



A COOL SUCCESS STORY

Mark Foley
President & CEO



THE CULMINATION

February 13, 2017

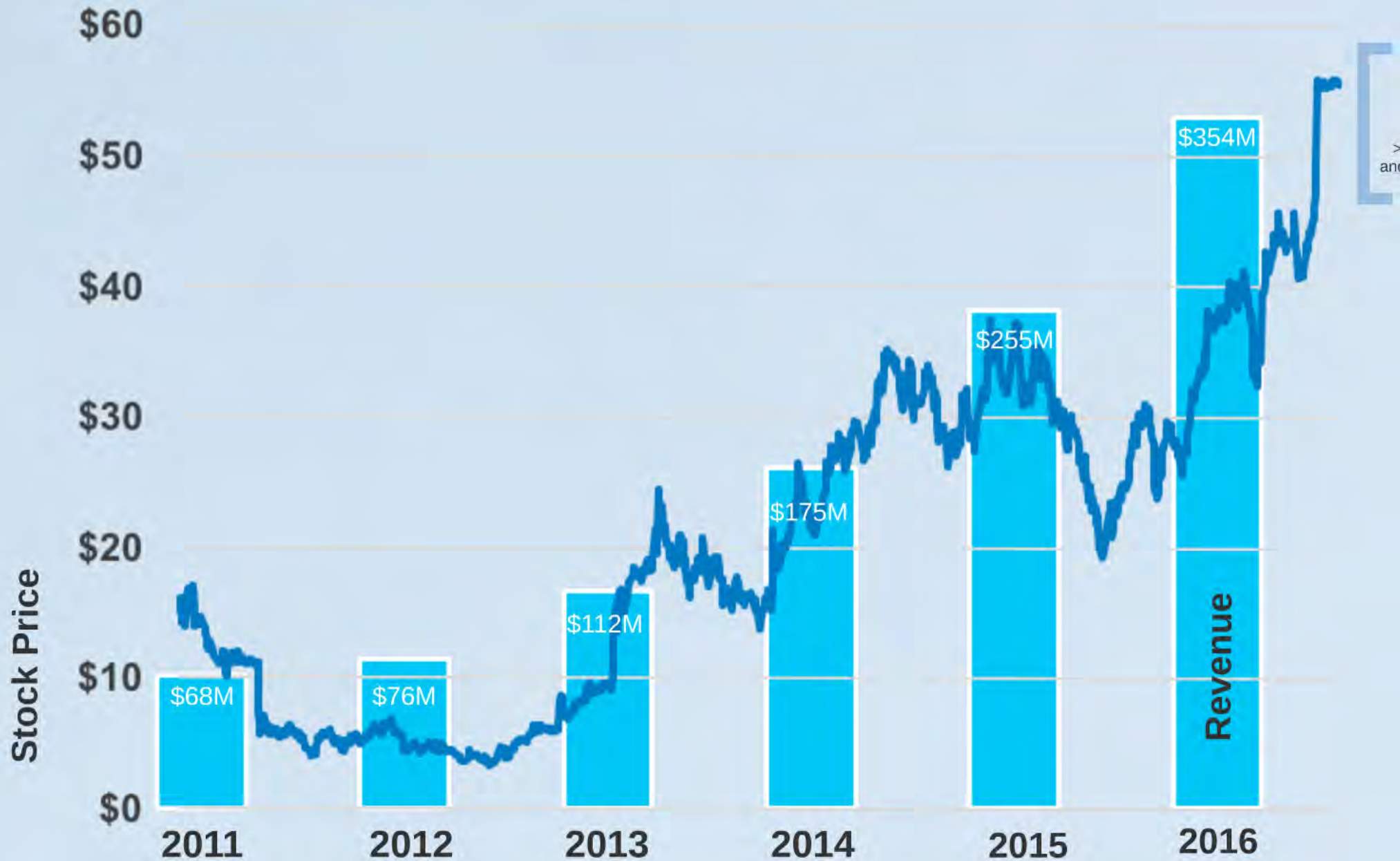
Allergan (AGN) to Acquire ZELTIQ, Best-in-Class Company in

Fast-Growing Body Contouring Segment for **\$2.475 Billion**



- \$56.50 per share
- ~7x 2016 revenue
- Immediately accretive all cash transaction expected to close in 2H 2017

THE PROGRESSION



What strategic
decisions evolved
ZELTIQ from a
concept...



\$354M

To the
best-in class
body contouring
company with
>\$350M in revenue
and a \$2.5B valuation?

THE ZELTIQ EVOLUTION

1 Historical
Overview

2 Key Strategic
Decisions

3 Successful
Outcomes





1

Historical Overview

Genesis

Business
Disruption

Lessons
Learned

Genesis

COOLSCULPTING TECHNOLOGY

- Fat cells are hypersensitive to cold – more so than skin, nerves, muscles
 - 1970 - Popsicle panniculitis
 - 1980 - Equestrian cold panniculitis
- Strong science and IP
- Novel and differentiated approach in new market category

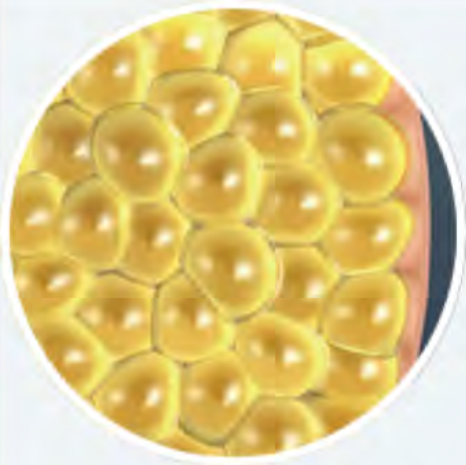


HARVARD
UNIVERSITY

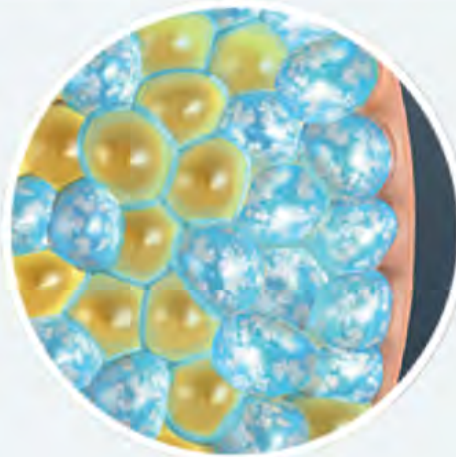


MASSACHUSETTS
GENERAL HOSPITAL

FAT FREEZING DURING COOLSCULPTING



Many of us have stubborn fat despite diet and exercise.



CoolSculpting technology uses controlled cooling to target and kill only these fat cells.



