



Second Quarter 2016 Investor Presentation

Forward-Looking Statements

Any statements in this presentation about future expectations, plans and prospects for Cynosure, Inc., including Cynosure's intention to repurchase shares of its common stock from time to time under the share repurchase program, Cynosure's intention to broaden its reach through expanded indications and marketing programs, research and development projects, and Cynosure's active pipeline of potential acquisition opportunities, as well as other statements containing the words "believes," "anticipates," "plans," "expects," "will" and similar expressions, constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Actual results may differ materially from those indicated by such forward-looking statements as a result of various important factors, including the market price of Cynosure's stock prevailing from time to time, the nature of other investment opportunities presented to the Company from time to time, the Company's cash flows from operations, levels of demand for procedures performed with Cynosure products and for Cynosure products themselves, competition in the aesthetic laser industry, general business and economic conditions, effects of acquisitions that Cynosure has made or may make, Cynosure's ability to develop and commercialize new products, Cynosure's reliance on sole source suppliers, the inability to accurately predict the timing or outcome of regulatory decisions, and economic, market, technological and other factors discussed in Cynosure's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, which are filed with the Securities and Exchange Commission. In addition, the forward-looking statements included in this presentation represent Cynosure's views as of the date of this presentation. Cynosure anticipates that subsequent events and developments will cause its views to change. However, although Cynosure may elect to update these forward-looking statements at some point in the future, it specifically disclaims any obligation to do so. These forward-looking statements should not be relied upon as representing Cynosure's views as of any date subsequent to the date of this presentation.

Use of Non-GAAP Financial Measures

To supplement our consolidated financial statements presented in accordance with GAAP, Cynosure uses non-GAAP gross profit, non-GAAP income from operations, non-GAAP net income and non-GAAP diluted net income per share. The presentation of this financial information is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with GAAP. The non-GAAP financial measures included in this presentation exclude costs associated with the acquisitions and amortization of intangible assets acquired, as well as unrealized foreign exchange losses for the three months ended June 30, 2016 and 2015. This exclusion may be different from, and therefore not comparable to, similar measures used by other companies.

Cynosure's management believes that the non-GAAP financial measures provide meaningful supplemental information regarding our performance by excluding the acquisition-related costs, amortization and foreign exchange costs that may not be indicative of our core business operating results. Cynosure believes that both management and investors benefit from referring to the non-GAAP financial measures in assessing Cynosure's performance and when planning, forecasting and analyzing future periods. The non-GAAP financial measures also facilitate management's internal comparisons to Cynosure's historical performance and our competitors' operating results. Cynosure believes that the non-GAAP measures are useful to investors in allowing for greater transparency with respect to supplemental information used by management in our financial and operational decision making. Cynosure has not presented a quantitative reconciliation of the non-GAAP operating objectives in this presentation to comparable GAAP measures because it would entail unreasonable effort, and because the Company does not believe the absence of the reconciliation is significant.

Who We Are

The Leader in Energy-based Aesthetic Solutions



Full Range of Workstations Treating **ALL** Major Aesthetic Indications

~**1000** Employees in **11** Countries



Tens of Thousands of systems installed

48% of Business from Existing Customers



International Distributors in **120** Countries

29% Revenue CAGR from 2009 – 2015



Recent Highlights

- ***Delivered profitable growth in Q2 2016***
 - Revenues increase 32% from prior year to \$110.3 million
 - North American product revenue up 54% to \$59.5 million
 - GAAP EPS of \$0.27 per diluted share Non-GAAP earnings of \$0.36 per diluted share;
 - GAAP gross margin up 240 bps to 59.0%; Non-GAAP margin up 190 bps to 60.3%
- ***Achieved strategic progress***
 - Full U.S. rollout of SculpSure[®] platform for non-invasive fat reduction
 - 20 scientific presentations at ASLMS Annual Conference
 - Expanded distribution agreement to market MonaLisa Touch[™] for gynecologic health indications in Germany, Spain and the UK

Mission Supports Brand Promise: To Help People *Discover Their Beautiful*

We help people discover *their* Beautiful.



Help aesthetic practitioners achieve business success

Deliver quality products that create a sustained sense of youthfulness and well-being

Support marketing initiatives with clinical data that demonstrates safety and efficacy

Capitalizing on Positive Market Dynamics

- Consumers spending billions to restore, repair and refresh
 - U.S. market for non-surgical cosmetic procedures totaled \$5 billion in 2014¹
 - Non-invasive fat reduction was fastest-growing nonsurgical procedure in 2014¹
 - Worldwide, roughly 24 million non-surgical cosmetic procedures were performed in 2013³
- Physicians focusing on profitably expanding their practices
 - Changing dynamics of U.S. healthcare system

Market CAGR 2014 – 2019²

Market Segment	North America	Europe	Asia	Latin America	Total
Energy-Based Devices	9.1%	5.8%	12.1%	11.2%	9.3%
Skin Tightening and Body Shaping	14.2%	10.6%	16.6%	12.8%	13.6%

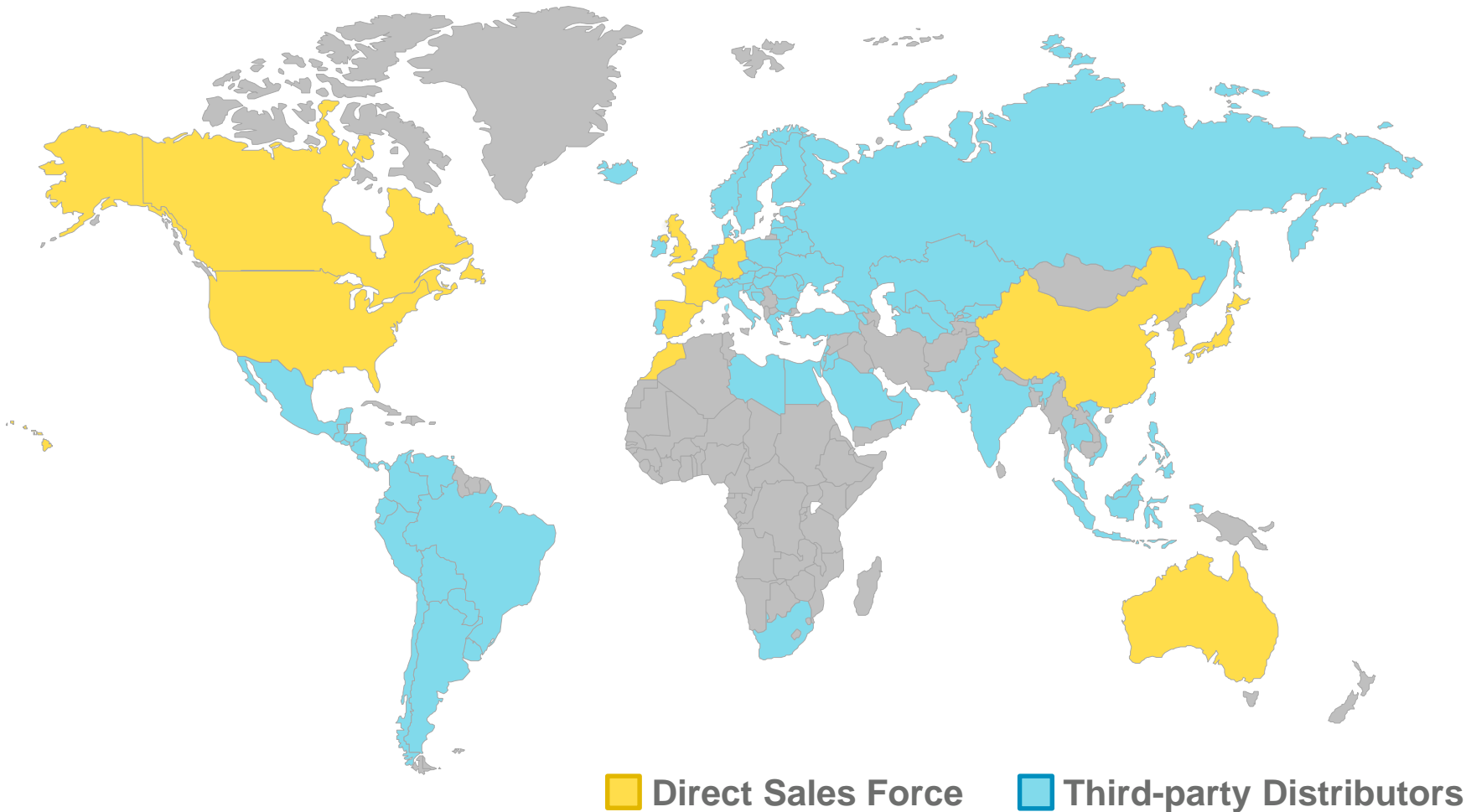
¹American Society for Aesthetic Plastic Surgery

²Medical Insight, Inc.

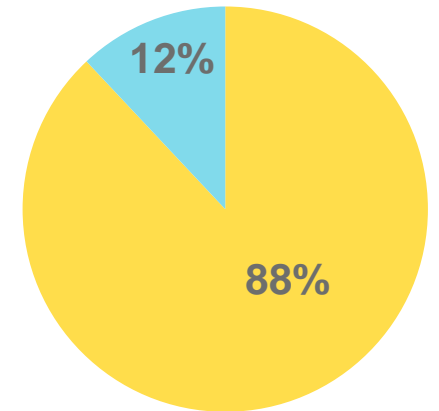
³International Study of Aesthetic Plastic Surgeons

