

The Choice is Clear

**CUTERA**<sup>®</sup>

**Cutera, Inc.**  
Company Overview

**James Reinstein**  
President and Chief Executive Officer

Jefferies 2018 Healthcare Conference  
June 8, 2018

 INNOVATIONS  
**DESIGNED**  
AROUND **U**



# Safe Harbor Statement

Certain **statements** made over the course of this presentation may be forward-looking in nature, involving known and unknown risks, assumptions, uncertainties and other factors that may cause the actual results, performance and achievements of the company to be materially different from those projected or implied by such forward-looking statements. For a discussion of such factors, we refer you to the “Risk Factors” discussion contained in our Form 10-K and follow on Form 10-Qs filed with the Securities and Exchange Commission.

## **Regulation G**

This presentation contains 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. Reconciliations of all non-GAAP amounts to the relevant GAAP amount are provided as an attachment to this presentation.

# 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

# Who We Are

New executive team

**400+**  
employees worldwide

Brisbane, CA headquarters

**115+**  
Highly effective sales  
professionals worldwide

Established and growing  
consumable sales team  
target 10-15 by YE18

Comprehensive product  
offering

Leading player in energy  
based medical aesthetics

Addressing large,  
high growth markets  
**\$10B+**

Evolving Razor + Blade  
Business Model  
(40% of systems sold in Q1)

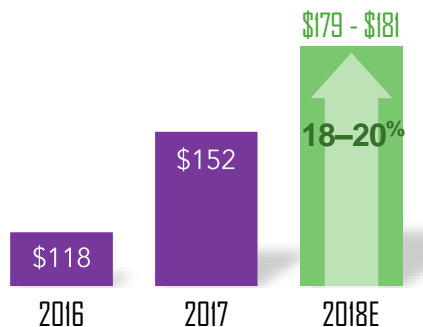
**15** consecutive quarters of  
**double-digit** revenue  
growth



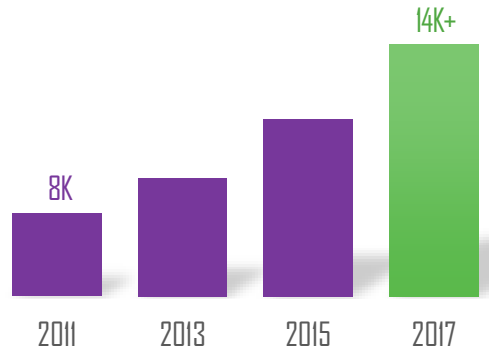
# A Leading Energy Based Aesthetic Player

## and Small Cap Growth Story

Total Annual Revenue (\$M)