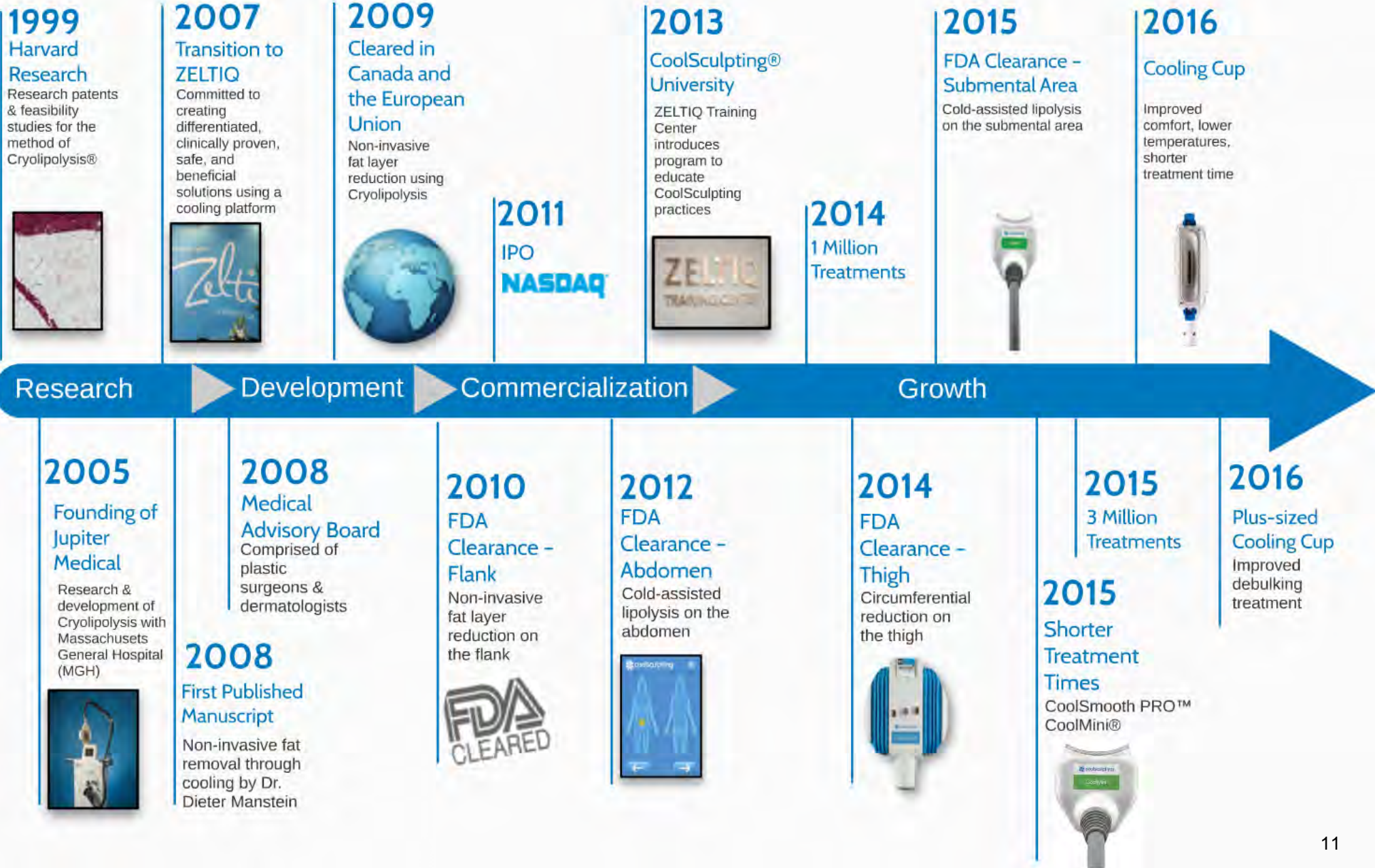
In the weeks to follow, your body naturally processes the fat and eliminates dead cells.



CoolSculpting results are long term,* because treated fat cells are gone for good.

* Bernstein EF, Long-term efficacy follow-up on two cryolipolysis case studies: 6 and 9 years post-treatment. Journal of Cosmetic Dermatology. 2016

COMPANY EVOLUTION



FUNDAMENTAL QUESTIONS





Business Disruption

Missed first two quarters
(Q4 2011 and Q1 2012)
as a public company

- Competitive disruption
- Burning cash

Historical performance
by aesthetic "box"
companies created
understandable
investor skepticism
and concern




KEY AREAS OF FOCUS



New interim
CEO announced

- Is this a technology or an execution issue?
- Do we have the right commercialization strategy, structure, and people?
- Stabilize the organization
- Control cash burn



Lessons Learned

ed

- Is this a technology or an execution issue?
- Do we have the right commercialization strategy, structure, and people?
- Stabilize the organization
- Control cash burn

Discussions with key
customers indicated
they were
experiencing success

Technology was not
the issue.

Execution and training
were inconsistent.

FOCUSED ON OUTCOMES



- Created a new treatment protocol
- Developed CoolSculpting University (CSU) to drive consistent training
 - Program launch followed successful pilot



ed

- Is this a technology or an execution issue?

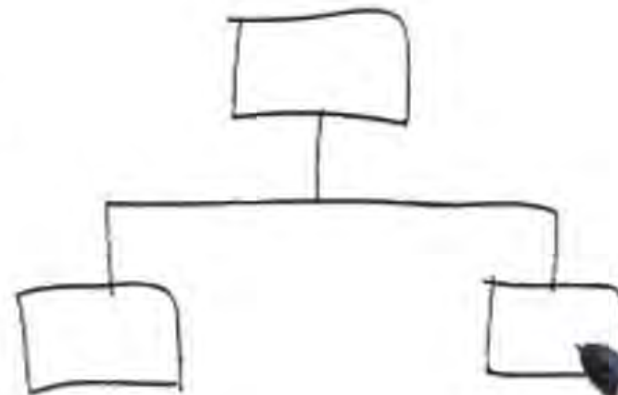
- Do we have the right commercialization strategy, structure, and people?

- Stabilize the organization

- Control cash burn

COMMERCIALIZATION ACTION PLAN

- Bifurcated sales team, creating capital and consumable reps
 - Enabled capital reps to build a pipeline of customers – longer lead time
 - Focused consumable reps on practice and marketing support, training
- Brought in experienced leadership
- Reorganized under one global leader to focus on North America
- Changed compensation structure



- Stabilize the organization
-

- Control cash burn
-

STABILIZATION PLAN

- Very transparent with initiatives and process
- Some personnel changes
- Maintained a clear vision



- 
- 
- Control cash burn
- 

INVESTMENT PRIORITIZATION PLAN

- Pulled back on DTC
 - Needed broader installed base and training to drive more consistent conversion
 - Focused on co-op advertising
- North America focus
- Streamlined R&D focus
- Streamlined organizational structure
- Pilot programs before full implementation



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3 Successful Outcomes





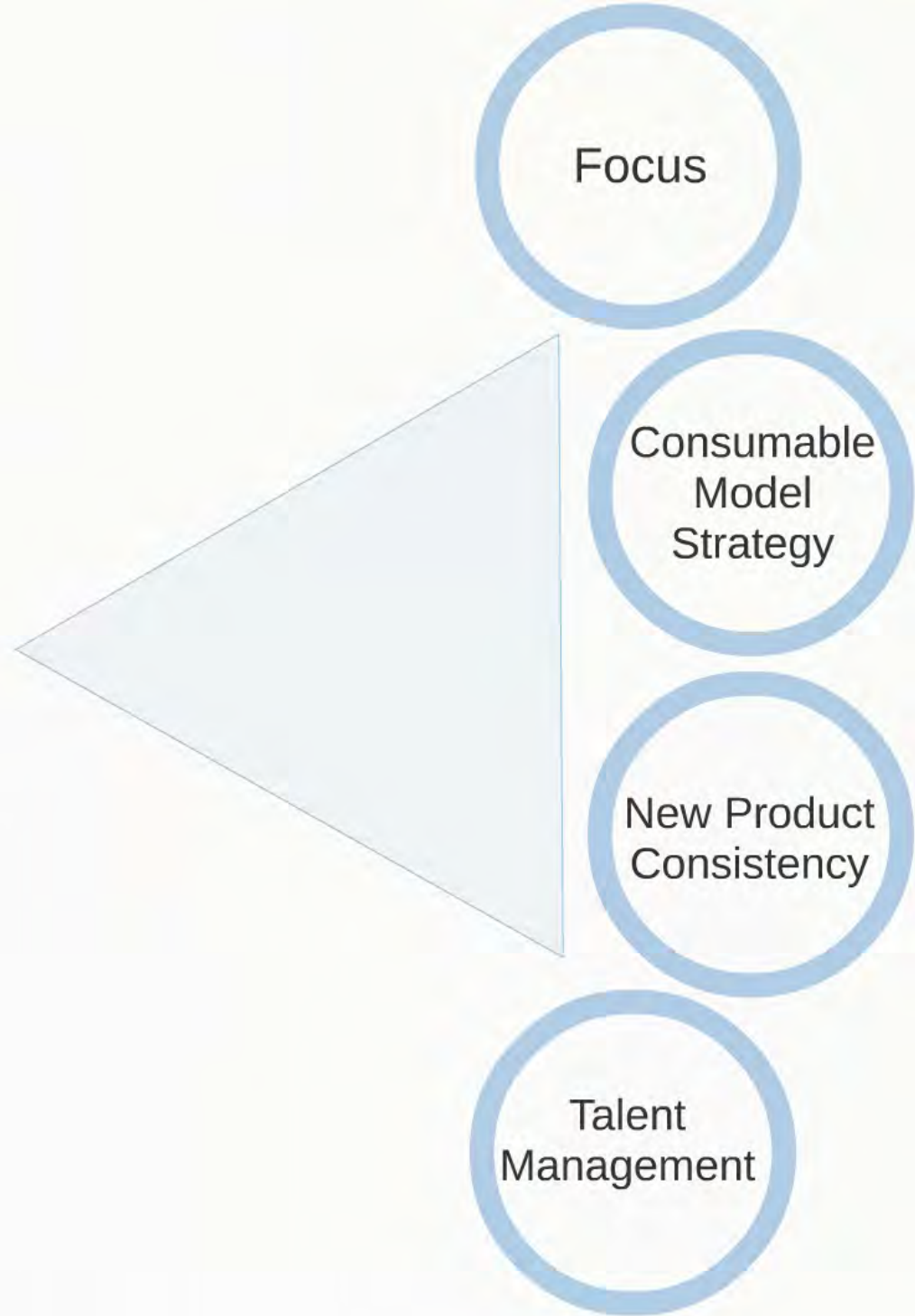
Focus or diversify?