Global Brand Presence

132 Countries

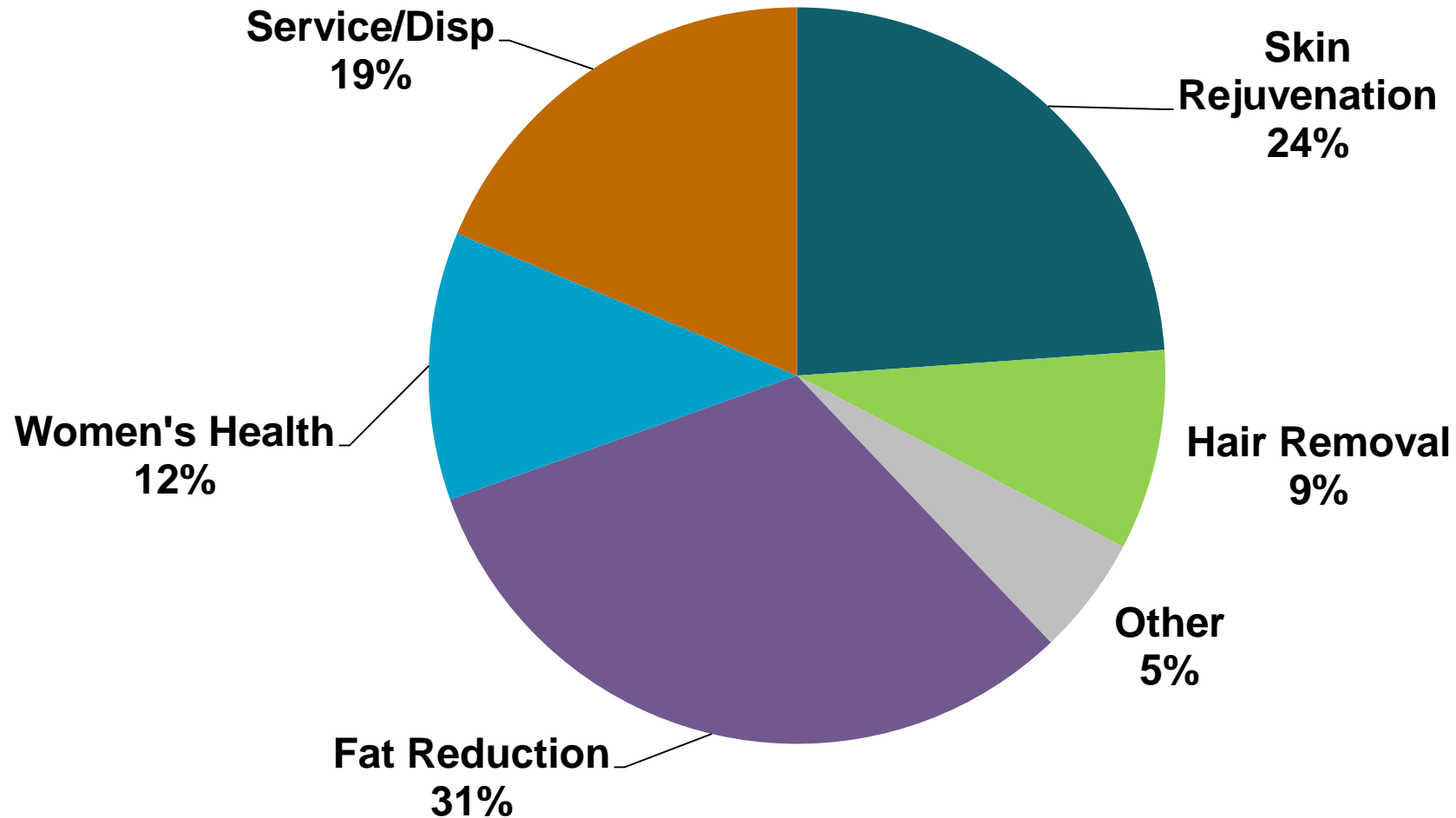


**Laser Product Revenue
by Sales Channel**
(Quarter ended 6/30/16)



Treating a Diverse Range of Indications

% of Revenue



Successful Execution of Growth Strategy Driving Results

Organic Innovation

Launch new products and technologies

Target fast-growing, unmet aesthetic areas

Expand regulatory clearances

Pursue new indications

Disciplined M&A

Complementary product offerings

Integrated distribution networks

Strong return on investment

History of Organic Innovation

2006 – 2010



Laser Body Sculpting for
Minimally Invasive
Removal of Unwanted Fat

2011 – 2012



Treatment of Cellulite

2013



Treatment of Tattoos,
Benign Pigmented Lesions,
Acne Scars, Fine Lines and
Wrinkles

Late 2015 / 2016



Laser Body Sculpting for
Non-Invasive Fat
Reduction

History of Successful Non-Organic Growth

February
2011



Cellulite Reduction
Solutions

June
2011



Short-Pulsed
Technology
(*Asia installed base*)

June
2013



Intense Pulsed Light,
Fractional and
Advanced Diode

September
2014



Innovative RF
Technology /
Laser Systems

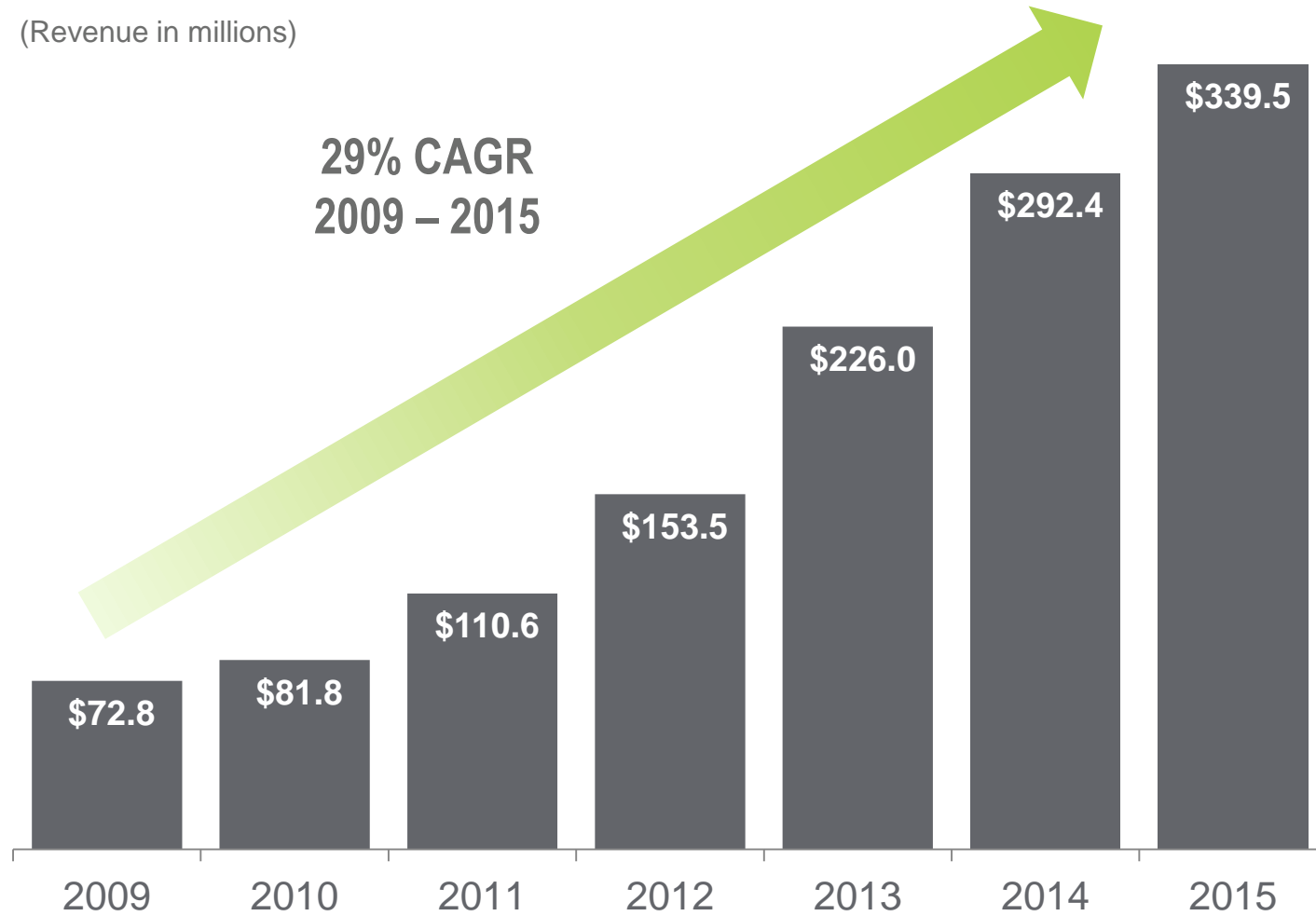
November
2014



Women's Health /
Vaginal Rejuvenation
(*Exclusive Distribution
Agreement*)

Revenue Growth

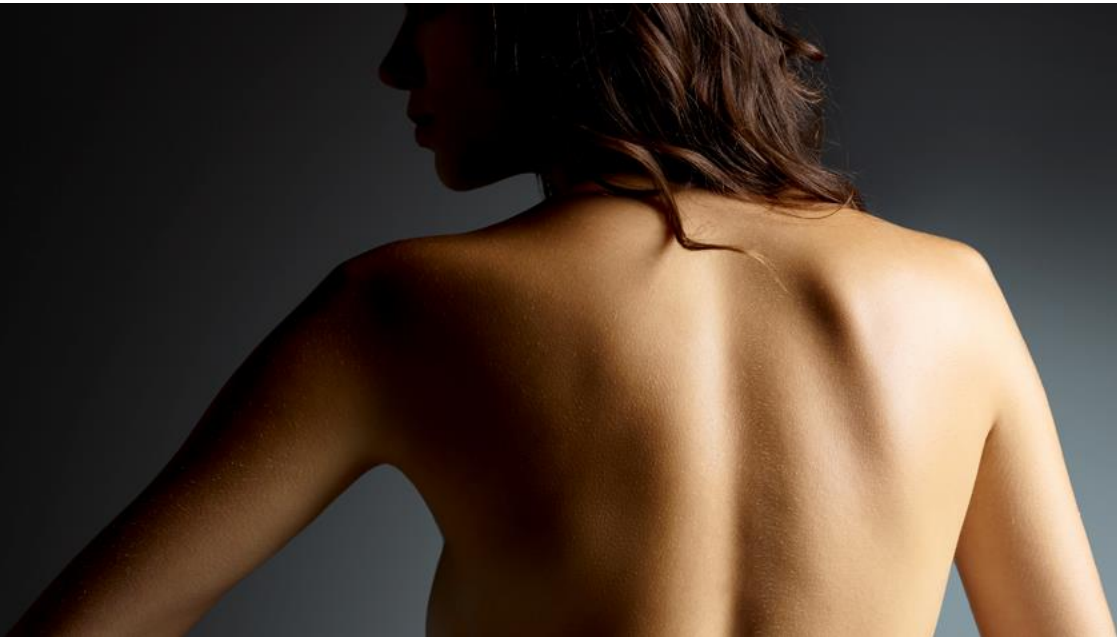
(Revenue in millions)



(Revenue in millions)



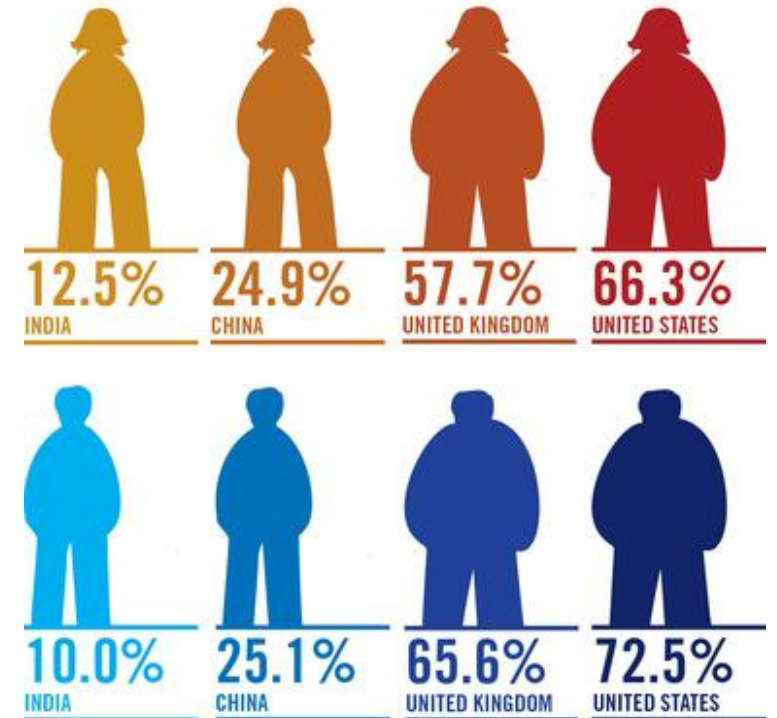
SculpSure®



Addressable Worldwide Market for Body Contouring

- More than 1.3 billion adults aged 18 and older were overweight (BMI 25-30) in 2014*
 - 26% of global population 18 and older
- \$3.8 billion earned from skin-tightening and body-shaping procedures performed in 2014**
- 15% growth expected per year for the skin-tightening and body-shaping market through 2019**