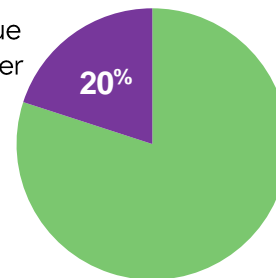


Total Systems Sold to Date



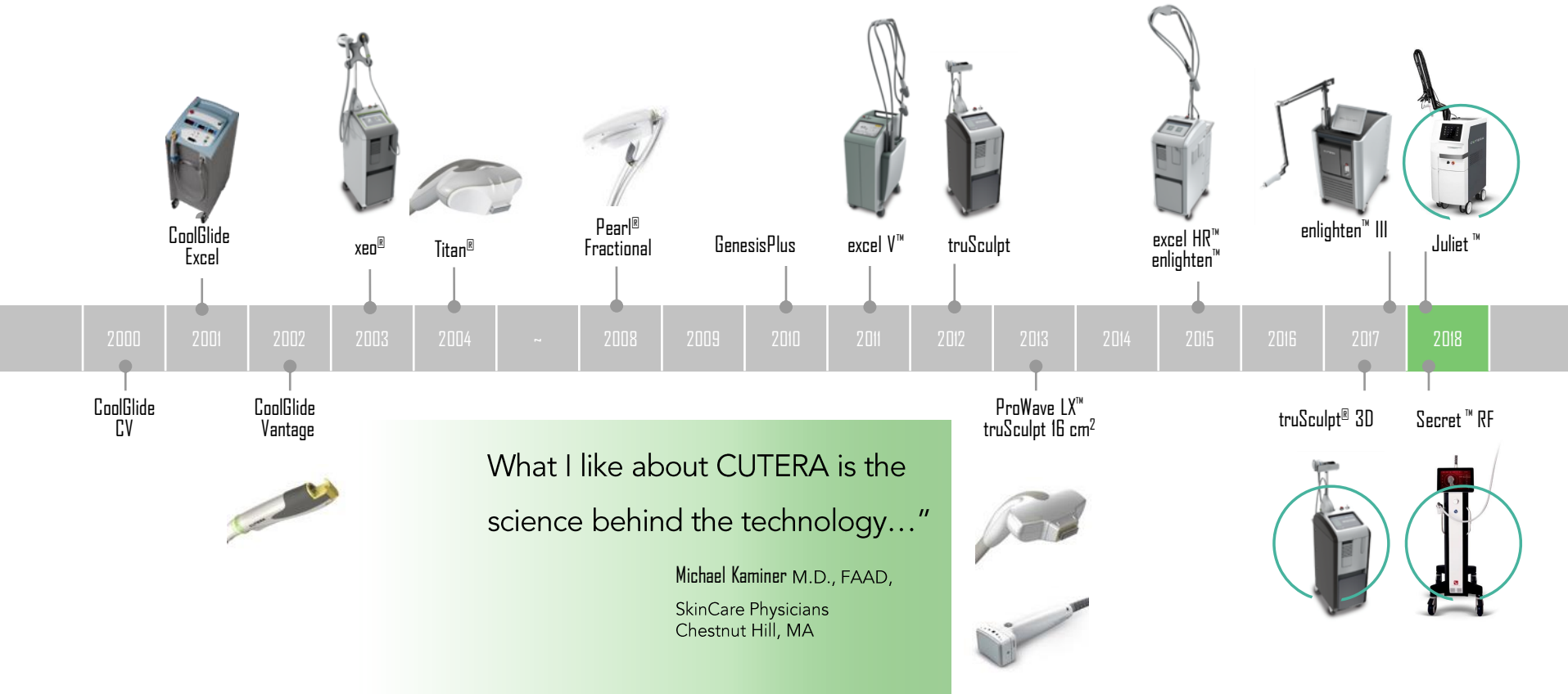
Recurring Revenue as a % of Total Revenue

