



# 2018.07

## Monthly Report

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# LUTRONIC

*Innovative Systems  
Proven Science*

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- [\\* IR Book Download Link \(May 2018\)](#)
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# 1. Analyst Report

GoldenBridge Securities Jay Kim Analyst, "Lutronic, Focus on momentum in 2<sup>nd</sup> Half!"

2018.07.10

## Lutronic, Focus on momentum in 2nd Half!"

GoldenBridge Securities Jay Kim said on July 10 that "The selective retinal therapy using the ophthalmic laser equipment 'R: GEN' is the momentum of the stock price." He expects the Ministry of Health and Welfare to announce the limited medical technology in July.

It did not present a recommendation or target price. He predicted the deficit would shrink due to the launch of new products in the second half.

Jay Kim, a head of Research of GoldenBridge Securities said, "The important point is to show sales growth because of the profit burden from the treatment of the amortization expense of R:GEN, which started in 17.2Q."

GOLDBRIDGE  
골드브릿지투자증권

2018년 7월 10일

의뢰하기

김장열의 SEE-IT Note

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루트로닉, 하반기에 펼쳐질 모멘텀에 주목!



루트로닉 (085370.KQ)

시총 3,492억

현재주가 13,900원

<피부/성형 연 10% 성장, R&D 15%투입>

피부/성형(피부과) → 신경/통증(신경외과), 실적 가시화 → 광학(안과)으로 확장하는 기업이다. 18.1Q 기준 예스텍(피부미용/성형시술) 매출 비중이 87%이다. 소독 수준 향상, 고병화 추세로 시장 성장이 지속되고 교체 주기 2~5년 정도이다. 이 분야의 연간 매출 성장 10% 수준 유지/확인되고 매출의 15% 가량의 연구 개발이 신제품의 매출로 순조롭게 진행되는 것이 루트로닉의 기본 실적의 바탕이 된다.

골드브릿지투자증권에서 작성됨

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## 2. Lutronic Press Release

MOHW notice: “R:GEN-leveraged SRT in institutions approved.”

2018.07.13

### **MOHW notice: “R:GEN-leveraged SRT in institutions approved.”**

CSC treatment using R:GEN is to be offered with no reimbursement.  
The institutions can be checked on the MOHW home page.

Lutronic’s selective retina therapy (SRT) using R:GEN will become available in hospitals and clinics. SRT is to be offered as a non-reimbursable procedure in medical institutions, as the Ministry of Health and Welfare (MOHW) releases a "limited approval" notice on SRT.

Lutronic said on July 13 that MOHW released a notice on the medical institutions where SRT using R:GEN will be offered. The institutions where SRT is available can be found on the MOHW website (<http://www.mohw.go.kr>). The designated institutions will be allowed to perform non-reimbursement procedures for patients with central serous chorioretinopathy (CSC).

"Once the contract with the medical institutions is completed, relevant patients will be able to receive the treatment," an official from Lutronic said. "As many clinicians are interested in SRT, we expect to see further notifications of other medical institutions," he explained. "Several major hospitals are currently in the process of applying to use this medical technology," he added.

"SRT" is selective retina therapy using R:GEN, Korea's first retina treatment laser. R:GEN selectively affects only the retinal pigment epithelium (RPE) layer while leaving the overlying retinal layers intact, thereby treating the target disease by inducing regeneration of the normal RPE layer. It has proven its validity with 44 patents and 46 related papers so far. Safety of the treatment technique has also been secured by adopting real-time feedback (RTF) technology. This product has been approved for diabetic macular edema (DME) and CSC treatment in Korea and Europe.

### 3. Lutronic Interview

President of Lutronic: “Focused on fundamentals” so far, “Growth” from now.

2018.07.26

#### **President of Lutronic: “Focused on fundamentals” so far, “Growth” from now.**

"Last year, the top priority was strengthening the fundamentals to prepare for our next step. The first focus was the preparation to make our quality the best in the world. We invested in people and the facilities to achieve this. Now is the time to harvest the fruits one by one. "

Hwang Hyeon-taek, the President of Lutronic, made this statement on July 25, in his first press interview since he took the position. He unveiled a sketch of the future direction and strategy of Lutronic in the interview.



Hwang, who took over as Chief Operating Officer (COO) in April last year, served as CEO of Daewoong Development, a subsidiary of Daewoong Pharma, and as President of Hyundai Investment Network, a subsidiary of Hyundai Group. He is regarded as an expert in organizational restructuring and M&A.

In particular, under the leadership of Chairman Haelyung Hwang, he has implemented restructuring of the overseas subsidiaries since last year. In the first half of this year, the sales of the US subsidiary whose reorganization is completed jumped up by 62% from the same period of last year. The Chinese subsidiary was restructured in Q2 and the German subsidiary is scheduled to be reshuffled in Q3. In China and the US, the reorganization benefits are expected to be visible from the second half of this year.