Overweight around the world



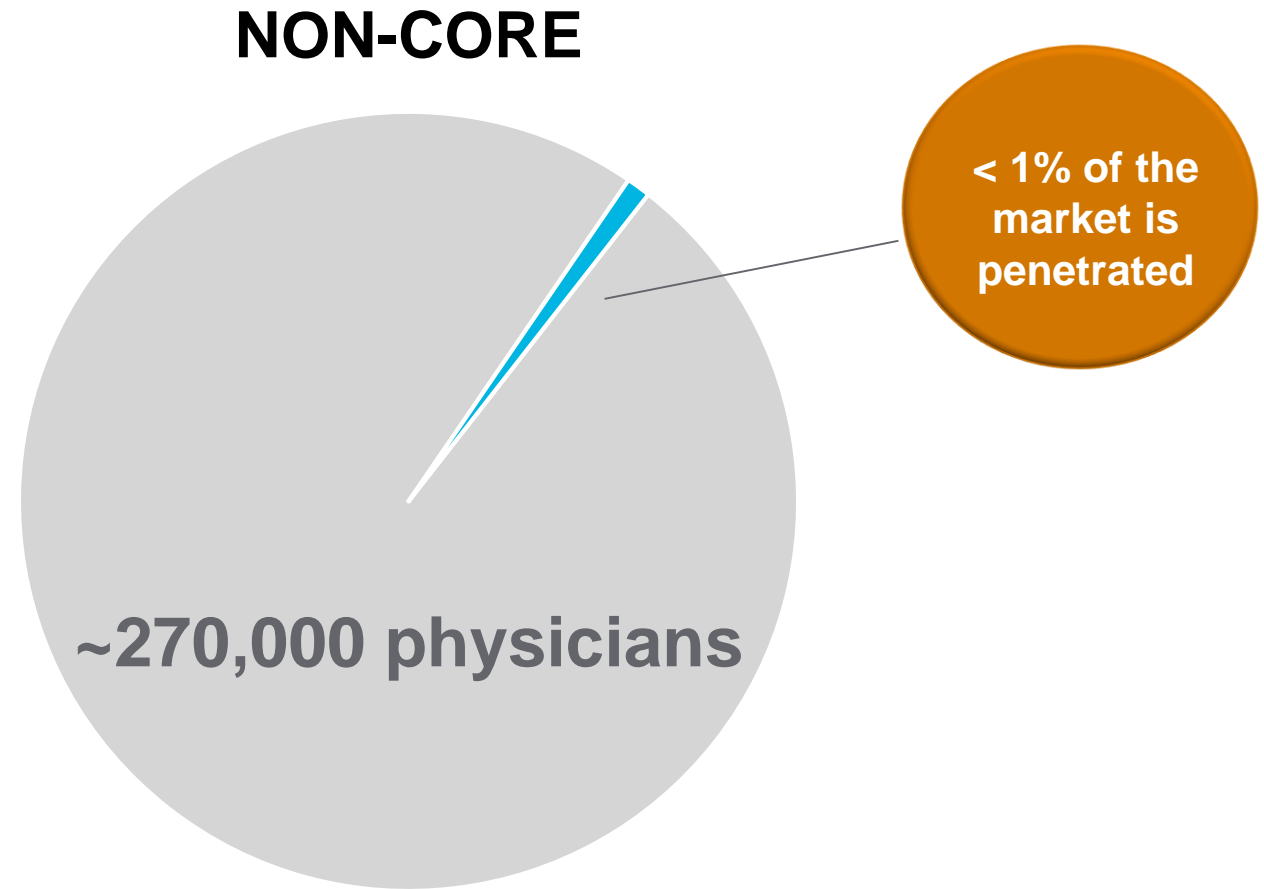
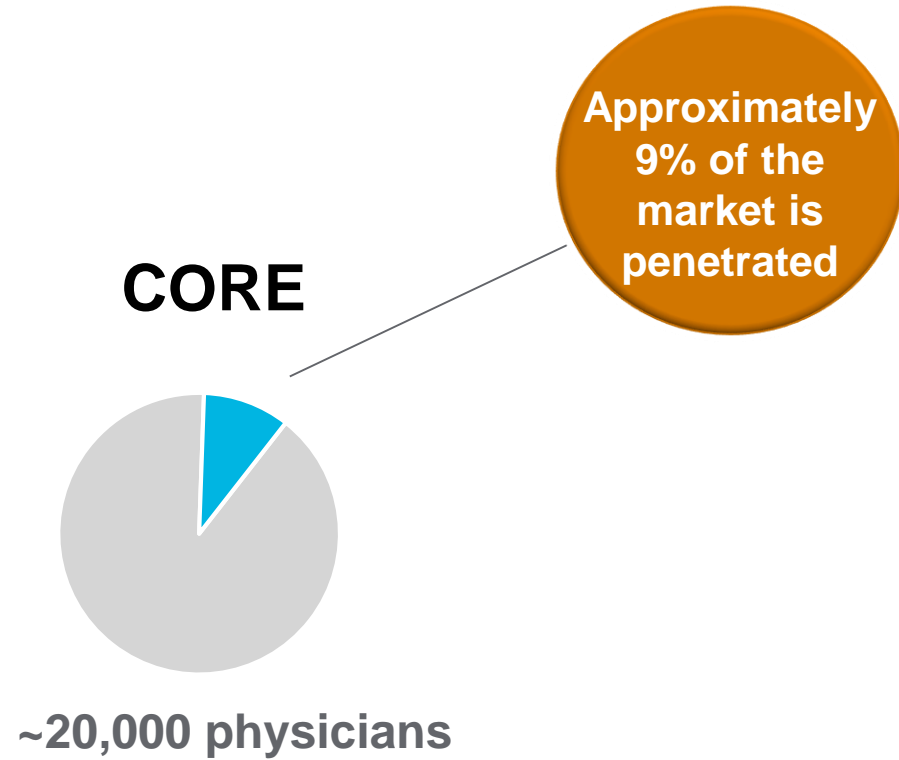
Source: WHO (2011)

Prevalence of overweight/obese adults aged 20 years and older by sex in different countries

*World Health Organization

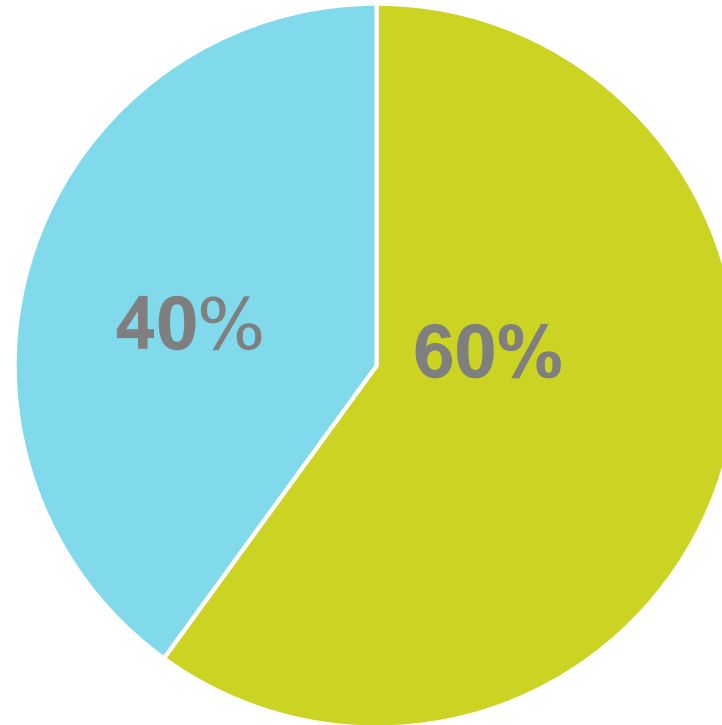
**Medical Insight Inc., Energy-Based Body Shaping/Skin Tightening Survey July 2015.

U.S. Addressable Market



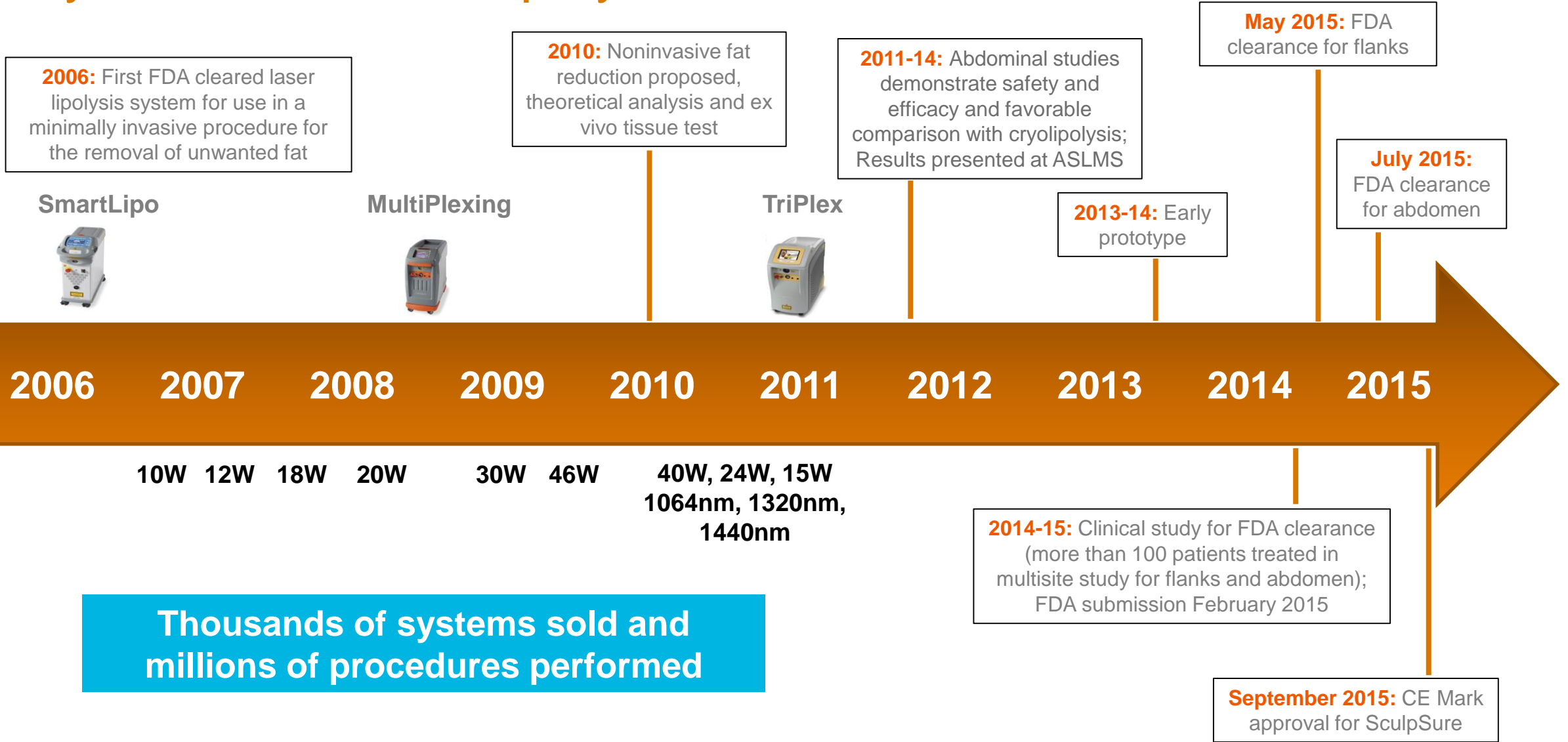
Demonstrated Success in Both Core and Non-Core Markets