Recurring revenue becoming a larger portion of total revenue



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

# Proven Track Record of Innovation





# CURRENT MARKETS



# Comprehensive Energy Based Aesthetic Product Line

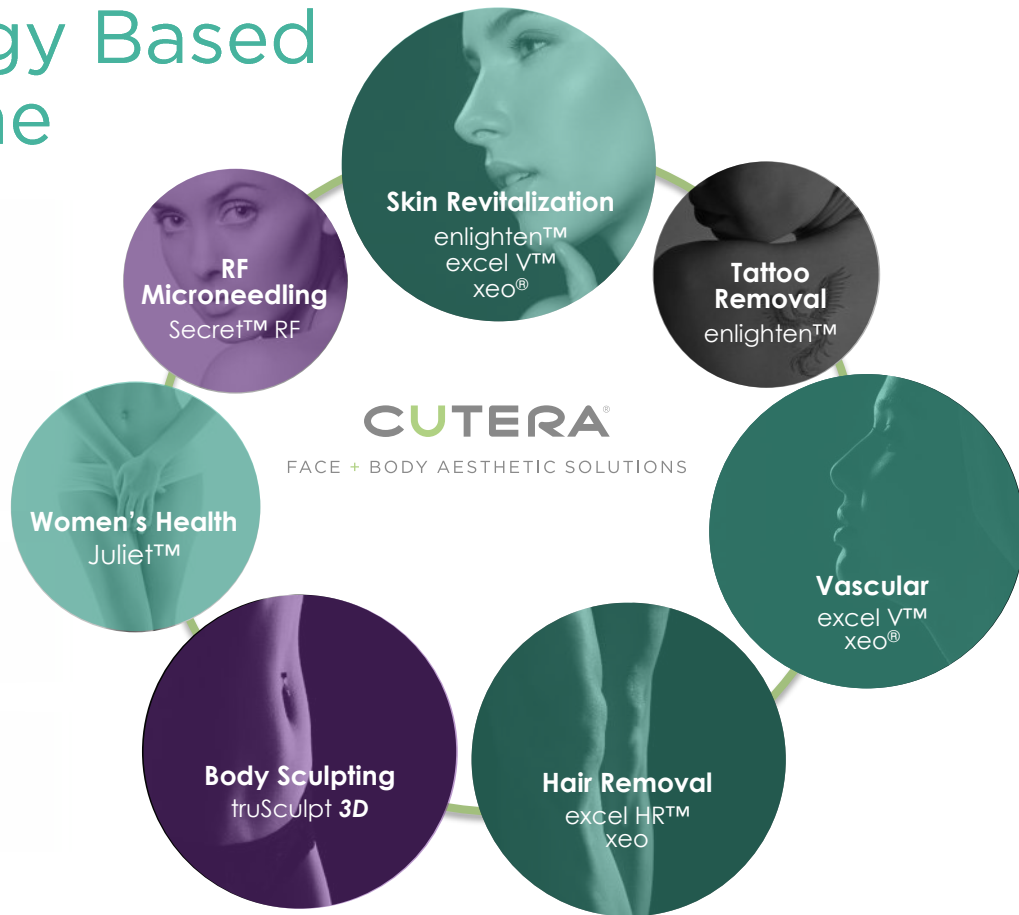
Large market opportunities  
Body Sculpting: ~\$800M + 10% CAGR\*

High growth in Skin Revitalization  
and Women's Health

CUTERA's broad portfolio and reputation  
are clear competitive advantages

High ROI for Dermatologists, Plastic Surgeons  
and Other medical specialties

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





# 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**



# How CUTERA is Winning with truSculpt® 3D

	LASER	truSculpt® 3D	CRYOLIPOLYSIS	ULTRASOUND
🕒 Time	<b>100</b> minutes per abs + flanks (280 cm²)	<b>60</b> minutes per abs + flanks (576 cm²)	<b>140</b> minutes per abs + flanks (488 cm²)	<b>60</b> minutes per abs + flanks (300 cm²)
💰 Consumable Cost	<b>\$560</b> per abs + flanks	<b>\$100</b> per abs + flanks	<b>\$600</b> per abs + flanks	<b>\$400</b> x 3 per abs + flanks
💭 Comfort	Waves of intense heat followed by brief cooling	Hot stone massage	Initial tugging followed by cooling	Slight vibration
👍 Efficacy	<b>~24</b> percent reduction*	<b>~24</b> percent average reduction*	<b>~22</b> percent average reduction*	<b>~11</b> percent x 3 treatments average reduction*
❓ Possible Side Effect	Temporary tenderness, redness and nodules (hard lumps)	Temporary tenderness and redness	Up to 4 weeks of tenderness, bruising and itching	Temporary redness
✓ Can Treat: <ul style="list-style-type: none"> <li>&gt;30 BMI</li> <li>Non-pinchable Fat</li> <li>Fibrous Fat</li> <li>Skin with Laxity</li> <li>Tattoos</li> <li>Results in 1 Tx</li> </ul>	✗ ✓ ✓ ✓ ✗ ✓	✓ ✓ ✓ ✓ ✓ ✓	✗ ✗ ✗ ✗ ✓ ✓	✗ ✗ ✓ ✓ ✓ ✗



# Most Recent Product Launches (1Q18)

Secret™ RF



Secret™ RF

## Skin Revitalization

Targets the ~\$1 billion energy based aesthetic device for the face (+8% CAGR)\*

More than 70% of today's patients are bothered by lines and wrinkles around the eyes, skin texture and/or discoloration. <sup>(1)</sup>

Over 60% of today's patients are bothered by wrinkles near the cheeks and mouth, sagging facial skin, lines and wrinkles between the eyebrows, forehead and neck/chest. <sup>(2)</sup>