"M&A should accelerate our growth," President Hwang said. "Since 2016, Lutronic has built a stronger foundation for growth, and we are now considering the conditions for a more favorable deal." "We will not perform an M&A contrary to the shareholders' value just for the sake of it," he stressed.

He shared the business status of "R:GEN", an ophthalmic medical laser device developed by Lutronic for treating retinopathy. R:GEN has been approved in the US, Europe and Korea.

"R:GEN offers a pioneering treatment for macular-related diseases," he said. "Recently, after a long effort, it has become possible to use R:GEN as non-reimbursement treatment for patients with Central Serous Chorioretinopathy (CSC). It is finally benefitting from the limited approval system based on medical technology assessment."

He also noted that the government's ongoing efforts to deregulate medical devices would be positive for the commercialization of R:GEN. Hwang said, "We are preparing for accelerating the commercialization of dry age-related macular degeneration (dry AMD) treatment, by leveraging the government's medical device regulation innovation plan and the industry promotion plan. We will have more effective policy support for dry AMD market entry compared with the diseases for which we secured approval.

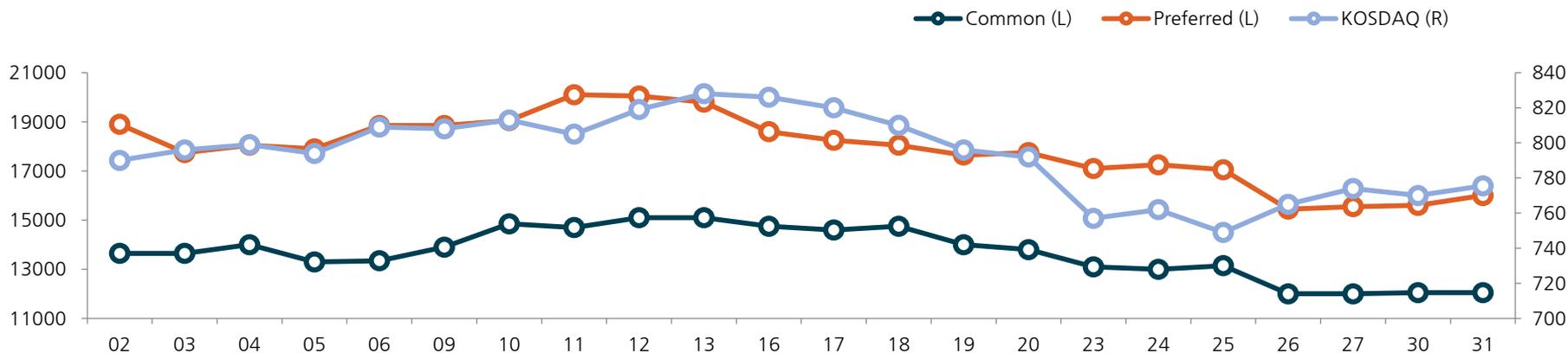
Lutronic is preparing a global clinical trial for dry AMD treatment with R:GEN. It aims to be completed in 2023 in USA, Europe and Korea. The company expects positive results because it obtained good results in a pilot study of 20 patients with AMD in Korea.

Hwang said, "Currently, there is a possibility that dry AMD, which has no 'gold standard' treatment, is likely to progress to late-stage AMD, which causes blindness. R:GEN therapy will provide the benefit of preventing such late-stage AMD."