2

Key Strategic Decisions



2 Key Strategic Decisions



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Focus

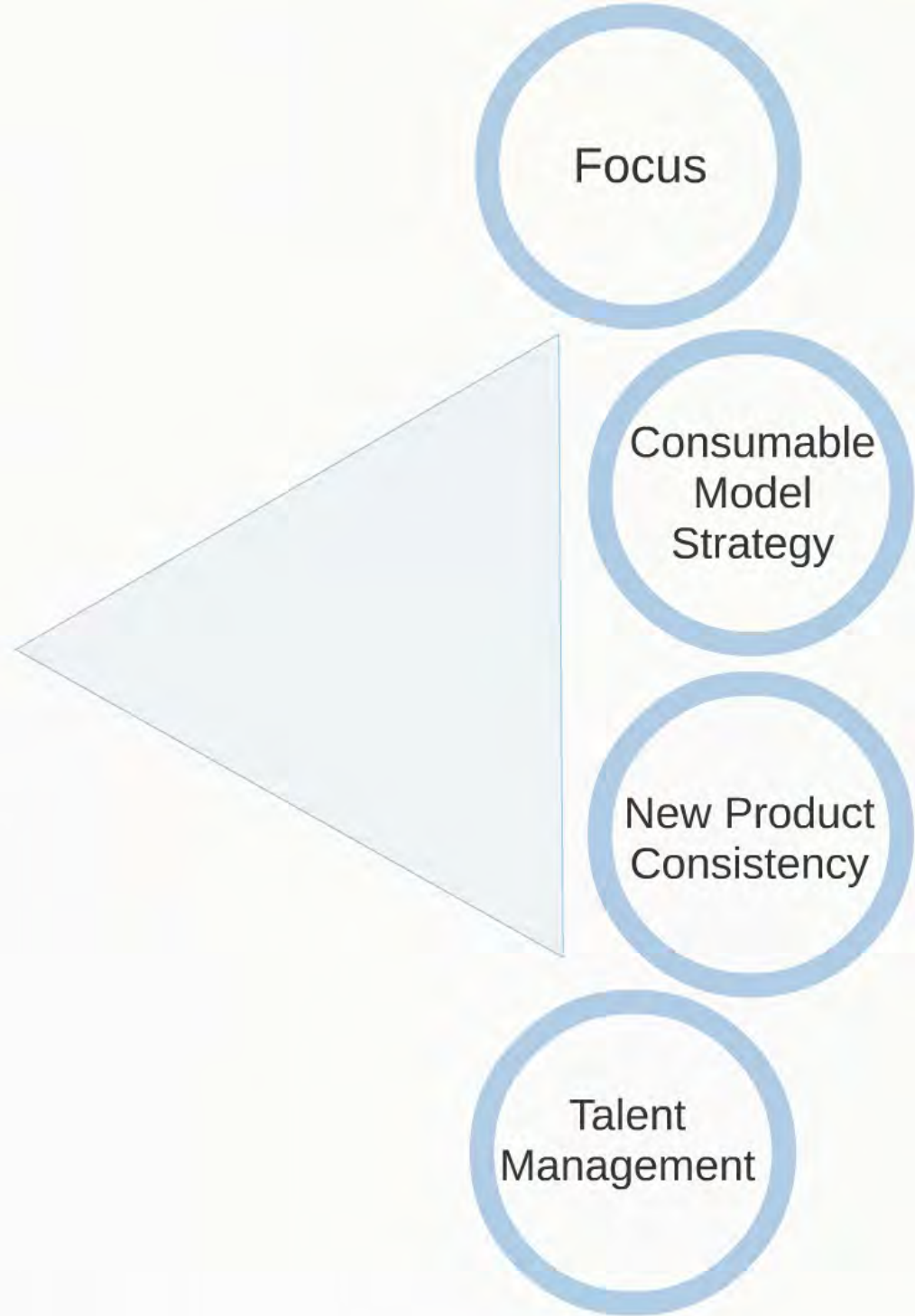
FOCUS- HELPED DRIVE CONSISTENT AND SUSTAINABLE GROWTH

- CoolSculpting vs diversification?
- Disciplined new box placements vs accelerated placements (sales force expansion)?
- North America vs International?
- Growth vs Profitability





2 Key Strategic Decisions





**Consumable
Model
Strategy**

CONSUMABLE MODEL DECISIONS

- Discount?
- Give away?
- Raise price?
- Created win/win partnership with our customers
 - Reinvested annuity stream to create value and drive success
 - Protected the brand



ZELTIQ REINVESTMENT



Practice Development Managers
Dedicated PDMs incentivized by the success of their practices' business.

Brand Advertising
National DTC campaign grew average practice revenue significantly.



CoolConnect™
Connectivity platform enables practices to analyze and measure the success of their business.

EDUCATION

Crystal Rewards™
Co-op program shares costs of building awareness.



GROWTH



PROTECTION



Process for Success
"5 Steps to Success" proven recipe to reach \$260K in revenue in the first 12 mos.

Cool Assurance™
Warranty program protects practice investment.



CoolSculpting University™
Industry-leading training program with proven results driving CoolSculpting practice volume.

Proven Technology

70+	4M+
Peer-Reviewed Studies	Treatment Cycles

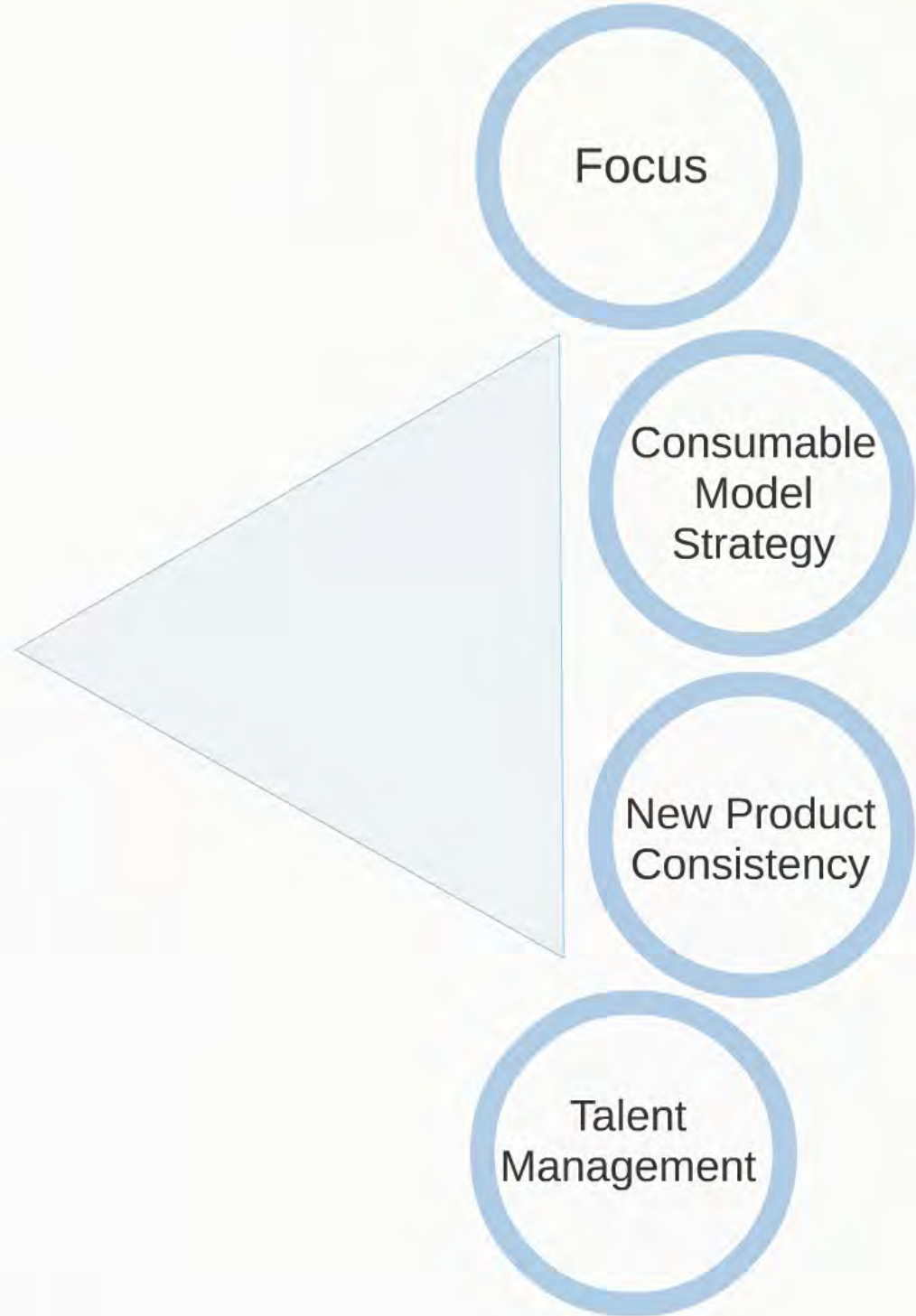
Minimum Advertised Price

Pricing policy maintains brand and pricing integrity.