<sup>(1)</sup> <https://www.asds.net/2017-consumer-survey/>

<sup>(2)</sup> <https://www.asds.net/2017-consumer-survey/>

Juliet



Juliet™

## Women's Health

Juliet is a Er:YAG laser designer to stimulate collagen and revitalize the vaginal tissue to address:

Vaginal atrophy, vaginal laxity, and vaginal rejuvenation/remodeling

Targets the ~\$200 million energy based aesthetic device for women's intimate health (+25% CAGR)\*

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

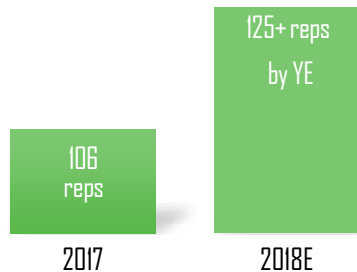


# COMMERCIAL UPDATE

# Commercial Update

## North America and International Sales

### Total Salesforce Headcount, Worldwide

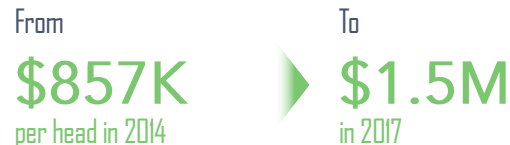


North America team targeting 80 by YE18

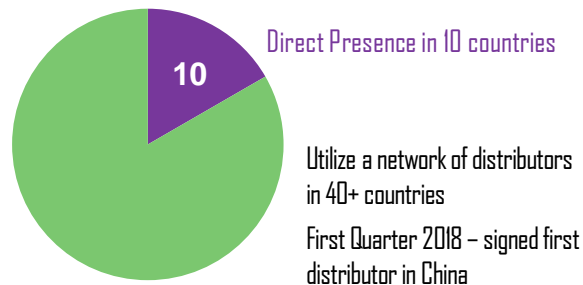
Growing direct presence in Western Europe

Established and growing a new commercial team to support the sales of consumable products (with truSculpt 3D, Juliet and Secret RF)

Significantly increased North American sales productivity over last three years



### Global Reach: # of Countries Selling through Direct or Distributor Model



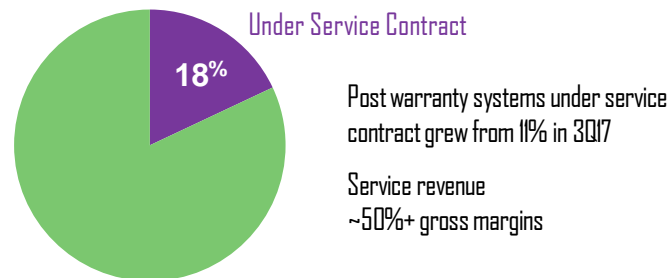
# Global Field Service Organization Update

After sale service and care

Total Field Service Headcount, Worldwide



% Post Warranty Systems Under Service Contracts





# FINANCIAL UPDATE

# 2018 Executing on Multiple Initiatives

## Revenue Growth

- Expansion of North American sales team
- Improved international growth
- 2018 product pipeline: Launch 4 new systems
  - Secret RF (launched 1Q18)
  - Juliet (launched 1Q18)
  - Enlignthen SR (launched 2Q18)
  - truSculpt next-gen (to launch 3Q18E)

## Operating Leverage

- Invest in Service and Manufacturing process improvements (4Q17 – 2Q18)
- These investments in service and manufacturing now complete
- 100% of service costs run through COGS

