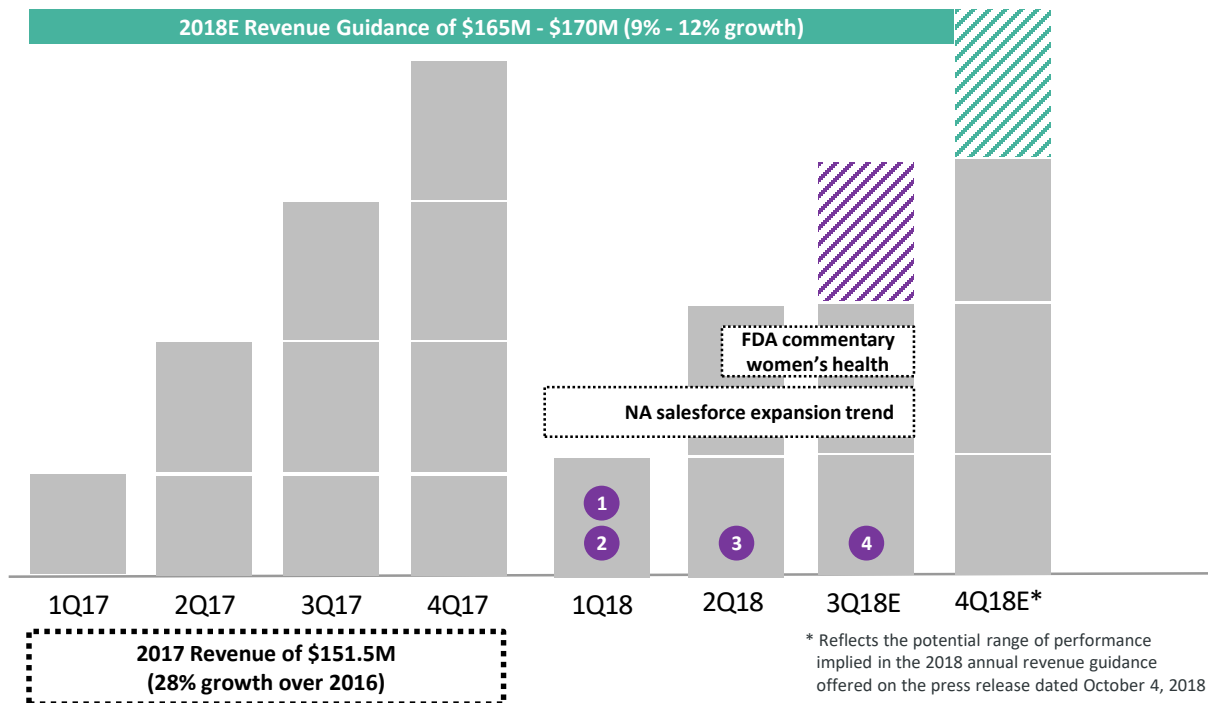
Multiple Initiatives – Revenue Growth

Revenue Growth

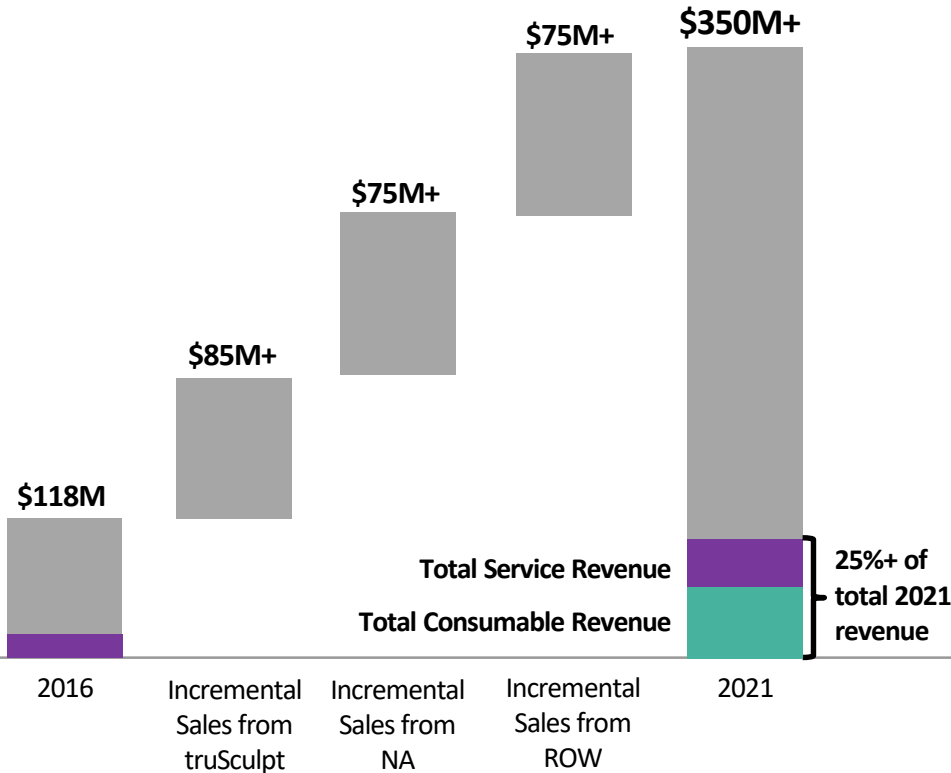
- Expand North American sales team
- Expand Practice Development Management (PDM) team
- Expand international presence (e.g. China, Brazil)
- Target 2+ product launches a year; 2018 product pipeline:

- 1 Secret RF (1Q18)
- 2 Juliet (1Q18)
- 3 Enlighten SR (2Q18)
- 4 truSculpt iD (3Q18)

YTD Progression of Revenue (2017 – 2018E)



Long Term Revenue Objectives



Goal: Triple 2016 total revenue by 2021

To achieve goal, three main drivers identified:

- Successful market adoption of truSculpt iD
- NA sales growth driven by headcount expansion and sales productivity per rep
- ROW sales growth driven by headcount expansion, overall quality improvement, enter new markets (e.g. China, Brazil)

✓ Committed to growing the high-margin recurring revenue and service revenue

Operational Leverage - Multiple Initiatives

Operating Leverage		
<div>— Operational improvement activities:</div> <ul style="list-style-type: none">• Outsource system assembly to contract manufacturers• Reduce HQ manufacturing footprint• Establish distribution centers• Right size inventory levels• ERP implementation	Facility Layout	<ul style="list-style-type: none">• Redesigned plant layout• Reconfigured shipping
	Procurement & Inventory Optimization	<ul style="list-style-type: none">• Automated inventory control - barcode system• Implemented part kitting
	Transition of Product Assembly	<ul style="list-style-type: none">• Transfer assembly to contract manufacturers
	Distribution Centers	<ul style="list-style-type: none">• Target implementation of first distribution center 2019
		100 – 200 bps
		100 – 200 bps
		200 – 300 bps
		100 – 200 bps
		500 – 900 bps

Long Term Financial Targets

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



Q&A





CLOSING COMMENTS

- JAMES REINSTEIN, CHIEF EXECUTIVE OFFICER

The Choice is Clear

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Thank you

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