Endologix

Revolutionizing aortic care for life.

Q2 2018 Supplemental Presentation

August 9, 2018

SAFE HARBOR

Forward-Looking Statements

This presentation includes statements that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The words “believe” “estimate,” “expect,” “anticipate,” “project,” “forecast” or the negative thereof and similar expressions, among others, generally identify forward-looking statements. Forward-looking statements used in this presentation include statements regarding revenue and EPS guidance for 2018; future financial and operational performance; new product launches; market opportunity and market share; timelines to obtain regulatory product approvals; progress of clinical trials; and anticipated product labeling. Endologix cautions that these forward-looking statements are based on management's current expectations, estimates, forecasts and projections about Endologix, and assumptions management believes are reasonable, and are subject to risks and uncertainties that may cause actual results to differ materially from those indicated in the forward-looking statements. Such risks and uncertainties include, but are not limited to, competition from other products, technologies or therapeutic approaches; changes to laws and regulations applicable to our company and industry; risks regarding the manufacture of our products; progress of our clinical trials; clinical trial results; decisions of regulatory authorities regarding our products and potential future products; delays in new product launches; market acceptance of and reimbursement for our products; our ability to access equity and debt capital on acceptable terms; our ability to continue servicing our debt; our ability to enter into or maintain existing financing arrangements on acceptable terms; and risks relating to foreign currency fluctuations. Additional information about the factors that may affect Endologix’s financial condition and results of operations and results is set forth in Endologix’s annual and periodic reports filed with the Securities and Exchange Commission. Forward-looking statements contained in this presentation are made only as of the date hereof, and Endologix undertakes no obligation to release publicly any revisions or updates to forward-looking statements as a result of subsequent events or developments, except as required by law.

In the U.S. Nellix® is limited to investigational use only. Alto® and Nellix® ChEVAS are investigational devices and currently not approved in any market.

Q2 FY 2018 Results

(in millions)	Three Months Ended June 30, 2018	2017
Total Revenue	44.7	48.6
Cost of goods sold	15.1	16.3
Gross profit	29.6	32.2
Gross profit %	66.2%	66.4%
Operating expenses:		
Research and development	6.2	5.7
Clinical and regulatory affairs	3.7	2.7
Marketing and sales	21.1	23.8
General and administrative	14.0	7.9
Restructuring costs	—	(0.0)
Total operating expenses	45.1	40.1
Loss from operations	(15.5)	(7.9)
Other income (expense)	(6.5)	(5.6)
Change in fair value of contingent consideration related to acquisition	(1.8)	3.8
Loss on debt extinguishment	—	(6.5)
Total other income (expense)	(8.3)	(8.3)
Net loss before income tax expense	(23.9)	(16.2)
Income tax expense	(0.0)	(0.1)
Net loss	(23.9)	(16.3)
Basic and diluted net loss per share	$(0.28)	$(0.20)

Q2 FY 2018 Revenue: $44.7M
Q2 FY 2018 EPS: $(0.28)

- Revenue in line with our expectations with solid growth from Ovation® in the U.S. and AFX® in Japan, offset by slower sales of AFX® in the U.S. market and Nellix® in Europe.
- Gross margin flat with prior year.
- Total operating expenses increased 12.4% to $45.1 million in the second quarter of 2018. Increase in general and administrative expenses related primarily to the CEO transition and increased legal fees related to the financing and ongoing litigation.