2 Key Strategic Decisions





New Product Consistency

STEADY PRODUCT NEWNESS



CoolFit™



CoolSmooth Pro™



CoolAdvantage™

2013

2014

2015

2016

CoolSmooth
Thigh Indication



CoolMini™



CoolAdvantage Plus™



THOUGHTFUL INNOVATION

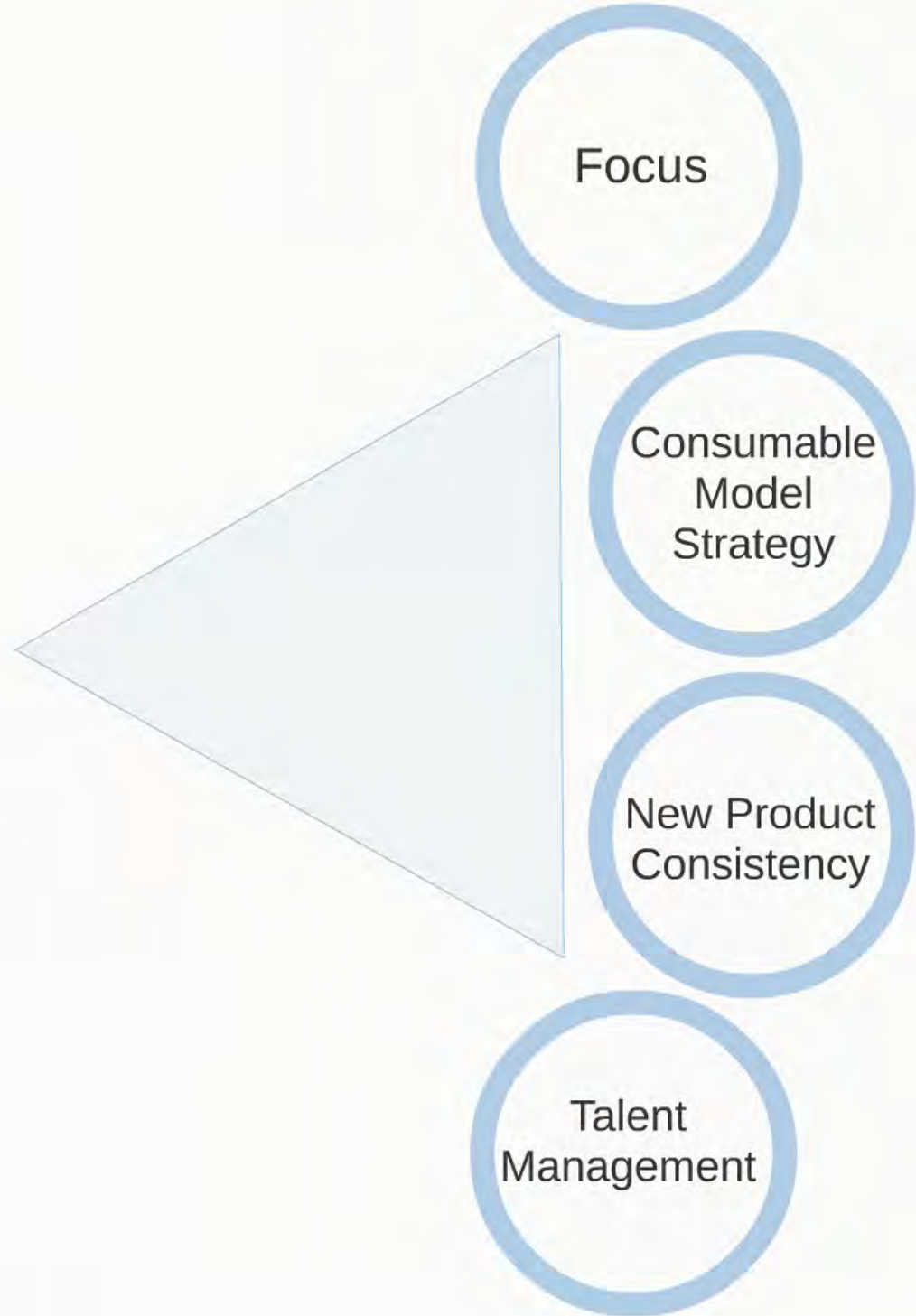
New Product Goals:


- Improve user experience and market efficacy
- Layer launch timing with spring and fall trade shows to drive excitement
- New applicators backward compatible with existing control unit



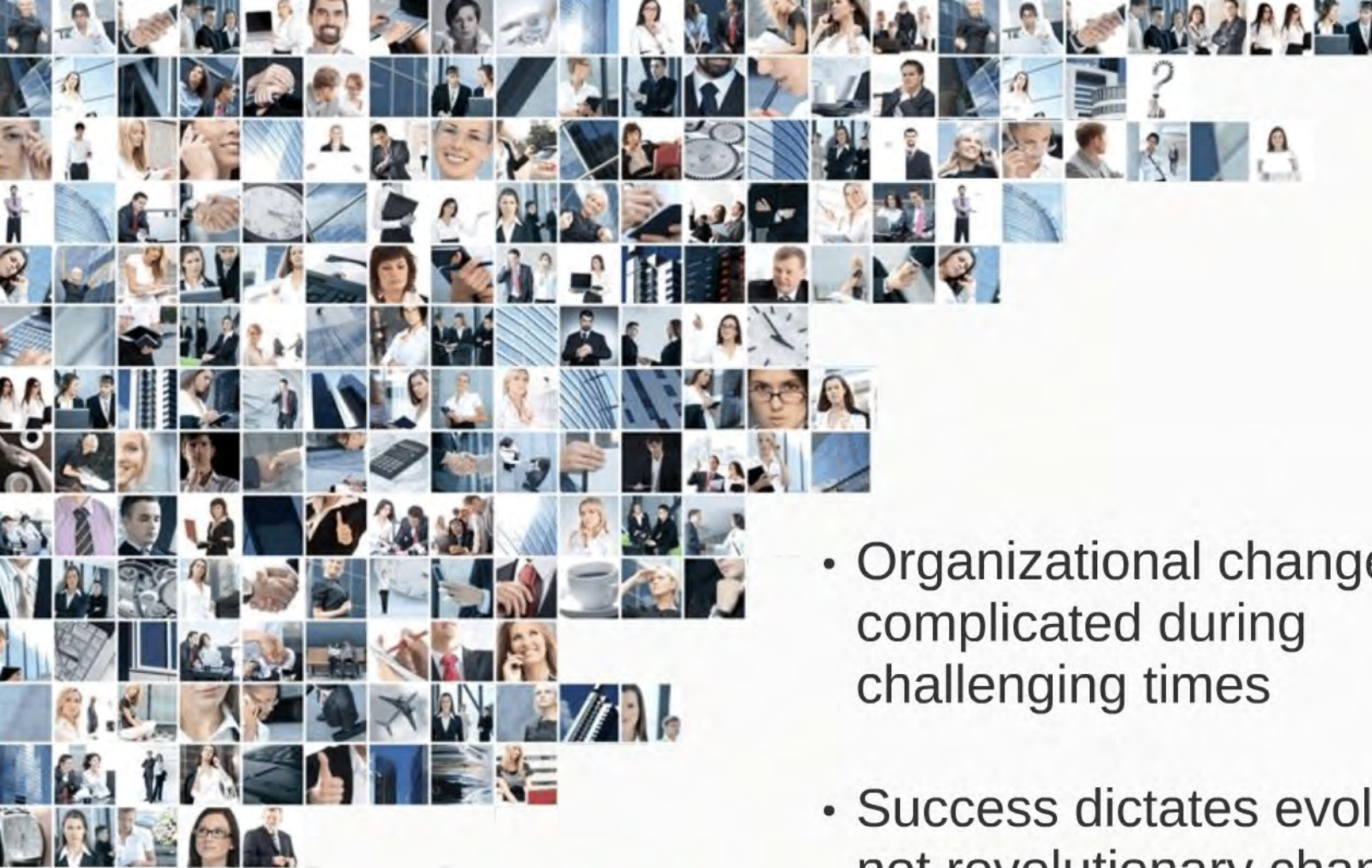


2 Key Strategic Decisions





Talent Management



PEOPLE AND STRUCTURE

- Organizational change is less complicated during challenging times
- Success dictates evolutionary, not revolutionary change
- Talent choices made with business growth goals in mind