Approximate % of CYNO revenue



■ Core ■ Non-core

Cynosure: First in Lipolysis



SculpSure – Non-Invasive Body Contouring with the Speed of Light



World's first and only FDA-cleared non-invasive lipolysis device to treat stubborn fat in just **25 minutes**

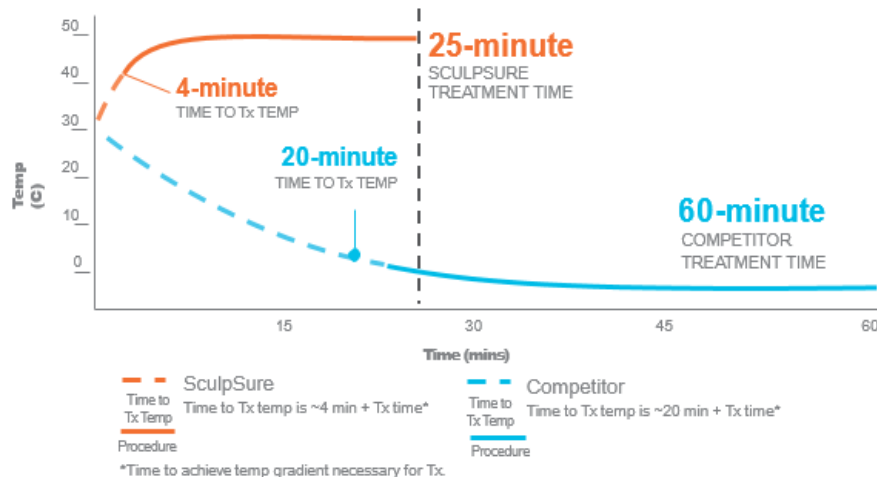
- Versatility with 4 flat, non-suction cooling applicators
- Treat more than 1 area during a 25-minute session
- Well tolerated treatment
- Independent proprietary modulation – to control the delivery of energy while optimizing treatment
- Contact sensing to ensure safe and effective energy delivery
- Simple, hands-free operation with remote connectivity
- Lower cost of ownership for physicians' practices
- Treats all Skin Types I – VI

Reduced Time to Treat vs. Cryolipolysis

Controlled Hyperthermic Laser Treatment

- Induces adipocyte injury by raising adipose temperature to a range of 42°C to 47°C
- Independent proprietary modulated energy delivery
- No damage to surrounding tissue
- SculpSure has one recommended setting
- Advanced Contact Cooling™ technology for optimal patient comfort
- Shorter treatment time is particularly appealing to busy professionals (“Lunchtime Lipo”)

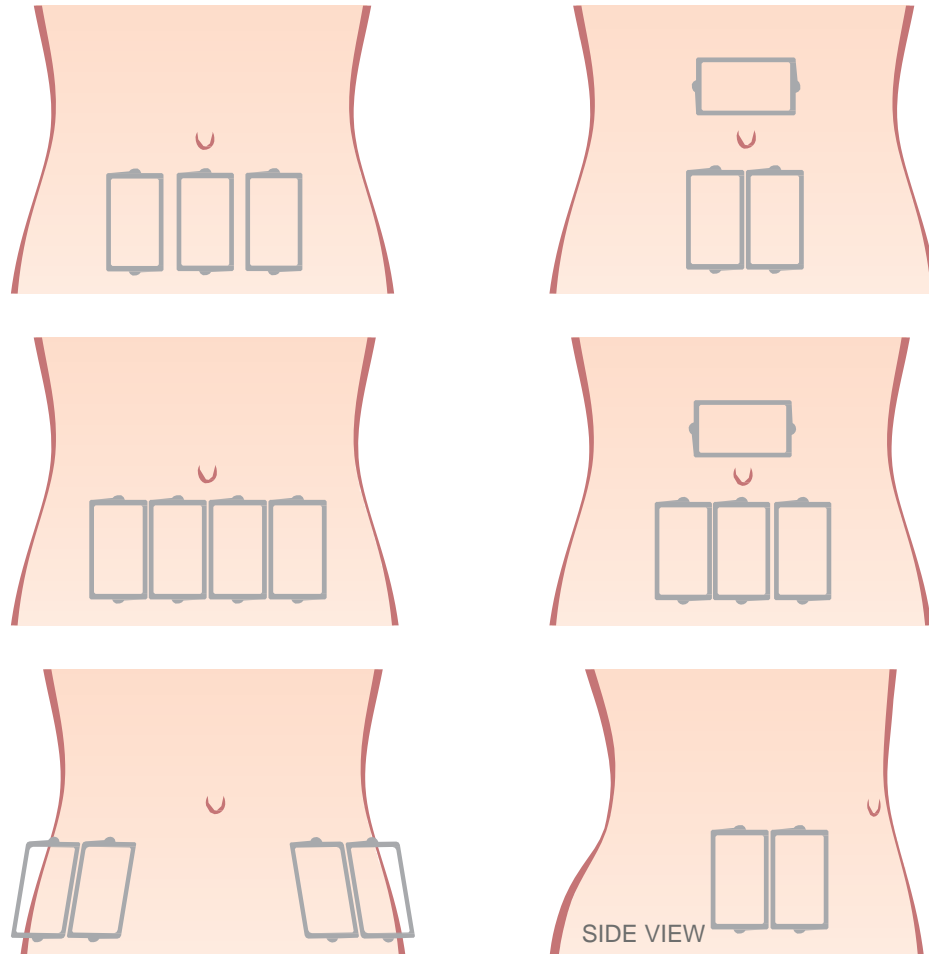
Treatment Time: SculpSure vs. Competitor



25 min.
TREATMENT

Flexible and Versatile Template System

SculpSure Treatment Areas



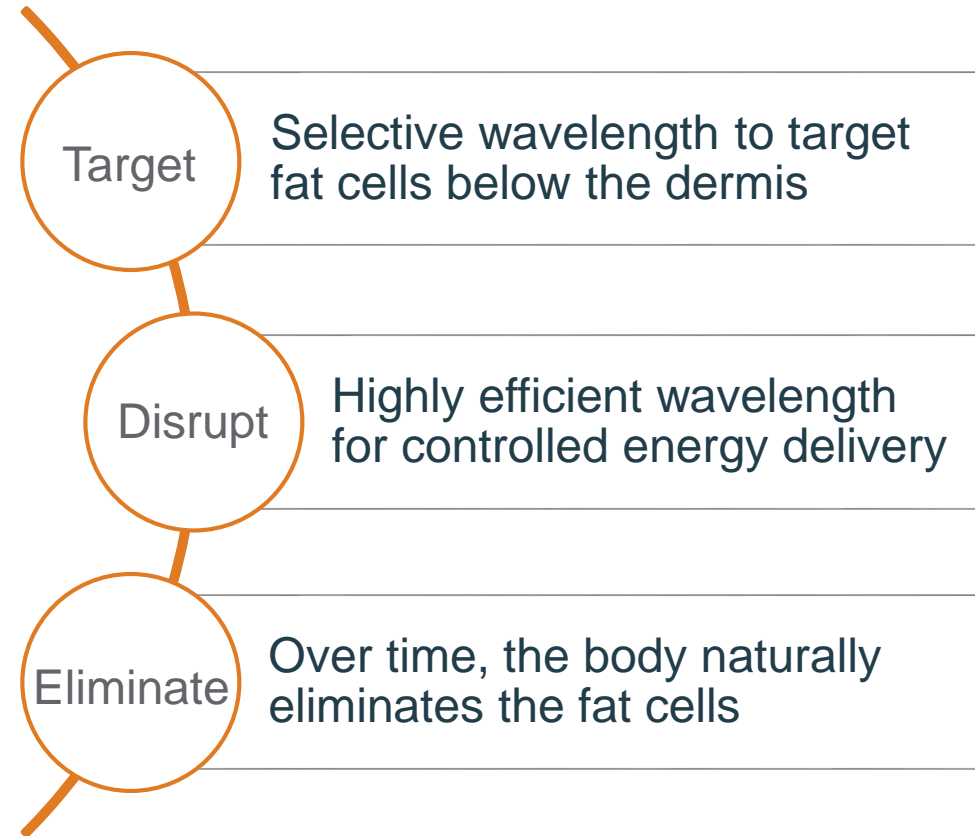
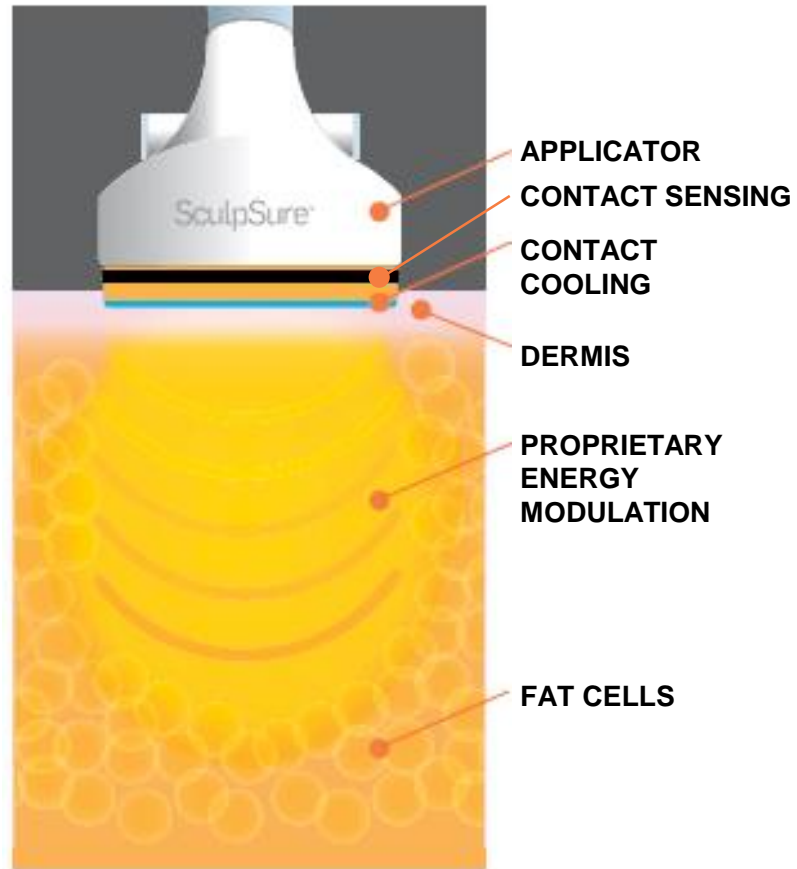
Versatility