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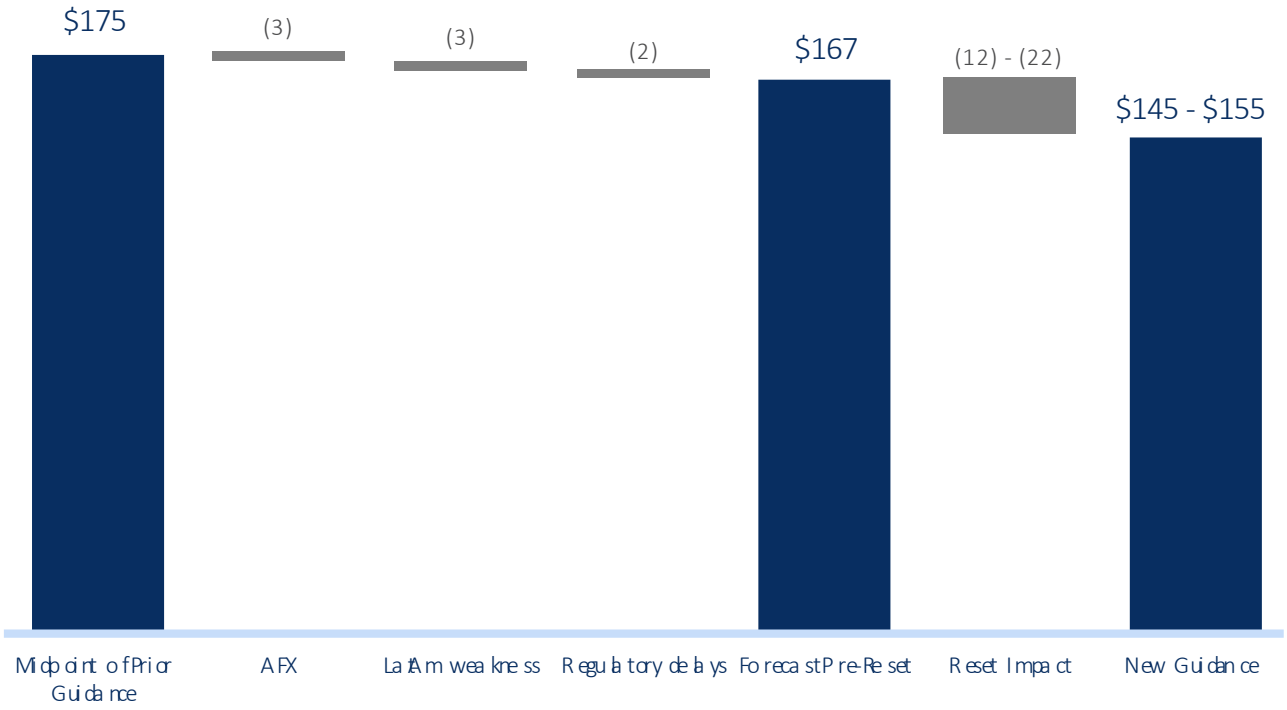
Revenue Guidance Bridge

(in millions)



FY 2018 Revenue $145-155M

Second Half Drivers:

- Field Safety Notices
- U.S. and EU cost to serve
- Go-to-market changes including shift to high-volume customers