2012: REVOLUTIONARY ORGANIZATIONAL CHANGE

- Executive team:
 - CEO, CFO, CTO, CMO, HR, SVP S&M, VP Op's
- Industry expertise
 - Brought in leadership with aesthetic capital expertise
- Structure:
 - Restructured marketing dept and personnel
 - Consolidated global sales organization
- Organization:
 - ~65% of organization and 80% of sales force hired by new management team
 - Focus on culture



LEADERSHIP-DRIVEN CULTURE



Customer-centric

Entire company focused on clinical outcomes



Flat Structure

Goal of leadership is removal of obstacles so others can get work done



Family environment

Emphasize work-life balance in tandem with performance culture



Aligned Vision

Company-wide goal setting, shared achievements



Performance Pay

All employees given equity when they join

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Brand
Building

Fortified
Culture


Financial
Execution

Stock
Performance

Premium
Valuation

3 Successful Outcomes



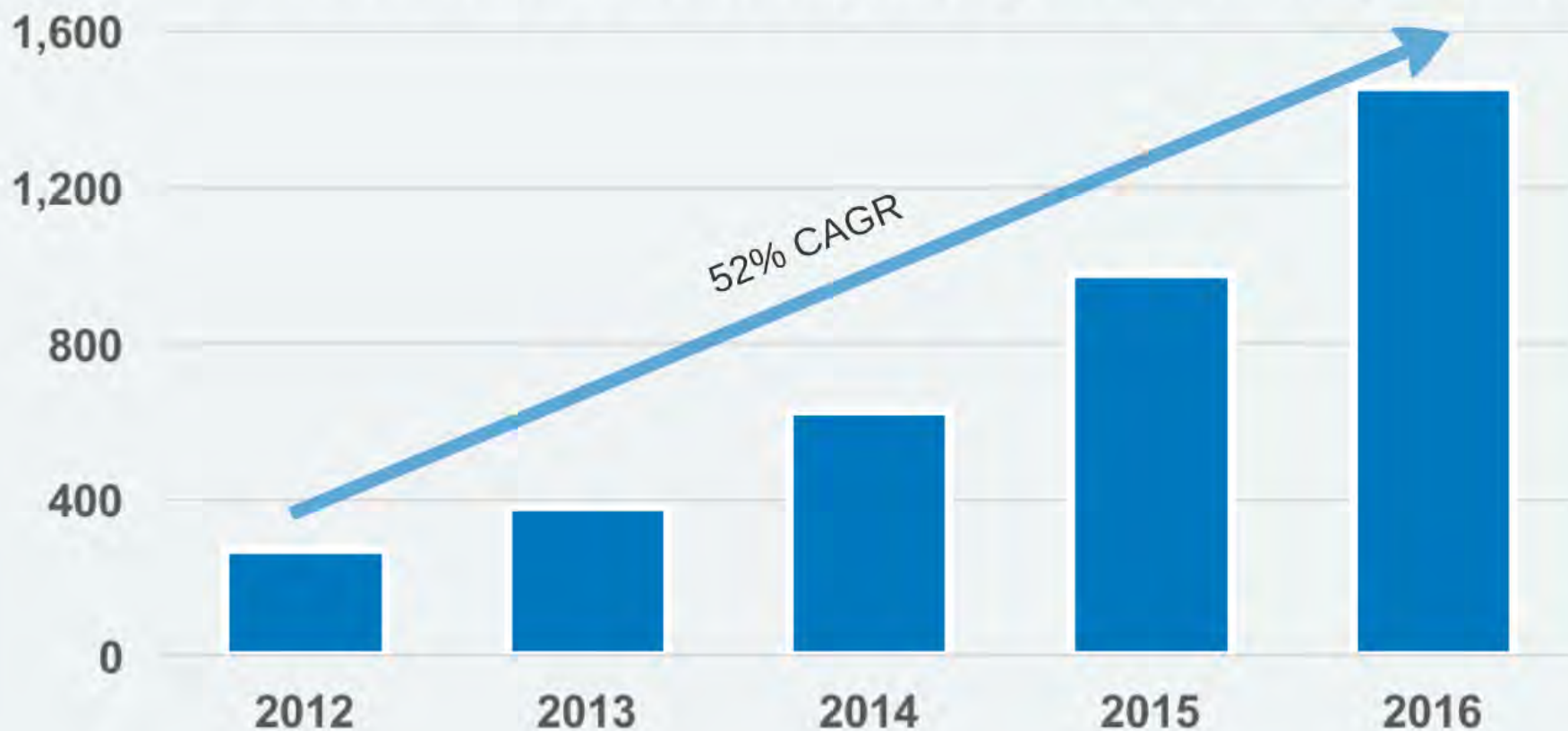


Brand Building

>1 MILLION PATIENTS TREATED*



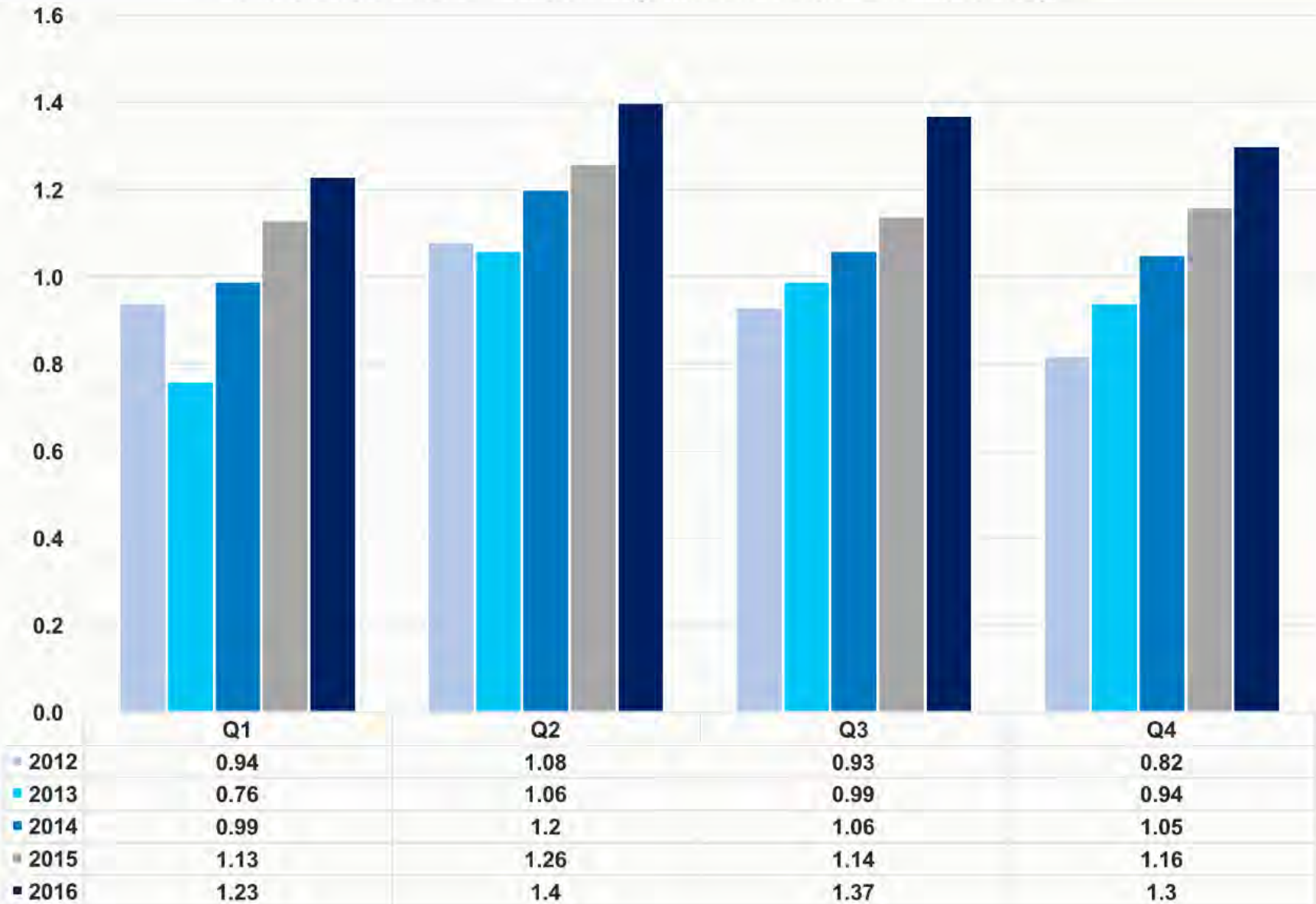
Worldwide Revenue Cycles (Treatments), in 000's