- Templates and applicator system with 4 individual Patented Applicators for Contouring (PACs)
- Treats areas up to 2 times larger than the competitor's most commonly used applicator
- Multiple attachment configurations to customize treatments

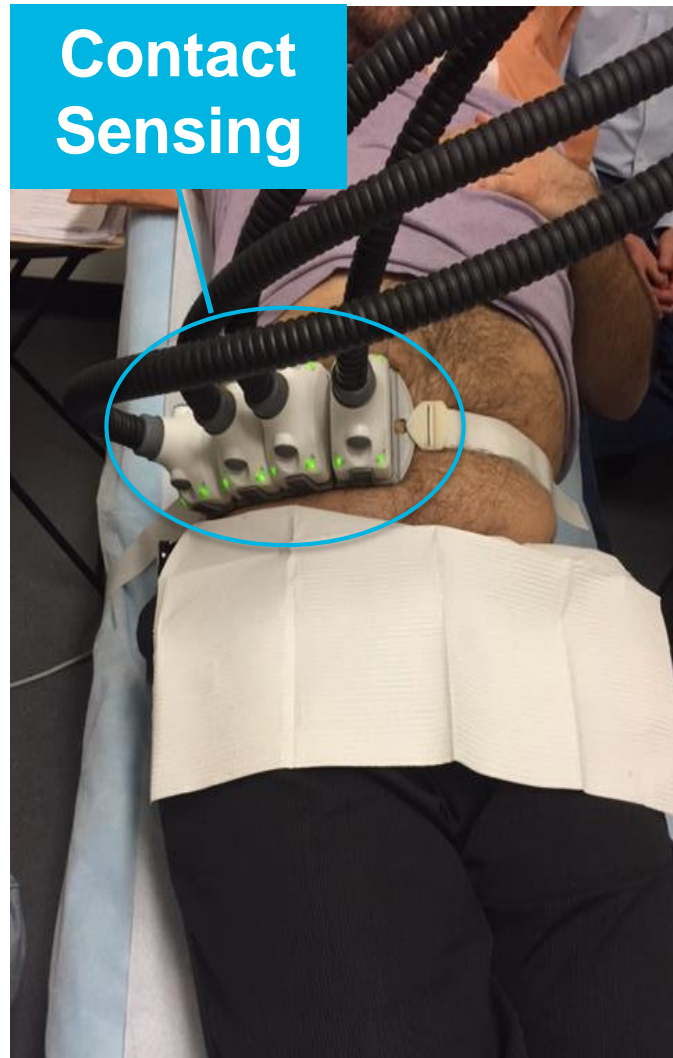
Control

- Easy to use flat, non-suction applicator design
- Unique placement template system provides control to treat patients' problem areas

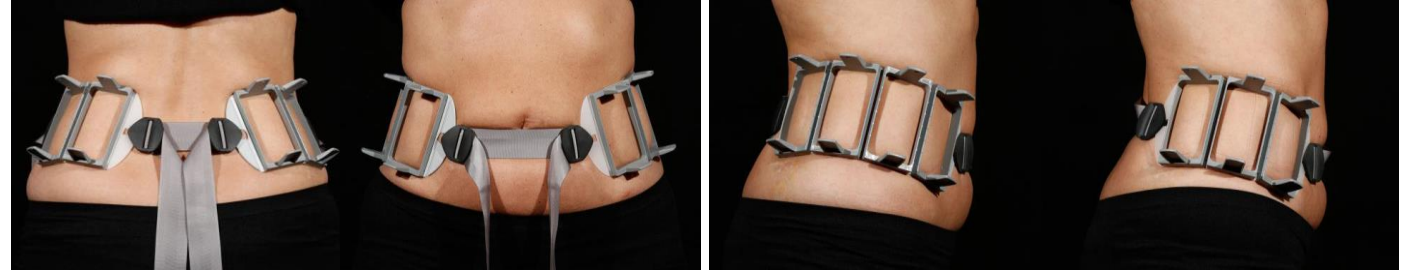
Patented Applicator Technology to Sculpt and Define



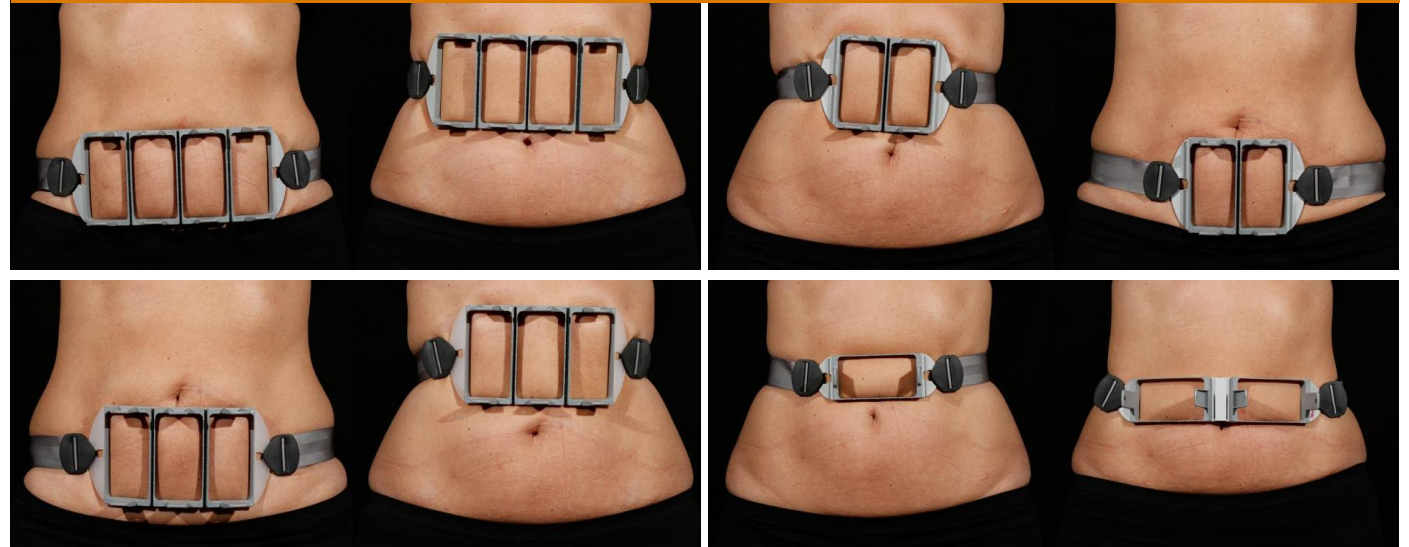
Flank and Abdomen Configurations



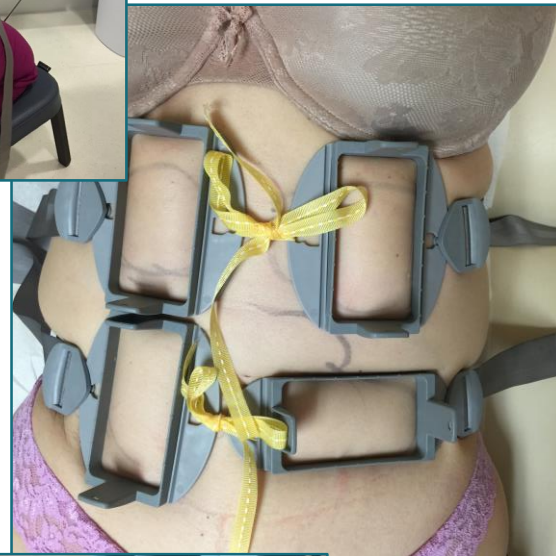
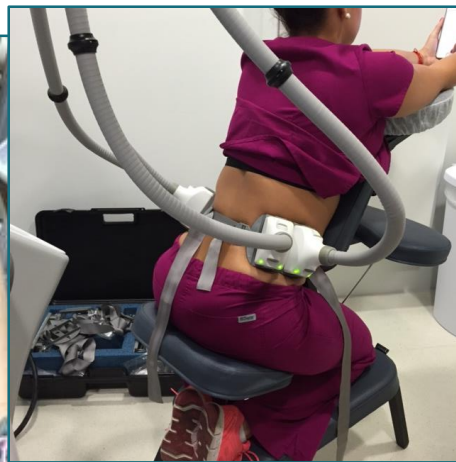
Flank Template Configurations



Abdomen Template Configurations



Universal Applicator - Potential



World-Class Support on a Local Basis

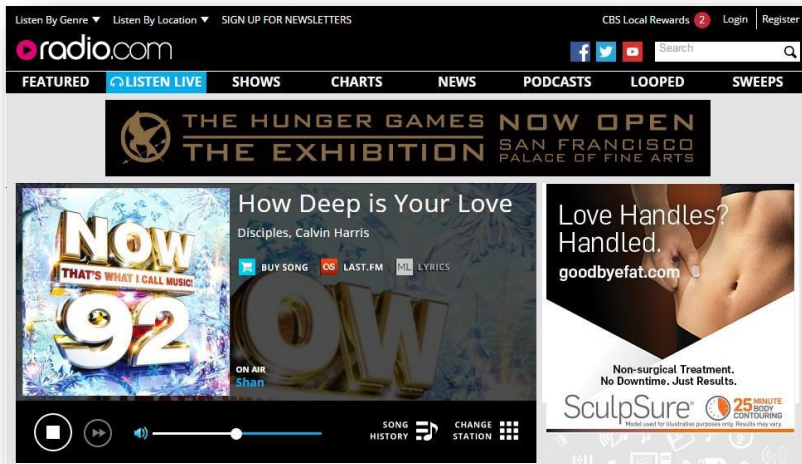
New internal/external team will deliver turn-key support to grow the business

- Dedicated Internal Marketing Specialists
 - Educate office staff with online training and support
- Dedicated Field Marketing Reps
 - Develop marketing strategies and support promotions and events to drive existing patient base and practice growth
- Dedicated Field Clinical Specialists
 - Provide ongoing advanced training
- Direct Sales Distribution – North America
- Future Programs
 - DTC outreach program
 - Treatment diagnostics

Marketing Initiatives – DTC Early Results

- **Visitors to SculpSure.com:** 73% increase (April to June)
- **Find a Doctor Searches on SculpSure.com:** 85% increase (April to June)
- **New visitors:** April (75%); May (82%)
- **Top cities for visitors:** NYC, LA, DC, Philly, Chicago, Dallas, Houston, Miami, and San Fran (same as selected DTC markets)

Branded URL: www.goodbyefat.com



Cost-Effective, Localized, Physician-Centric DTC Marketing Approach

SculpSure Clinical Overview

- Clinical investigators: Dr. Robert Weiss
- Dr. Bruce Katz, Dr. Larry Bass, Dr. Daniel McDaniel
- Multisite trials
- 1000s of patients have been treated
- Over 90% patient satisfaction rate¹
- Comfortable, well-tolerated treatment comparable with leading competitor
- Minimal post-treatment discomfort

Non-Invasive Fat Reduction Of The Abdomen With A 1060nm Diode Laser

Lawrence Bass, MD, Sean Doherty, MD

Study Of A Non-Invasive 1060nm Diode Laser For Fat Reduction Of The Flanks

Bruce Katz, MD, Sean Doherty, MD

Study Design:

- 49 Subjects received laser treatment to one flank and the other side served as a control.
- Follow up was conducted 6 weeks and 12 weeks post treatment.

