

May 22, 2017

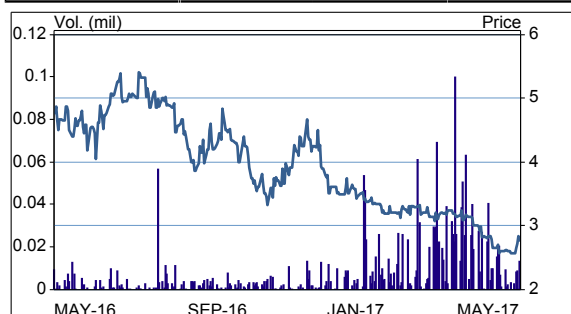
**Pre-Market Approval Application Completion Approaching; Reducing PT to \$12**

Stock Data		05/19/2017		
Rating		Buy		
Price		\$2.77		
Exchange		NASDAQ		
Price Target		\$12.00		
52-Week High		\$5.50		
52-Week Low		\$2.28		
Enterprise Value (M)		\$32.2		
Market Cap (M)		\$47		
Public Market Float (M)		3.0		
Shares Outstanding (M)		17.1		
3 Month Avg Volume		18,834		
Short Interest (M)		0.01		
Balance Sheet Metrics				
Cash (M)		\$14.80		
Total Debt (M)		\$0.00		
Total Cash/Share		\$0.87		
Book Value/Share		\$1.40		
EPS Diluted				
Full Year - Dec		2016A	2017E	2018E
1Q		(0.28)	(0.29)A	--
2Q		(0.29)	(0.27)	--
3Q		(0.32)	(0.25)	--
4Q		(0.29)	(0.24)	--
FY		(1.18)	(1.04)	(0.67)
Revenue (\$M)				
Full Year - Dec		2016A	2017E	2018E
1Q		0.0	0.0A	--
2Q		0.0	0.0	--
3Q		0.0	0.0	--
4Q		0.0	0.1	--
FY		0.1	0.2	2.9

**Final PMA module submission late this year.** We are taking this opportunity to remind investors that Presbia continues to make progress toward the completion of its Pre-Market Approval (PMA) application filing to the FDA for market authorization of its lead product candidate, the Flexivue Microlens™ for treatment of presbyopia. The company originally submitted the first of four modules in this application, pertaining to the biocompatibility of the lens, in 2Q16. The second and third modules—containing information regarding preclinical testing, engineering and manufacturing—were submitted to the FDA in 1Q17. Presbia anticipates submitting the final module, which is slated to include 24-month data on the performance of the lens implant in 300 subjects, in 4Q17. In our view, given the prior favorable track record of positive readouts from Microlens™ clinical studies, the 24-month data should provide sufficient evidence for approval of the device. We note, however, that revenues from lens implantations outside the United States remain minuscule at this juncture, although we expect the data from the PMA study to contribute meaningfully to acceleration of acceptance and increased usage of the Microlens in ex-U.S. markets. Accordingly, we reiterate our Buy rating, while modulating our price target to \$12.00 from \$14.00 per share on LENS.

**Rights offering provides resources through end-2017.** The company closed 1Q17 with roughly \$14.8M in cash and equivalents, buoyed by a recently-completed rights offering that involved issuance of about 3.6M shares at a price per share of \$3.00. This yielded net proceeds of roughly \$10.5M. In our view, the existing cash resources should be sufficient to fund operations through the completion of the PMA submission later this year. We note that Presbia continues to target Microlens™ approval in 3Q18, and is also targeting submission to the FDA of a final report with 36-month data on the same 300 subjects being included in the final PMA module submission in 4Q18. In our view, the Microlens™ could constitute a meaningful advancement in the treatment of presbyopia, which remains a substantial market opportunity in both the U.S. and other countries due to population aging.

**Valuation methodology.** We utilize a discounted cash flow-based net present value (NPV) approach to value Presbia's shares. This yields a total value of \$240M for the Flexivue Microlens™ product, using a 20% discount rate, 60% manufacturing and marketing offset, and a 12.5% effective tax rate as Presbia is domiciled in Ireland. This translates into a price per share of \$12.00, assuming \$22M in cash and 22M shares outstanding as of end-1Q 2018 (including the issuance of 4M shares later this year and exercise of roughly 0.6M outstanding options). Risks associated with achieving our price target include: (1) on-going financial losses and associated stock volatility; (2) clinical development risk; (3) regulatory risk; (4) additional risks raised by the highly competitive environment in which the company operates, among others.