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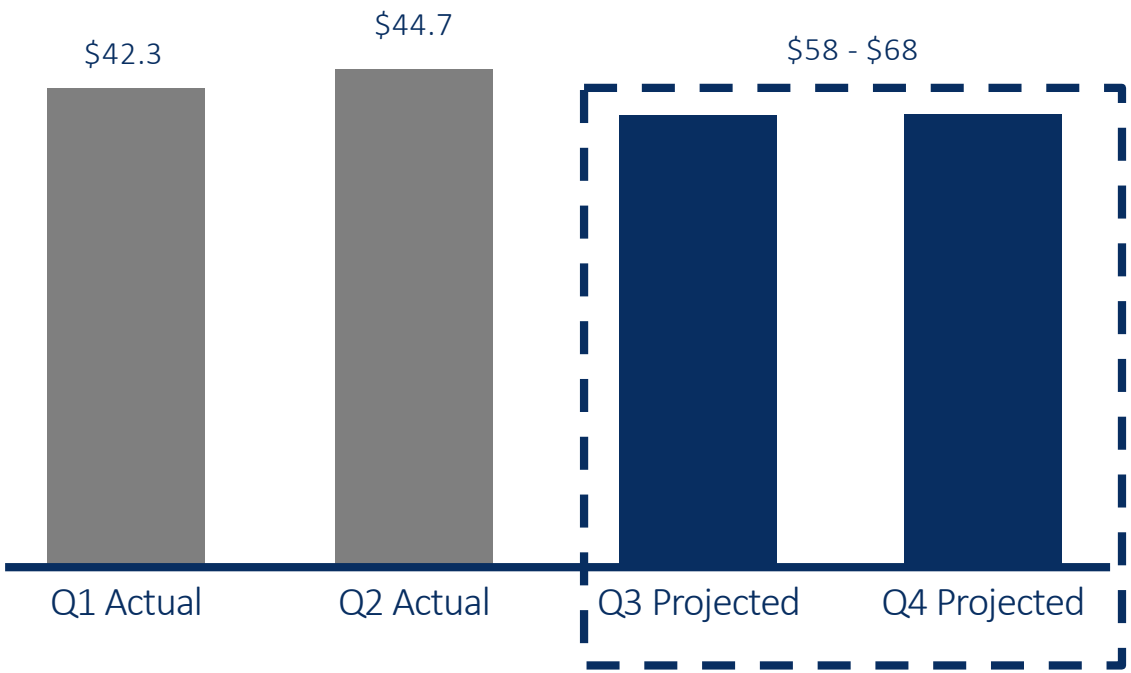
FY 2018 Revenue Guidance
(in millions)



FY 2018 Revenue
$145-155M

CRITICAL CONSIDERATIONS TO CREATE A MORE COMPETITIVE ENDOLOGIX

- Refocus U.S. sales to high-volume customers; lower our cost to serve and improve productivity
- Exit small, unprofitable OUS markets
- Effectively manage FSNs for AFX® and Ovation®
- Share OPEX and cash implications at Investor Event on October 2, 2018

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Financing Update: Restructured Deerfield Facility including ABL

Asset backed loan (ABL) facility

- $50M … L + 5.50%. Libor floor of 1%
- Key Financial Covenants
  - TTM Revenues: Q318: $155M, Q418: $145M, 2019: $130M, 2020 and beyond: $140M.
  - TTM OPEX: < $160M TTM test for Q418 and $140M for Q4 19 (ex one-time charges)
  - Quarterly Global Liquidity test of $22.5M including ABL borrowing base
- Borrowing base tied to eligible accounts receivable, inventory ($10M cap), PPE ($2M cap)
- Q218 availability of ~$24M
- Fees as detailed in ABL credit agreement

Restructured $120M TERM loan (TL) facility

- $160.5M at 5% plus 4.75% PIK. Exchanged $40.5M Deerfield 2020 notes into term loan with amortization in 2 equal payments in 2022 & 2023
- Deerfield to have option to equitize loan with max dilution of 14.3M shares in a controlled manner, equitization to reduce first amortization payments of up to $60M
- Issued 8.75M new warrants, no change to existing warrants
- Key Financial Covenants
  - TTM Revenues: Q318: $155M, Q418: $145M, 2019: $130M, 2020 and beyond: $140M.
  - TTM OPEX: < $160M TTM test for Q418 and $140M for Q4 19 (ex one-time charges)
  - Quarterly Liquidity test of $22.5M including ABL borrowing base
- Final fee at maturity $6.1M

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Financing & Cash Plans

Double-Digit Sales Growth and Cash Positive

2019

STEP 3: Drive the Company to cash independence in 2020

- Exchange remaining $84.5M 2020 maturities in 2019

2018

STEP 2: Position business for a return to growth and path to profitability

- Restructure business to create a more competitive Endologix
- Lower cost to serve and reduce cash burn to <$5M per quarter

STEP 1: Ensure liquidity and strengthen the balance sheet

- Refinanced ABL and secured short-term cash needs
- Exchanged $40.5M of $125M 2020 convertible debt into term loan