Evaluation:

- Ultrasound measurements of fat thickness were performed at baseline, 6 and 12 weeks post treatment.
- High resolution photographs were taken at baseline and 12 weeks post treatment.
- Subjects were asked to complete a satisfaction questionnaire.

Results:

- Blinded board certified dermatologists were able to identify the post treatment photograph 90.3% of the time.
- Statistically significant reductions were achieved based on comparing treated and control sides at 6 and 12 weeks.
- 96% of the subjects rated that they were satisfied.
- Common side effect was mild to moderate tenderness.

Conclusion:

- The non-invasive 1060nm diode laser used in this study was a successful and safe means of fat reduction of the flanks.



Baseline



3 Months Post
Weight Change: 0 lbs.



Baseline



3 Months Post
Weight Change: 0 lbs.

Photos Courtesy of Bruce Katz, MD

*Clinical and Histological Evaluations of a 1060nm Laser Device for Non-Invasive Fat Reduction - John W. Decorato, MD., F A C S. Rafael Sierra, Ph.D., Bo Chen, Ph.D., Westford, MA, 2014

1. Katz B, Doherty S. A multicenter study of the safety and efficacy of a non-invasive 1060 nm diode laser for fat reduction of the flanks. Paper presented at: 2015 Annual American Society for Laser Medicine and Surgery Conference; April 22-26; Kissimmee, FL.

Core



Before



12 weeks post 2 Tx

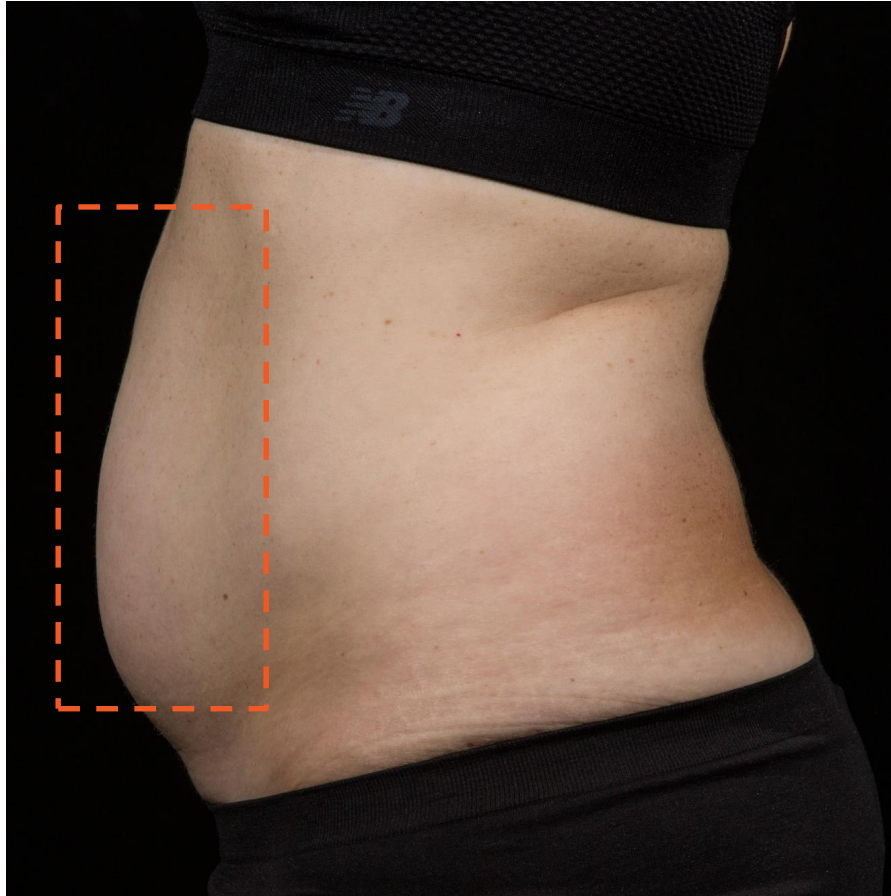
Weight Change: - 6 lbs.

Photos courtesy of Sean Doherty, MD

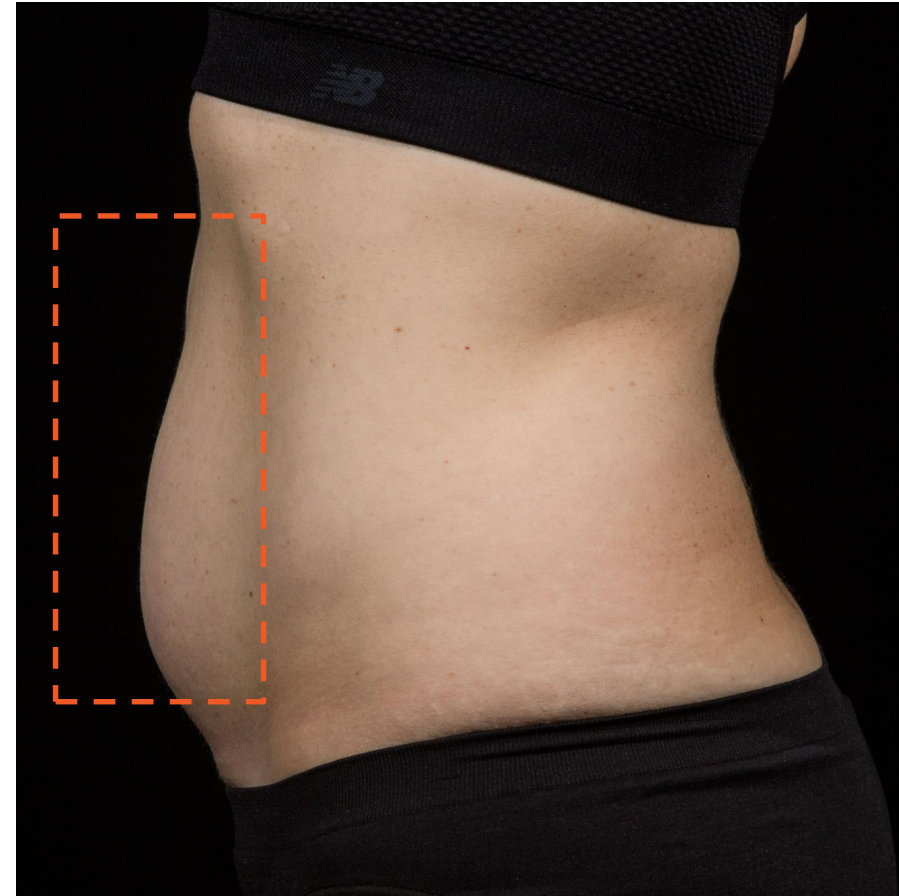


Photos courtesy of Sean Doherty, MD

Abdomen



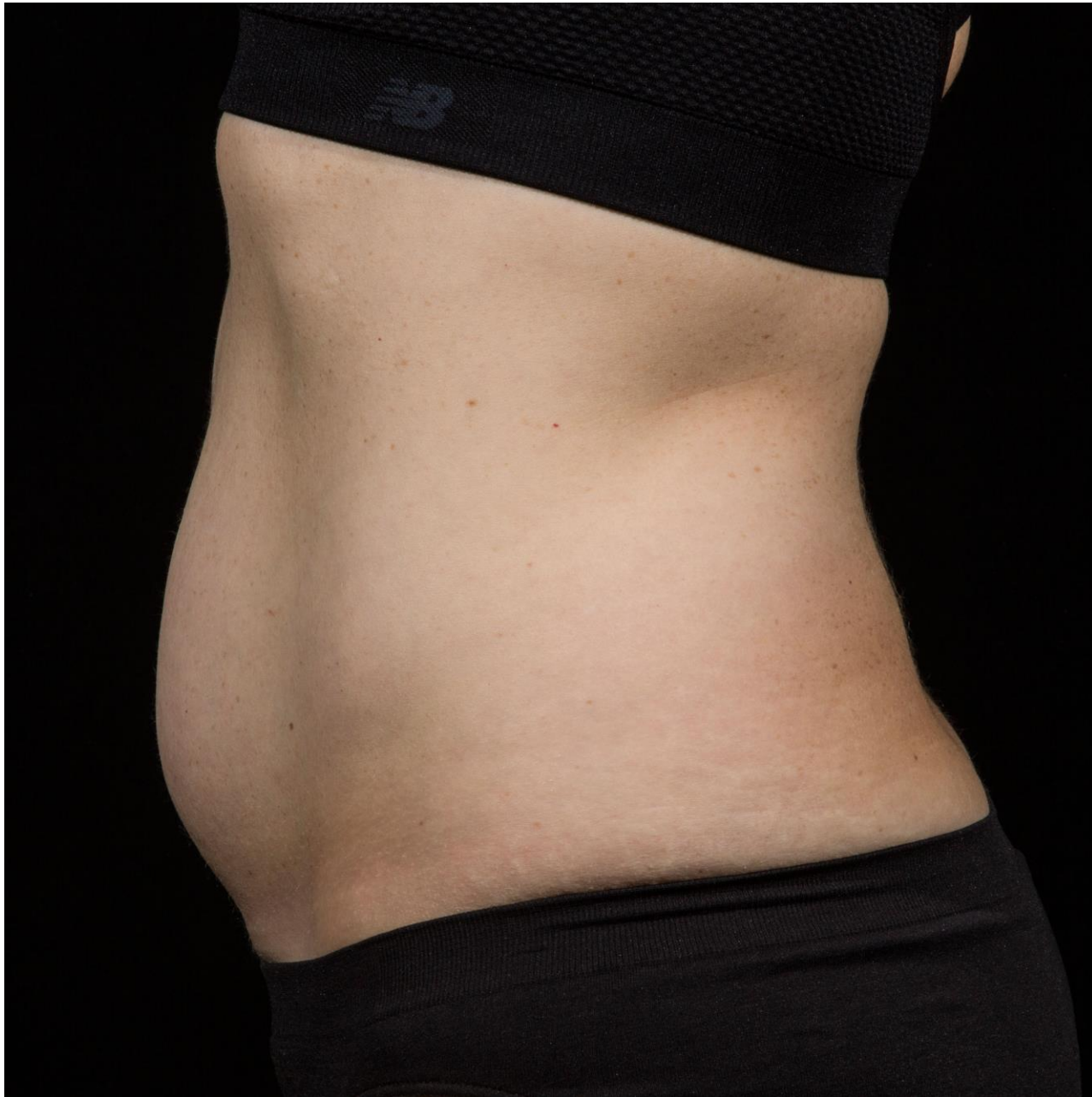
Before



12 weeks post 1 Tx

Weight Change: - 4.4 lbs.