* One million patient figure assumes 4 cycles per patient

UTILIZATION EXPANSION

Global Revenue Cycles/ Account/ Day



YAHOO!
HEALTH

MULTI
MAKEOVER

OK!
MAGAZINE



The New York Times

H

THE HUNTINGTON POST

E

MEDIA VALIDATION



VERIA LIVING

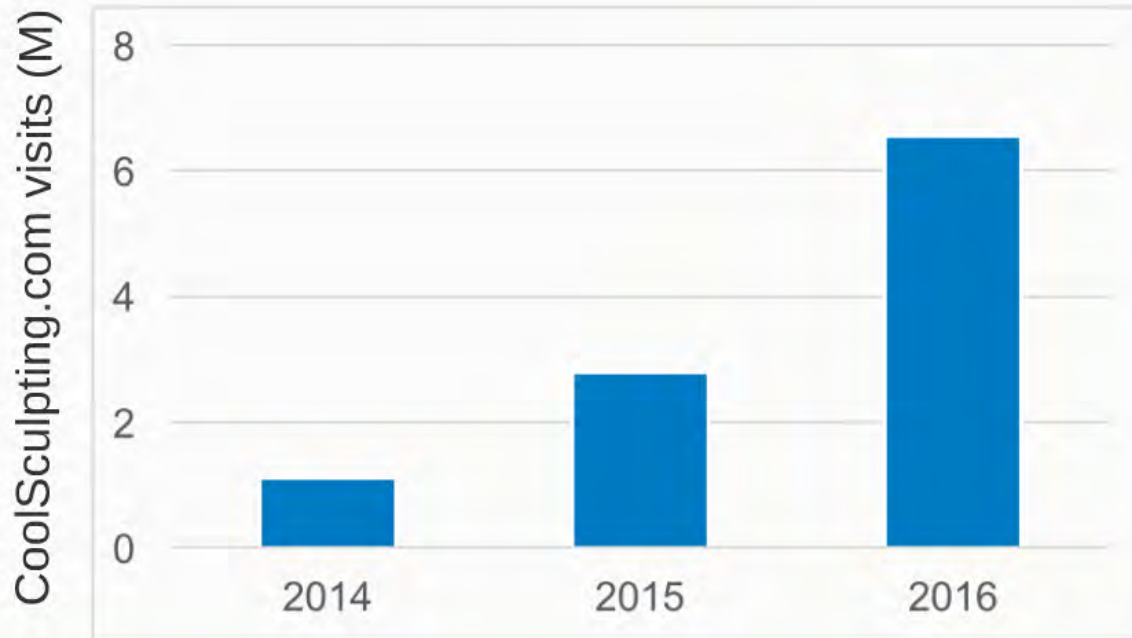


CBS NEWS

MOM TRENDS

SHAPE.com

ONLINE VALIDATION



COOLSCULPTING® VOTED THE BEST!

CoolSculpting was named the "Best Non-Invasive Fat Reducer" for the third consecutive year in the NewBeauty Annual Beauty Choice Awards.

[SEE MORE MEDIA BUZZ](#)





PATIENT VALIDATION

realself "Worth it" Rating
January 2017 (last 12 months)



"My results are beyond what I thought they would be. My thighs have been an area of concern for me since I was a little girl post puberty and I am so happy to have room down there now."

"I am 6 weeks on Thursday and I can see a difference in my clothes. Friends have noticed a difference as well... I am really happy with the process so far. It was **definitely worth the money!**"

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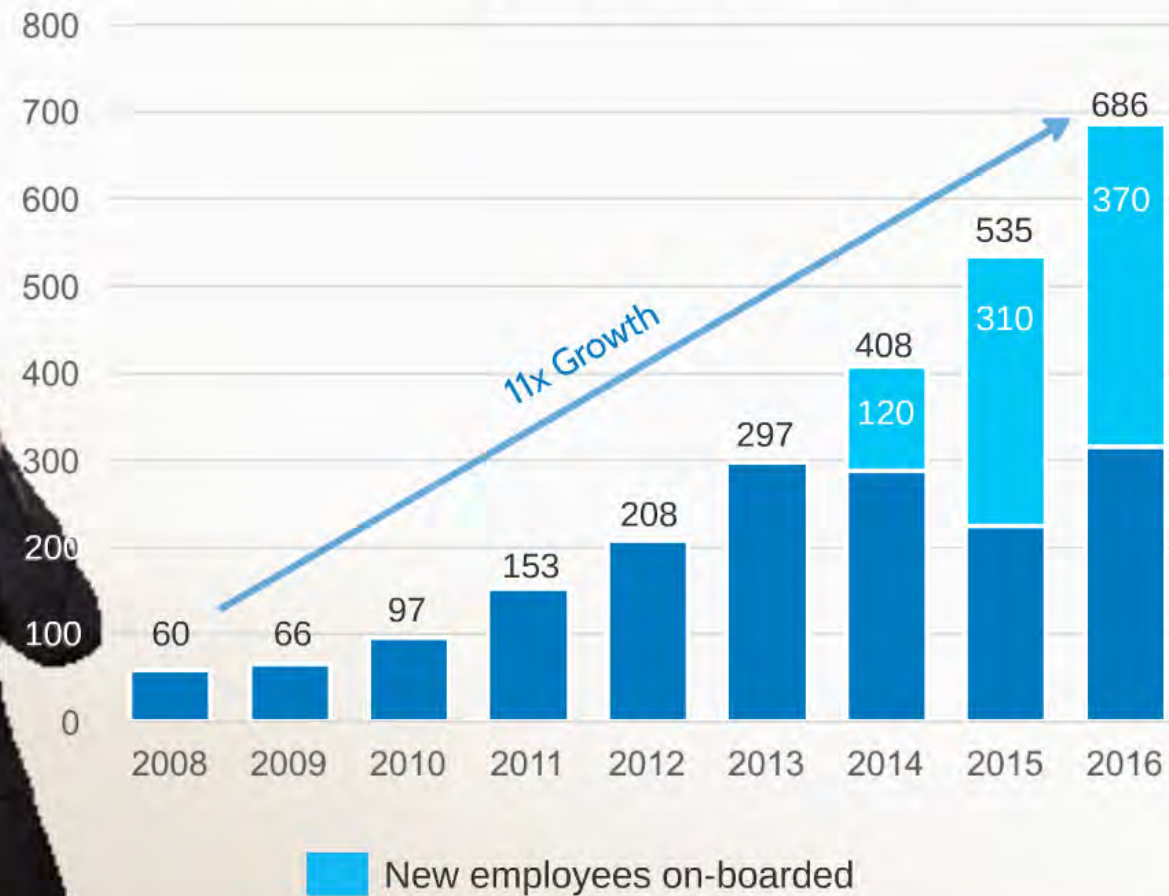