## Balance Sheet + Cash Flow

- No debt
- Focused on generating positive cash flow



# First Quarter 2018 Financial Highlights



New system revenue accounted for  
**>35%**  
of 1Q total revenue

**>40%**  
of 1Q systems sold offer a  
consumable revenue stream

Pricing increased for  
most systems over 1Q17

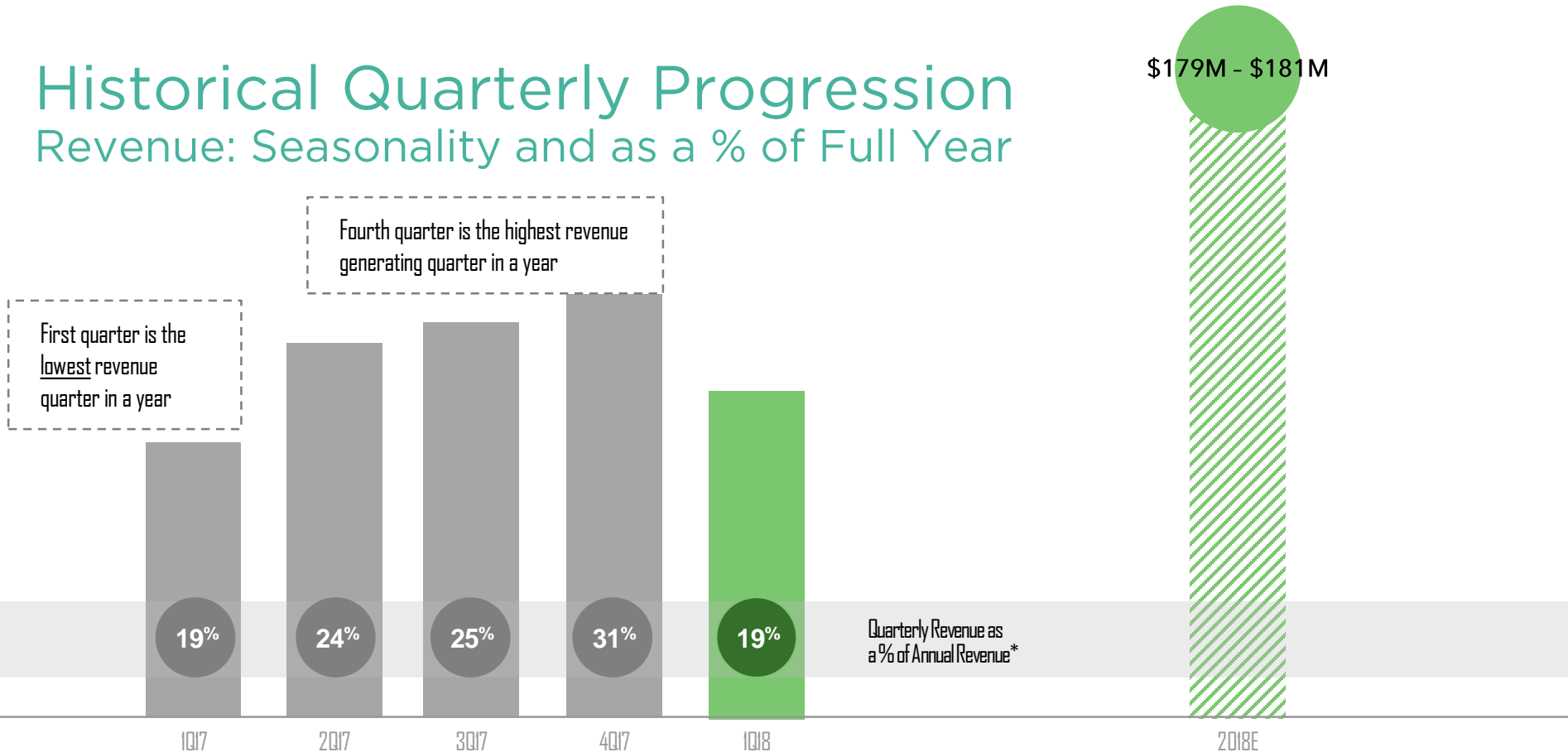


North American system revenue grew  
**+31%**  
over 1Q17

Reiterated 2018 financial guidance, including  
**18% - 20%**  
annual revenue growth