Photos courtesy of Sean Doherty, MD



Photos courtesy of Sean Doherty, MD

Flank



Before



12 weeks post 1 Tx

Weight Change: - 2 lbs.

Photos courtesy of Bruce Katz, MD



Photos courtesy of Bruce Katz, MD

SculpSure Business Model – System



- **List Price – \$150,000**
 - 4 laser diode applicators
 - Template kit (attachment frames, attachment belts)
 - On-site installation
 - Clinical in-service
 - 12-month warranty covers the system and applicators
- **Margin profile – 60%+**
- **Extended warranty expected to be lower than traditional product line**

SculpSure Business Model – Consumables

Patented Application for Contouring (PAC)



PAC key



PAC key packaging

- **Price to practitioner:**
 - Sold in PAC “keys” of 100 applicator uses
 - \$50/applicator use
(Each PAC key = \$5,000)
 - Example: 4-template configuration is 4 applicator uses (\$200)
 - **Margin profile greater than 80%**

SculpSure Benefits

- SculpSure is differentiated on three significant dimensions, appealing to both physicians and patients



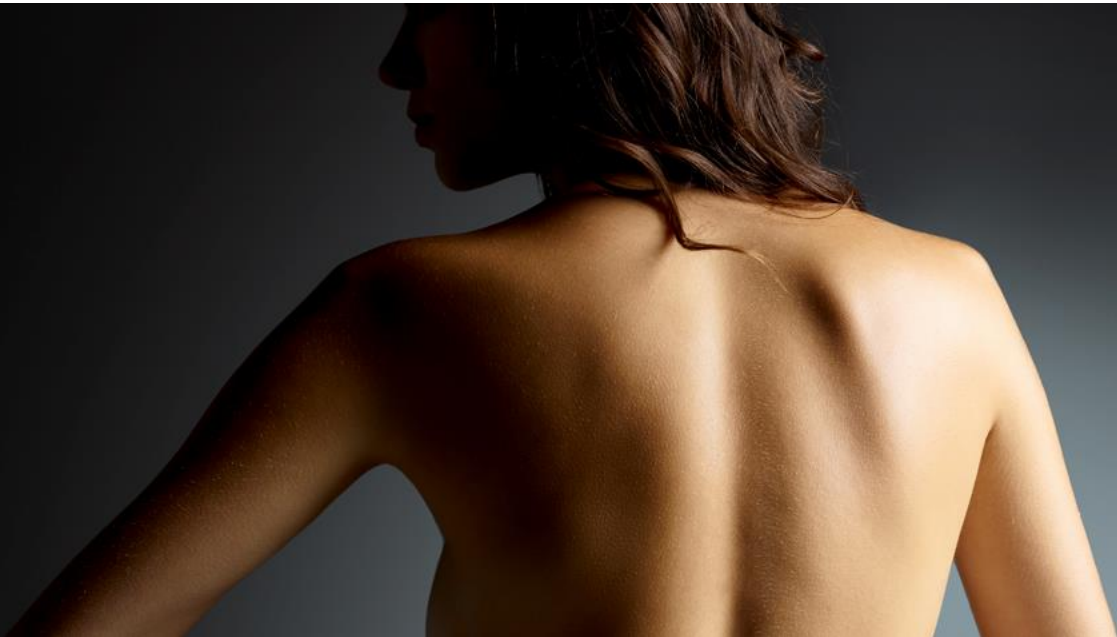
- Four universal applicators can be employed in various combinations and directions to treat a wide range of body types
- Can accommodate non pinchable fat patients not treatable by competitors

- 25-minute treatment time is not disruptive to patients' daily routines and may enable higher conversion to treatment than with competitors
- Ideal for busy professionals
- Well tolerated
- Requires no suction

- Faster treatment time generates higher profit per hour per patient
- More patients due to versatility and convenience

Source: Health Advances interviews and analysis

PicoSure



Evolution of Laser Pulse Duration



Millisecond	1 thousandth
Microsecond	1 millionth
Nanosecond	1 billionth
↓ 100x shorter pulse	
Picosecond	1 trillionth



Impact

- Faster
- Less Thermal Effect
- Greater Mechanical Effect

Under development at Cynosure for ~10 years

	Historical Picosecond Lasers	Cynosure PicoSure
Profile	Not Integrated, Modular	Conventional Commercial Laser
Uses	Research, Industrial	Physician Office

Initial Focus: Tattoo removal and pigmented lesions
Expanded Focus: Skin Rejuvenation (Acne scars, fine lines and wrinkles)

PicoSure™: Proprietary Energy Delivery Systems Drive
Disposables Revenue

Expansion

Expanded applications, technology enhancements and new regulatory clearances:

- New high-volume indications
 - Acne scarring
 - Fine lines and wrinkles
- Recent regulatory clearances
 - Korea, Taiwan, Australia
- Clearance to market 755 nm wavelength for tattoo removal in China received Sept. 2015

FOCUS Lens Array

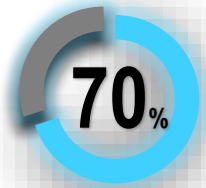
Disposable energy delivery system indicated for:

- Removal of pigmented lesions
- Acne scar treatment
- Wrinkle treatment



BOOST

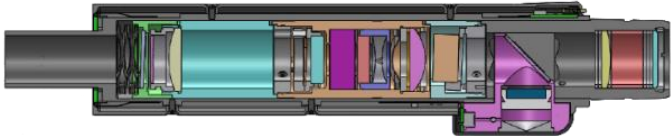
Amplifies PicoSure's PressureWave™ technology



Greater Mechanical Fracture Stress achieved using 550ps pulse

Wavelength

Three wavelength laser that allows the physician to treat ALL tattoo colors and future indications



System ASP \$180k, FOCUS Lens Array \$500

Illustrative PicoSure 755 nm Laser Treatment Photos

Picosecond Laser Results



Photos courtesy of R. Geronemus, MD

Prescreen

Post 3 Tx

Recalcitrant Tattoo



Prescreen

3 Month Post 10 Tx

An estimated 20% of the 45 million Americans with at least one tattoo want to have it removed

Illustrative PicoSure Treatment Photos

Acne Scar Treatment



Photos courtesy of R. Geronemus, MD

Prescreen

Post 4 Tx

Pigment Treatment



Photos courtesy of B. DiBernardo, MD

Prescreen

Post 4 Tx

MonaLisa Touch: Exclusive Marketing and Distribution Agreement

- Expands Company's reach into women's health market
 - **90% of sales to NEW Cynosure customers**
- New fractional CO₂ laser for the treatment of vaginal atrophy
- FDA cleared in September 2014
- Health Canada authorization in October 2015
- Hired 13-person specialty sales force
- Designed to reverse the deterioration of the vaginal walls associated with the loss of estrogen due to aging, hormonal treatments for breast cancer, and other conditions
- Approximately 49 million postmenopausal women in the U.S.



According to research, the prevalence of vaginal atrophy in postmenopausal women is close to 50%*

* Maire B. Mac Bride, Deborah J. Rhodes, Lynne T. Shuster
Vulvovaginal Atrophy. *Mayo Clin Proc.* 2010 January; 85(1): 87-94

Upcoming Initiatives Expected to Drive Revenue and Profit Growth

\$500 Million

Launch of SculpSure in the U.S. and ROW

Sales Ramp of MonaLisa Touch In North America

Future M&A

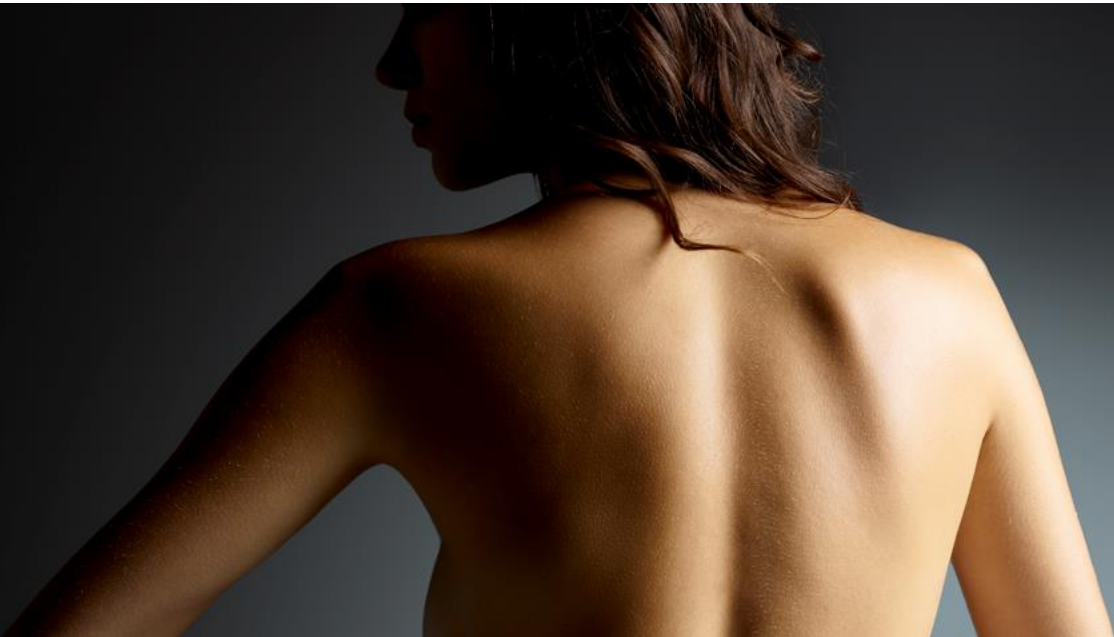
Further Expansion of Picosecond Laser Platform

Expand Treatment Indications And International Clearance For Flagship Products

Continue To Invest In Human Capital

\$339 Million

Financial Highlights and Operating Objectives



Income Statement Highlights – GAAP

(\$ in millions, except per share data)	Q2 2016	Q2 2015	Change (\$)	Change (%)
Revenues	\$110.3	\$83.7	\$26.6	32%
Gross profit	\$65.1	\$47.4	\$17.7	37%
<i>Gross margin %</i>	<i>59.0%</i>	<i>56.6%</i>	<i>240 bps</i>	<i>4.2%</i>
Total operating expenses	\$54.6	\$39.7	\$14.8	37%
<i>Operating expenses as % of revenue</i>	<i>49.4%</i>	<i>47.5%</i>	<i>200 bps</i>	<i>4.2%</i>
Income from operations	\$10.5	\$7.6	\$2.8	37%
<i>Operating margin %</i>	<i>9.5%</i>	<i>9.1%</i>	<i>40 bps</i>	<i>4.2%</i>
Net income	\$6.3	\$5.4	\$0.9	18%
Net income per share diluted	\$0.27	\$0.24	\$0.03	13%