Fortified Culture

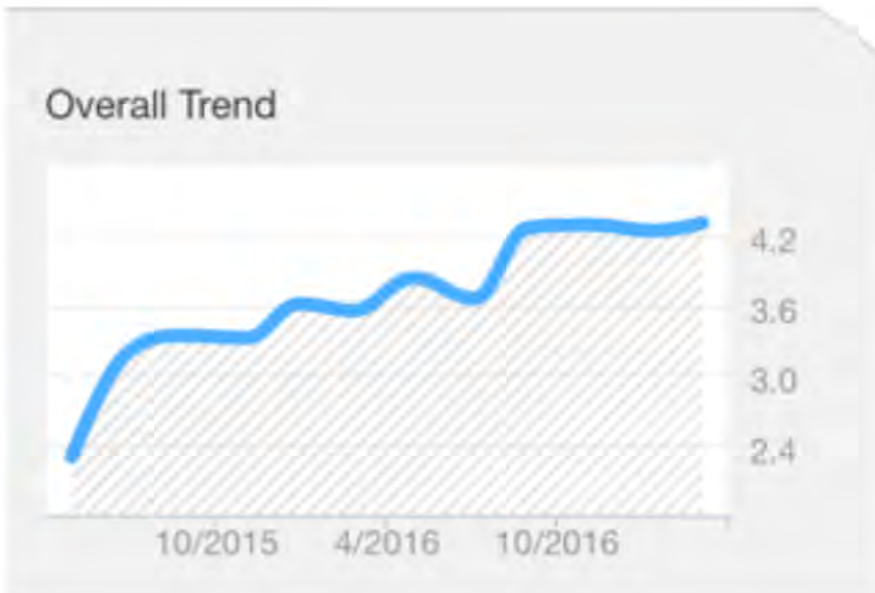
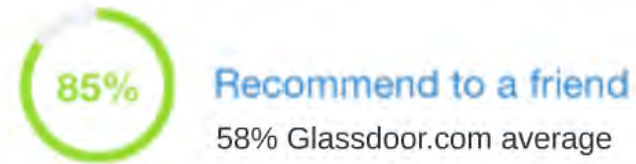
EXPONENTIAL WORKFORCE GROWTH



Year End Head Count



ZELTIQ Aesthetics Ratings and Trends from Glassdoor.com



"Get Zeltiq'ized!!!"

★★★★★ ▼ Current Employee - Anonymous Employee

■ Recommends

■ Positive Outlook

■ Approves of CEO

Pros

- *Good HR packages/programmes
- *Diverse Teams /multilingual/multicultural
- *Energetic and inspirational environment
- *fast growing
- *room for development
- **"avantgardistic"
- *living the company vision

Cons

- *are there any? Not for me, lucky me has the Jackpot with the Team I am in!!! Yes, there is such a thing as having amazing supervisors - and inspirational LEADERS in the Management!
- ***Leading by example***
- This company is so COOL it roxx!!!!

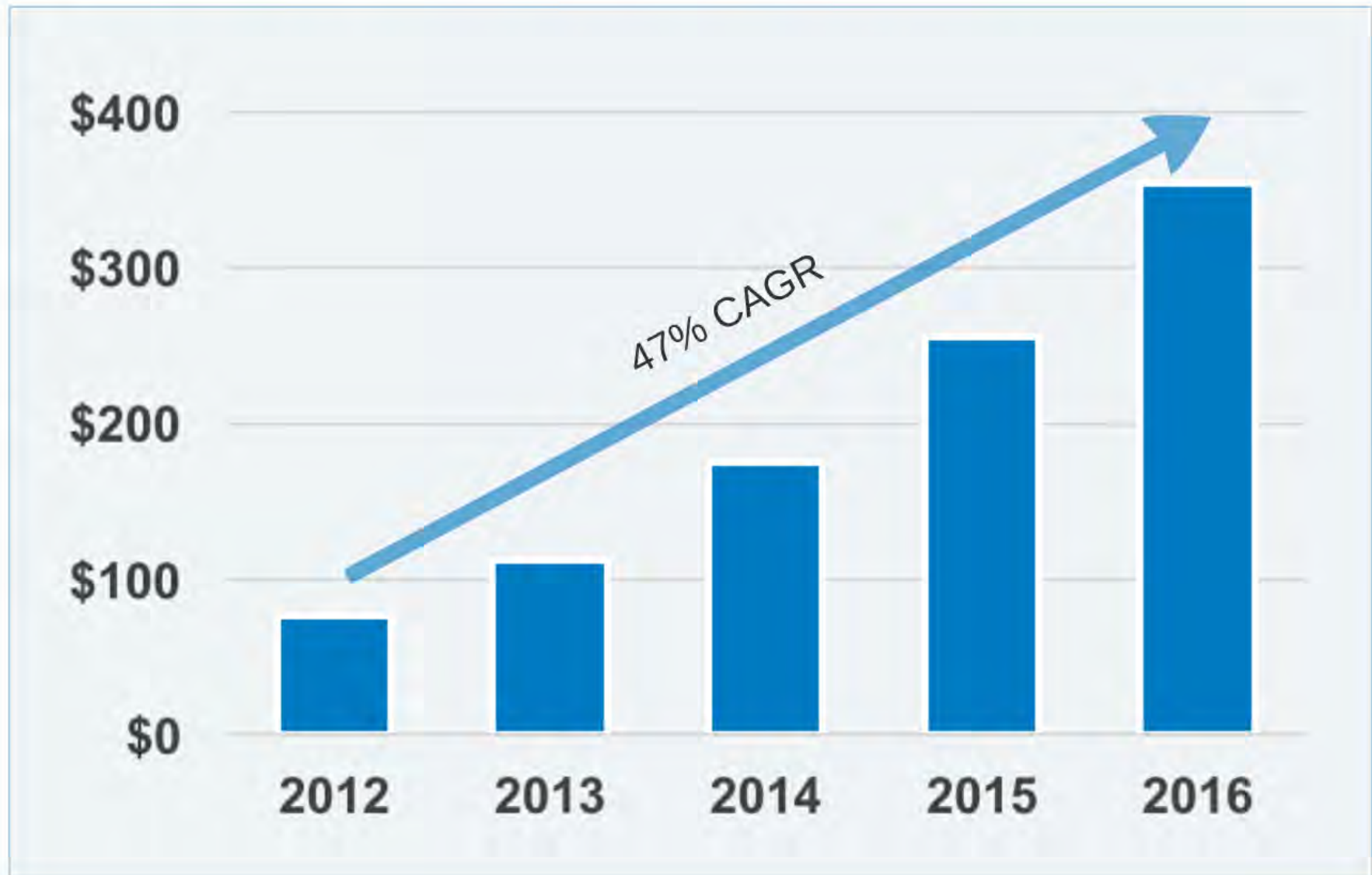
Advice to Management

- *order automation would make a huge difference in resources/TIME (been there done that! Successfully and happy mind you)
- *we should start using the full capacity of our already existing systems (as we are using the supreme systems already!! --> SAP, Salesforce), rather than implementing new ones.....
- *want to take the opportunity to say THANK YOU - for letting me be a part in this corporation family! My Team as well as the whole UNIT are awesome spirited people.