# Historical Quarterly Progression

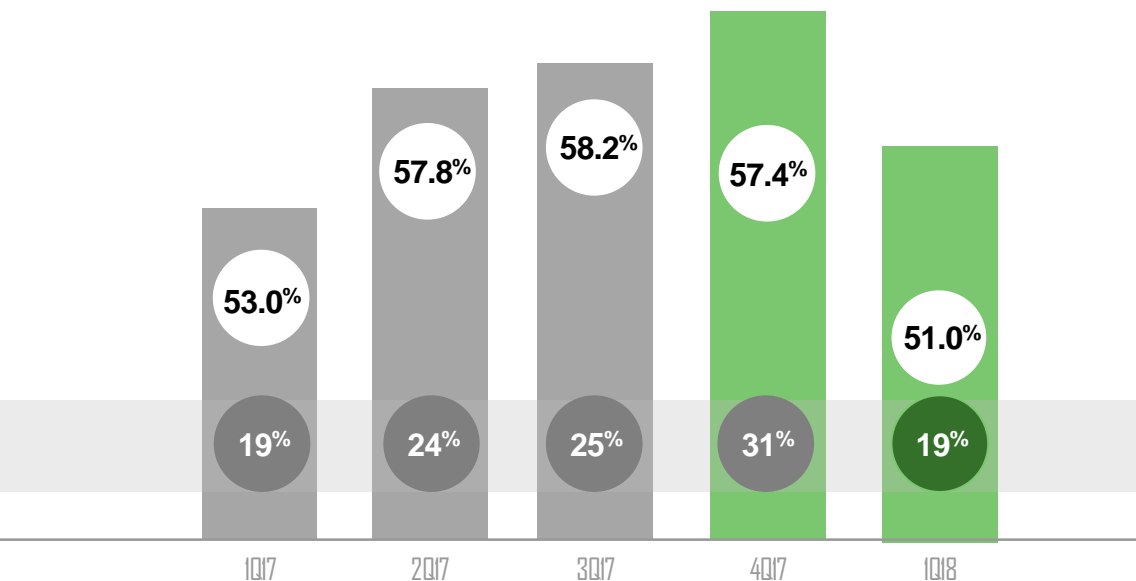
## Revenue: Seasonality and as a % of Full Year



\* Due to rounding, quarters do not add to 100%. Also, 1Q18 percentage is based on mid-point of 2018 annual revenue guidance of \$179 - \$181 million offered on the 1Q18 earnings call, May 8, 2018

# Historical Quarterly Progression

## Gross Margins: Investing in Service and Manufacturing



\* Due to rounding, quarters do not add to 100%. Based on mid-point of 2018 annual revenue guidance of \$175 - \$181 million offered on the 1Q18 earnings call, May 8, 2018

### Investments in Service and Manufacturing Processes

(4Q17 – 1Q18)

- ✓ Expanded service team headcount +20%
- ✓ Now direct in Spain
- ✓ Increased % systems under service contracts to 18% (from 11% in 3Q17)
- ✓ Enhanced supply chain management and inventory controls
- ✓ Implemented system part kitting procedures – lead to reduction of system assembly time
- ✓ These investments in service and manufacturing now complete

# On-Track to Achieve Financial Targets

	2017	Financial Guidance 2018	2021 Target **
Total Revenue	\$151M	\$179M - \$181M	\$350M - \$400M
Gross Margin	57%	57% - 58%	60%
Operating Margin	7%	3% - 6%*	15%+

\* 2018 Operating Margin based on GM guidance + operating expense as a % of total revenue of 52% - 54%.

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

# Investment Summary

Large and Growing System Base  
(14K+ sold to date)

Evolving Razor + Blade  
Business Model  
(40% of systems sold in Q1)

Gaining Market Share  
Addressing Higher Growth,  
Multi-Billion Dollar Markets  
(\$10B+)

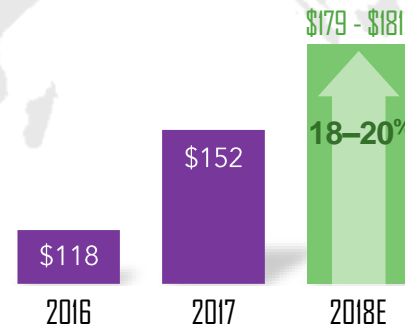
Strong Growth

Profitable Business Model

Solid Cash Flow Supporting  
Growth Initiatives



Total Annual Revenue (\$M)



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**CUTERA®**

The New Era

 INNOVATIONS  
DESIGNED  
AROUND U