**Table 1: Presbia, Inc. (LENS)—Historical Income Statements, Financial Projections**

FY end December 31

\$ in thousands, except per share data

	2016A				2016A	2017E				2017E	2018E
	1QA	2QA	3QA	4QA		1QA	2QE	3QE	4QE		
<b>Revenue</b>											
Product revenue	3	3	13	(5)	14	5	20	51	93	170	2,931
Service revenue	-	-	-	-	-	-	-	-	-	-	-
Research and other	-	-	-	-	-	-	-	-	-	-	-
<b>Total revenue</b>	<b>3</b>	<b>3</b>	<b>13</b>	<b>(5)</b>	<b>14</b>	<b>5</b>	<b>20</b>	<b>51</b>	<b>93</b>	<b>170</b>	<b>2,931</b>
<b>Expenses</b>											
Cost of product and service revenue	21	26	31	201	279	11	15	28	37	92	679
Research & development	1,294	1,244	1,310	1,693	5,541	1,842	2,000	2,100	2,200	8,142	4,000
Selling and marketing	679	733	974	717	3,103	961	1,000	1,050	1,100	4,111	5,200
General and administrative	1,778	1,881	1,958	1,133	6,750	1,754	1,800	1,850	1,900	7,304	8,900
<b>Total expenses</b>	<b>3,772</b>	<b>3,884</b>	<b>4,273</b>	<b>3,744</b>	<b>15,673</b>	<b>4,568</b>	<b>4,815</b>	<b>5,028</b>	<b>5,237</b>	<b>19,649</b>	<b>18,779</b>
<b>Gain (loss) from operations</b>	<b>(3,769)</b>	<b>(3,881)</b>	<b>(4,260)</b>	<b>(3,749)</b>	<b>(15,659)</b>	<b>(4,563)</b>	<b>(4,795)</b>	<b>(4,977)</b>	<b>(5,144)</b>	<b>(19,479)</b>	<b>(15,849)</b>
<b>Other income/expense</b>											
Interest income (expense)	5	5	4	(34)	(20)	(14)	(12)	4	3	(19)	27
Other income (expense)	1	-	-	(3)	(2)	-	-	-	-	-	-
<b>Total investment income and other</b>	<b>6</b>	<b>5</b>	<b>4</b>	<b>(37)</b>	<b>(22)</b>	<b>(14)</b>	<b>(12)</b>	<b>4</b>	<b>3</b>	<b>(19)</b>	<b>27</b>
<b>Loss before provision for income taxes</b>	<b>(3,763)</b>	<b>(3,876)</b>	<b>(4,256)</b>	<b>(3,786)</b>	<b>(15,681)</b>	<b>(4,577)</b>	<b>(4,807)</b>	<b>(4,973)</b>	<b>(5,141)</b>	<b>(19,498)</b>	<b>(15,822)</b>
Income tax provision	(2)	(6)	(3)	(64)	(75)	(16)	(16)	(16)	(16)	(64)	(64)
<b>Net loss/income</b>	<b>(3,765)</b>	<b>(3,882)</b>	<b>(4,259)</b>	<b>(3,850)</b>	<b>(15,756)</b>	<b>(4,593)</b>	<b>(4,823)</b>	<b>(4,989)</b>	<b>(5,157)</b>	<b>(19,562)</b>	<b>(15,886)</b>
Net loss per share (basic)	(0.28)	(0.29)	(0.32)	(0.29)	(1.18)	(0.29)	(0.27)	(0.25)	(0.24)	(1.04)	(0.67)
<b>Net loss per share (diluted)</b>	<b>(0.28)</b>	<b>(0.29)</b>	<b>(0.32)</b>	<b>(0.29)</b>	<b>(1.18)</b>	<b>(0.29)</b>	<b>(0.27)</b>	<b>(0.25)</b>	<b>(0.24)</b>	<b>(1.04)</b>	<b>(0.67)</b>
Weighted average number of shares outstanding (basic)	13,335	13,337	13,338	13,339	13,338	15,586	17,725	19,775	21,825	18,728	23,825
Weighted average number of shares outstanding (diluted)	13,335	13,337	13,338	13,339	13,338	15,586	17,725	19,775	21,825	18,728	23,825

Source: Company reports and Rodman &amp; Renshaw estimates.

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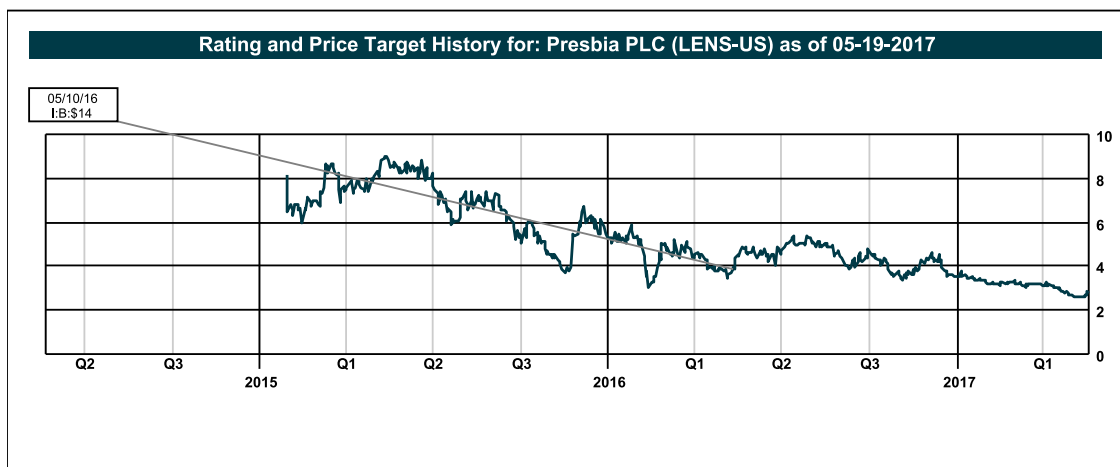
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**RETURN ASSESSMENT**

**Market Outperform (Buy):** The common stock of the company is expected to outperform a passive index comprised of all the common stock of companies within the same sector.

**Market Perform (Neutral):** The common stock of the company is expected to mimic the performance of a passive index comprised of all the common stock of companies within the same sector.

**Market Underperform (Sell):** The common stock of the company is expected to underperform a passive index comprised of all the common stock of companies within the same sector.



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Distribution of Ratings Table as of May 19, 2017				
Ratings	Count	Percent	IB Service/Past 12 Months	
			Count	Percent
Buy	221	94.04%	78	35.29%
Neutral	13	5.53%	0	0.00%
Sell	0	0.00%	0	0.00%
Under Review	1	0.43%	1	100.00%
<b>Total</b>	<b>235</b>	<b>100%</b>	<b>79</b>	<b>33.62%</b>

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