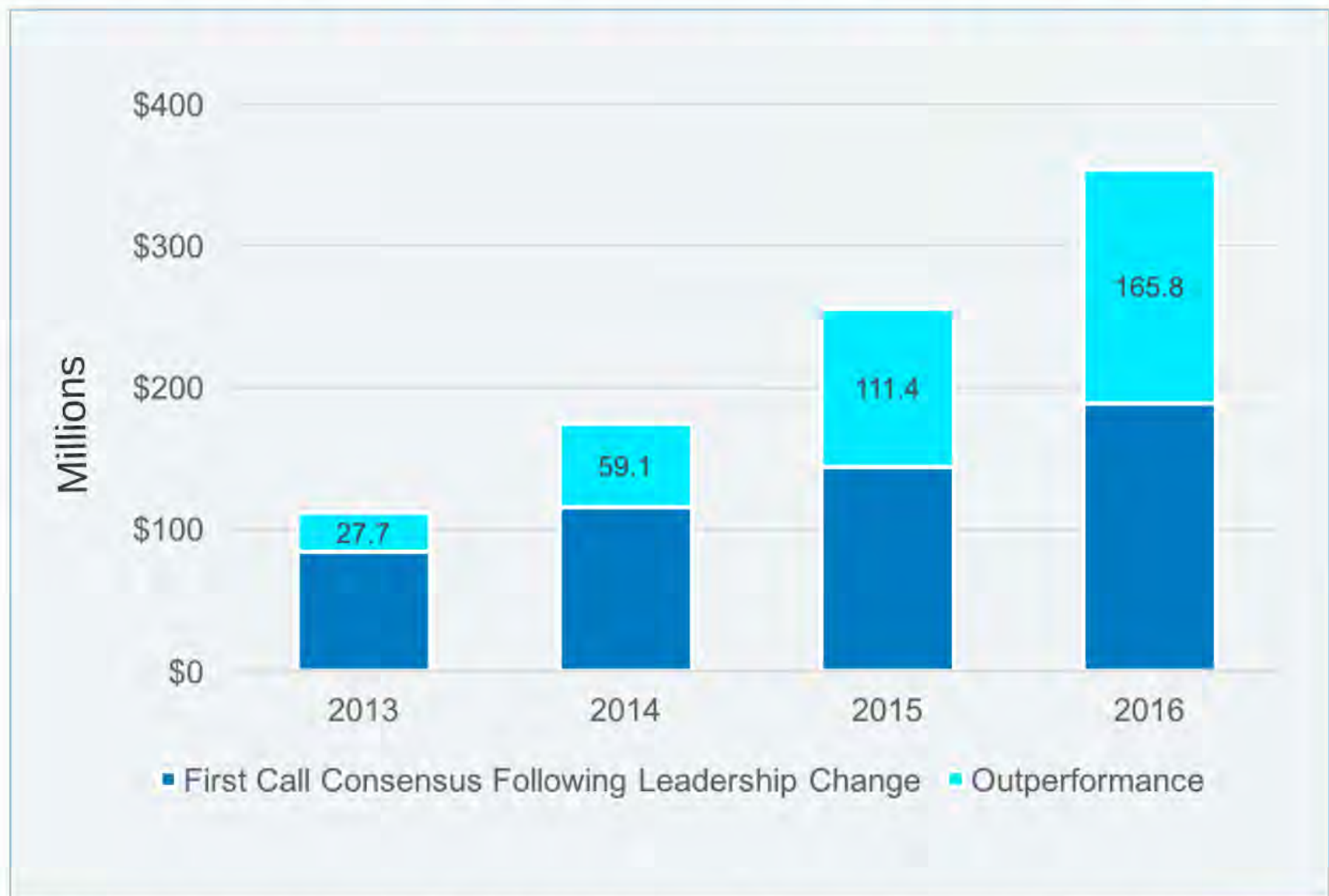
Financial Execution

SOLID REVENUE GROWTH



ZELTIQ outperformed
First Call expectations
in **every** quarter from
Q1 2013 through its
final public quarter in
Q4 2016

REVENUE OUTPERFORMANCE



* First Call Consensus calculated on an average basis based off all available analyst estimates. For 2013, estimates are sourced from analyst reports following 4Q12 and FY12 results. For 2014-2015, estimates are blended from analyst reports following 4Q12 and FY12 results and analyst reports following 4Q13 and FY13 results. For 2016, estimates are sourced from analyst reports following 4Q13 and FY13 results.

With the \$354M in revenue achieved in FY2016, ZELTIQ exceeded Wall Street expectations for the company following the leadership change in 2012 by ~90%

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Stock Performance

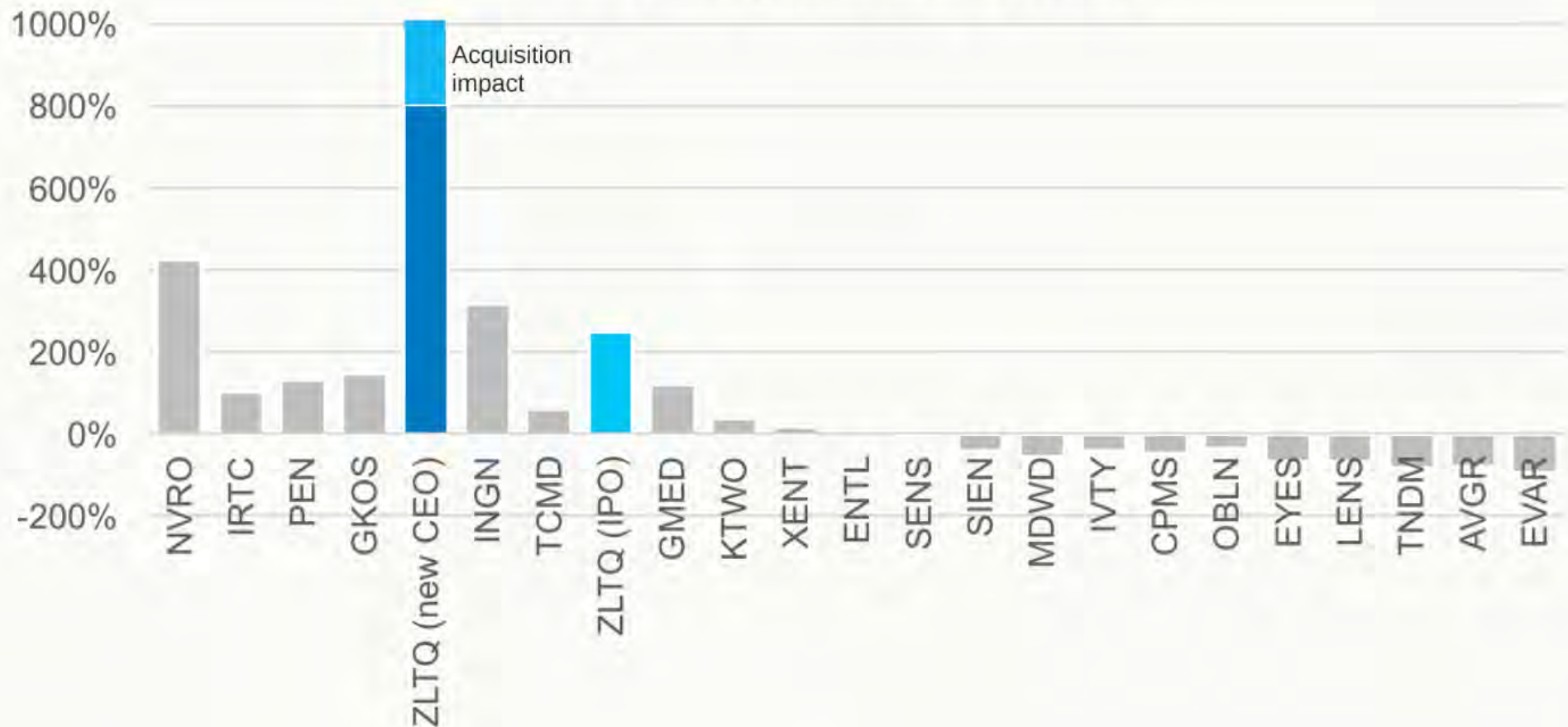
EXCEPTIONAL PERFORMANCE



Since turnaround efforts began in 2012, ZLTQ's stock returned **over 10x!**

HOW DOES THAT COMPARE TO THE OTHER MED DEVICE IPO'S?*

Total Return (IPO Date to 2/17/17)



*Since 2011. Computed 2/7/17 prior to acquisition impact on ZELTIQ stock price.



Premium Valuation

VALUE CREATION

At **7x** 2016 revenues, the purchase price for ZELTIQ speaks to the value created by thoughtful decisions and execution

MEDICAL DEVICE M&A TRANSACTION METRICS				
Period	Mean/Median	Transaction Value (\$MM)	TEV/REV	TEV/EBITDA
2016	Mean	\$184.8	3.11x	15.03x
2016	Median	\$28.1	2.24x	12.70x
2015	Mean	\$229.0	4.68x	16.06x
2015	Median	\$27.2	2.20x	12.10x
2014	Mean	\$194.2	6.43x	16.68x
2014	Median	\$23.0	2.14x	12.50x
2013	Mean	\$132.2	6.02x	13.15x
2013	Median	\$19.0	2.04x	12.20x
2012	Mean	\$190.5	2.63x	14.17x
2012	Median	\$21.7	1.88x	11.50x

*Source: S&P Capital IQ, PMCF
Note: Certain outliers have been removed*

Why the
premium
valuation?

ZELTIQ'S ACHIEVEMENTS PROPELLED THE COMPANY INTO AN ELITE CLASS

Medical Device IPO's Since 2011
of companies: 22

Achieved Market Cap > \$1.5B
6

Revenue Growth
CAGR[^] > 30%
5

Profitable*

 1 of 3

[^] CAGR from 2014 to 2016

* On EBITDA basis



Every company
faces critical
decisions

Some are obvious:

- ✓ Clinical trial design
- ✓ Regulatory/ reimbursement strategy
- ✓ Commercialization strategy

Others are less obvious:

- Focus or diversify?
- Allocation of resources
- Growth vs profitability



KEYS TO SUCCESS FROM THE ZELTIQ EXPERIENCE