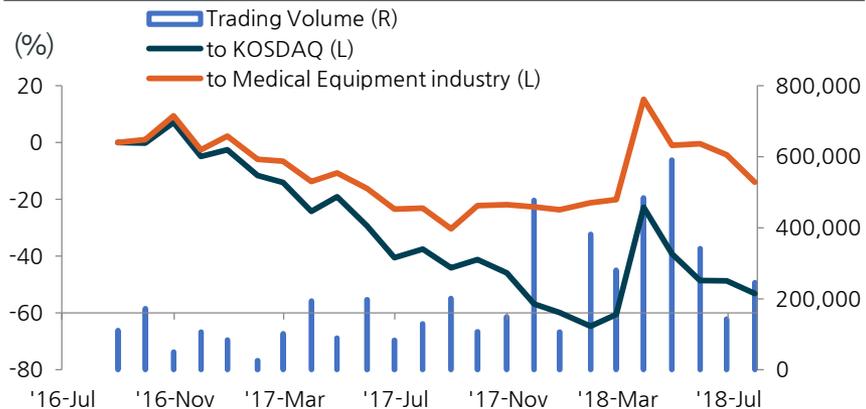
# 4. Stock Performance

9.45% of shares held by Foreign Investors as of July 30

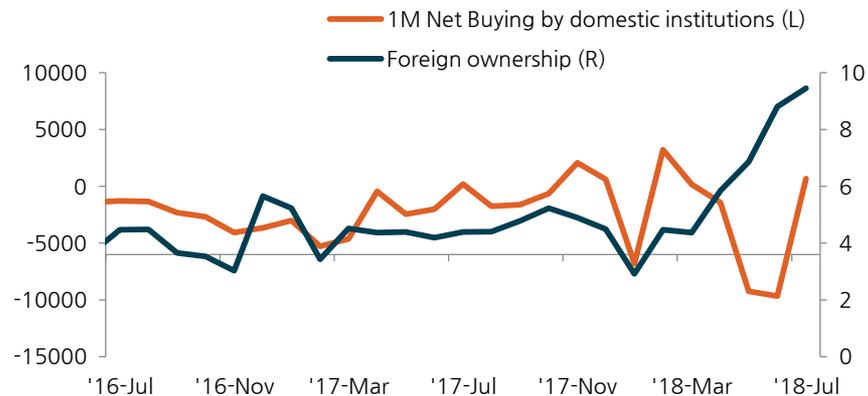
Lutronic's share performance



Share Price/Relative return



Foreign ownership/1M Net buying by domestic institutions



## 5. Monthly News

### Lutronic News

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1. Lutronic; “Accucurve”, a non-invasive device for waist circumference reduction and pain reduction, secured MFDS approval. ▶ [Lutronic’s laser “Accucurve” secured MFDS approval.](#) (Financial News/ July 11)
2. OD-OS sought the patent revocation in order to manufacture and market the Navilas laser system with microsecond pulsing technology. The Navilas has computer-assisted laser delivery and digital documentation, the release said. ▶ [Iridex MicroPulse patent revoked in Europe](#)(Healio/July 17)
3. Lutronic targets completion of its global clinical study on Dry AMD by 2023 ▶ [Hwang Hyun-taek, President of Lutronic; “Fundamentals so far, growth going forward.”](#) (Hankyung/ July 25)

### Korean Stock Market News

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1. US-Japan global commodities have recovered up to 16% in 3 months ▶ [Domestic bio stocks have languished, while global healthcare funds are 'bullish'](#) (Maeil Economic Daily / July 19)
2. Postponing the decision on the Stewardship Code introduction has been made because the labor union members and civic groups strongly urged that the National Pension Service (NPS) should exercise the right of shareholders to participate in management, such as recommending outside directors. ▶ [National Pension Service is to postpone its decision on introduction of the Stewardship Code to July 30.](#) (Yonhap News/ July 26)

## 5. Monthly News

### Industry News

1. CUTERA announced today the appointment of Mr. Jason Richey to the newly created position of Chief Operating Officer (“COO”). Immediately prior to joining Cutera, Mr. Richey served as President of North America for LivaNova, PLC, a \$5 billion global medical device manufacturer headquartered in London, with a presence in more than 100 countries worldwide. ▶ [Cutera \(CUTR\) Announces Jason Richey as COO \(StreetInsider/July 9\)](#)
2. Hologic's Cynosure division announced today the North American launch of TempSure™ Vitalia, an FDA-cleared and Health Canada-approved advanced radiofrequency treatment. ▶ [Hologic's Cynosure Division Launches TempSure™ Vitalia In North America \(MarketInsider/ July 11\)](#)
3. Swedish firm Xbrane Biopharma and Germany's Stada Arzneimittel have linked up to co-develop Xlucane, a biosimilar version of top-selling ophthalmic drug Lucentis (ranibizumab), which is marketed by Swiss pharma giants of Novartis and Roche's. To enter into this agreement, Stada will make an upfront payment to Xbrane of 7.5 million euros (\$8.8 million). ▶ [Xbrane and Stada Arz look to co-develop Lucentis biosimilar \(ThePharmaletter/ July 13\)](#)
4. After six or eight injections, abicipar, a DARPIn molecule, demonstrated similar efficacy as 13 injections of Lucentis (ranibizumab, Genentech) in both the CEDAR and SEQUOIA trials after the first year. ▶ [Fewer doses of abicipar yield similar efficacy as ranibizumab for wet AMD \(Healio/July 19\)](#)
5. Four of 29 Eylea kit lots were associated with 62% of cases of sterile intraocular inflammation following injection that were reported to the American Society of Retina Specialists Research and Safety in Therapeutics Committee, according to the results of a retrospective study. ▶ [Syringes in certain Eylea kit lots related to intraocular inflammation \(Healio/July 26\)](#)
6. The small, refillable eye implant, which is slightly longer than a grain of rice, is designed to allow people with wet AMD to go several months without needing to visit their ophthalmologist for treatment. ▶ [Genentech Unveils Positive Phase II Results for the First-Ever Eye Implant to Achieve Sustained Delivery of a Biologic Medicine to Treat People With Wet Age-Related Macular Degeneration \(AMD\) \(Businesswire/July 25\)](#)