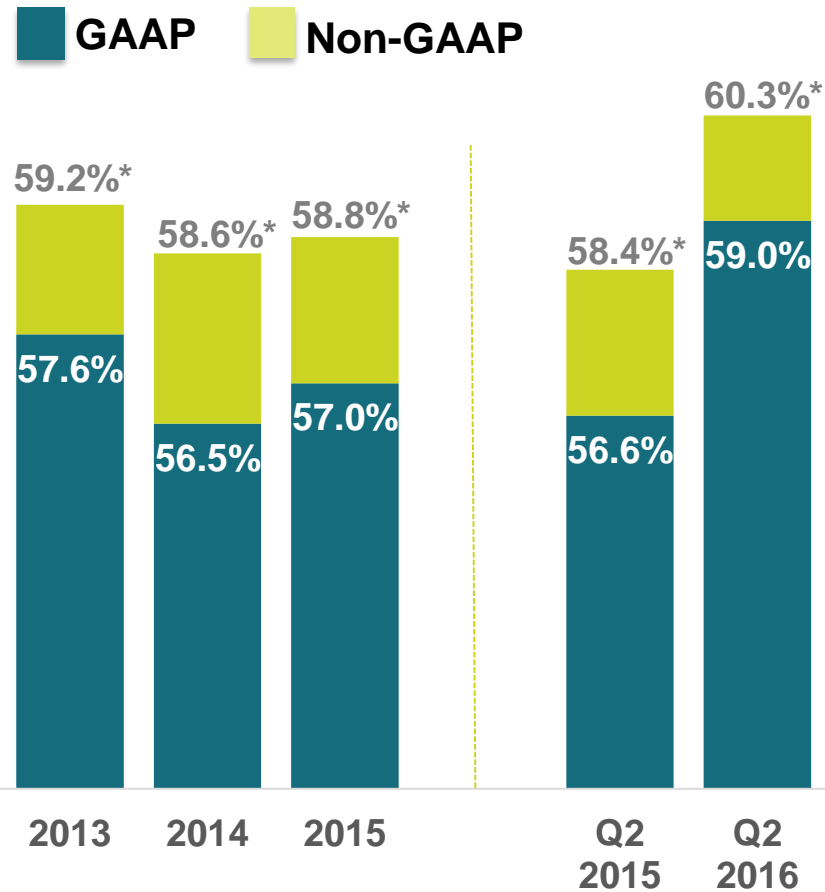
Income Statement Highlights – Non-GAAP

(\$ in millions, except per share data)	Q2 2016* Non-GAAP	Q2 2015* Non-GAAP	Change (\$)	Change (%)
Revenues	\$110.3	\$83.7	\$26.6	32%
Gross profit	\$66.5	\$48.9	\$17.6	36%
<i>Gross margin %</i>	<i>60.3%</i>	<i>58.4%</i>	<i>180 bps</i>	<i>3.0%</i>
Total operating expenses	\$53.9	\$38.9	\$14.9	38%
<i>Operating expenses as % of revenue</i>	<i>48.8%</i>	<i>46.6%</i>	<i>220 bps</i>	<i>4.6%</i>
Income from operations	\$12.6	\$9.9	\$2.7	27%
<i>Operating margin %</i>	<i>11.5%</i>	<i>11.9%</i>	<i>(40 bps)</i>	<i>(3.6%)</i>
Net income	\$8.6	\$6.7	\$1.8	28%
Net income per share diluted	\$0.36	\$0.30	\$0.06	20%

*Excludes costs associated with the acquisitions and intangible assets acquired, as well as unrealized foreign exchange gains or losses
Please refer to Appendix for reconciliation of non-GAAP items.

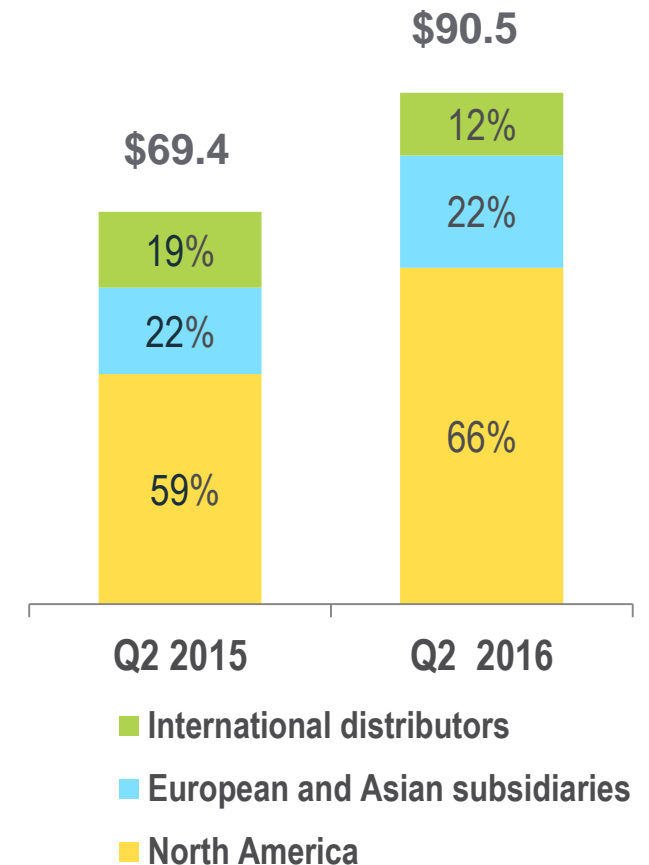
GAAP/Non-GAAP Gross Margin and Geographic Mix

Gross Margin



Q2 Laser Product Revenue

(\$ in millions)



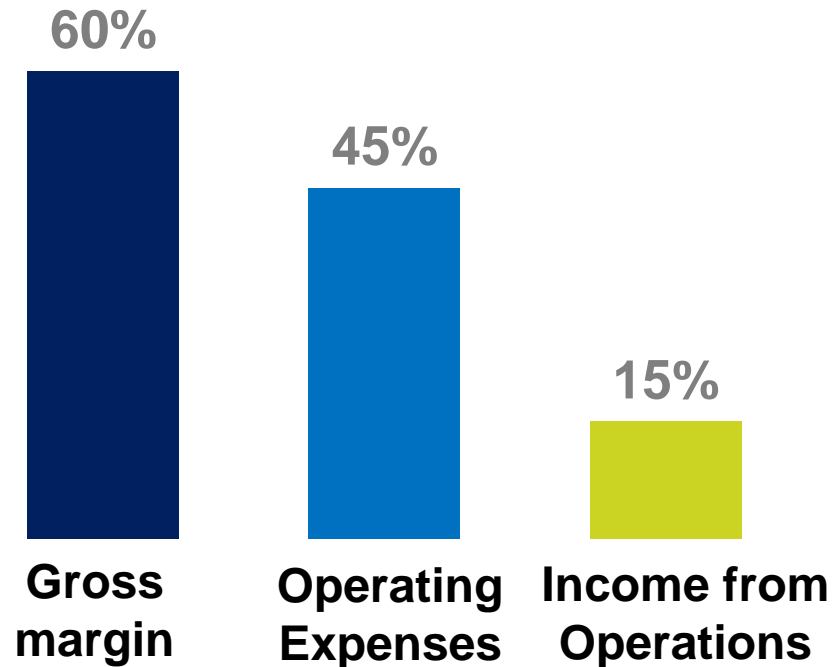
Note: Non-GAAP gross margin excludes costs associated with the acquisitions and intangible assets acquired, as well as unrealized foreign exchange gains or losses. Please refer to Appendix for reconciliation of gross margin to Non-GAAP gross profit/percentage.

Healthy Balance Sheet

(\$ in millions)	6/30/2016	12/31/2015
Cash, cash equivalents, marketable securities and short-term investments	\$210.3	\$182.8
Total assets	565.3	534.6
Total liabilities	125.0	130.2
Stockholders' equity	\$440.3	\$404.4

Operating Objectives (Non-GAAP)

(% of revenue)



Levers to Achieve Operating Objectives



** Operating objectives exclude costs associated with the acquisitions and intangible assets acquired, as well as unrealized foreign exchange gains or losses.*

Key Takeaways

-  **Diversified Technology Leader with Significant Revenue Growth Opportunity**
-  **Industry-leading Profitability, Strong Cash Flow and Healthy Balance Sheet**
-  **Successful Execution of Growth Strategy**
-  **Operating and M&A Excellence**
-  **Track Record of Product Innovation**



Second Quarter 2016 Investor Presentation

Non-GAAP Reconciliations – Appendix A

Reconciliation of GAAP Income Statement Measures to Non-GAAP Income Statement Measures (Unaudited)

(In thousands, except percentages)

	Three Months Ended June 30,	
	2016	2015
Gross profit	\$ 65,057	\$ 47,356
Non-GAAP adjustments to gross profit:		
Costs associated with amortization	1,451	1,554
Total Non-GAAP adjustments to gross profit	1,451	1,554
Non-GAAP Gross profit dollars	\$ 66,508	\$ 48,910
Non-GAAP Gross profit percentage	60.3%	58.4%
	Three Months Ended June 30,	
	2016	2015
Income from operations	\$ 10,500	\$ 7,641
Non-GAAP adjustments to income from operations:		
Costs associated with acquisitions and amortization	2,134	2,290
Total Non-GAAP adjustments to income from operations	2,134	2,290
Non-GAAP Income from operations	\$ 12,634	\$ 9,931

Non-GAAP Reconciliations – Appendix B

Reconciliation of GAAP Income Statement Measures to Non-GAAP Income Statement Measures (Unaudited)

(In thousands, except per share data)

	Three Months Ended June 30,	
	2016	2015
Net income	\$ 6,340	\$ 5,358
Non-GAAP adjustments to net income:		
Costs associated with acquisitions and amortization	2,134	2,290
Unrealized foreign exchange loss	287	(429)
Income tax effect of non-GAAP adjustments	(185)	(530)
Total Non-GAAP adjustments to net income	2,236	1,331
Non-GAAP net income	\$ 8,576	\$ 6,689

	Three Months Ended June 30,	
	2016	2015
Diluted net income per share	\$ 0.27	\$ 0.24
Costs associated with acquisitions and amortization	0.09	0.10
Unrealized foreign exchange loss	0.01	(0.02)
Income tax effect of Non-GAAP adjustments	(0.01)	(0.02)
Total Non-GAAP adjustments to net income	0.09	0.06
Non-GAAP diluted net income per share	\$ 0.36	\$ 0.30
Weighted average shares used to compute GAAP diluted net income per share	23,721	22,615
Weighted average shares used to compute Non-GAAP diluted net income per share	23,721	22,615

Non-GAAP Reconciliations – Appendix C

Reconciliation of GAAP Income Statement Measures to Non-GAAP Income Statement Measures (Unaudited)

(In thousands)

	12 Months Ended December 31,		
	2015	2014	2013
Gross profit	\$ 193,534	\$ 165,238	\$ 130,280
Non-GAAP adjustments to gross profit:			
Costs associated with acquisitions and amortization	6,215	5,975	3,604
Total Non-GAAP adjustments to gross profit	6,215	5,975	3,604
Non-GAAP Gross profit dollars	\$ 199,749	\$ 171,213	\$ 133,884
Non-GAAP Gross profit percentage	58.8%	58.6%	59.2%