



Statistics

NASDAQ symbol:	BLTI	Market capitalization:	\$78.0 million
URL:	www.biolase.com	Average daily volume:	169,205
52-week price range:	\$2.20-8.10	Weighted average number of fully diluted shares:	24.3 million
Price as of 5/29/08:	\$3.21	Next expected earnings date:	July
Fiscal year ends:	December 31		

First Quarter Ended March 31

(000's omitted except per share data)

	Three Months Ended	
	3/31/08	3/31/07
Net revenue	\$19,041	\$15,060
Gross profit	\$9,582	\$8,137
Net income (loss)	\$26	\$(1,723)
Net income (loss) per share – basic & diluted	\$0.00	\$(0.07)
Shares used in calculation of net loss per share – diluted	24,295	23,791

Analyst Coverage

Ed Snyder, FTN MIDWEST SECURITIES

Dalton Chandler, NEEDHAM & COMPANY, INC

The projections, analyses and opinions presented in these analysts' reports are those of the author and are not endorsed or adopted by BLTI

Business Summary:

Headquartered in Irvine, California, BIOLASE Technology, Inc. is the #1 dental laser company in the world. The Company develops proprietary dental and medical laser products for the surgical cutting of hard and soft tissue. The Company's principal products are dental laser systems that allow dentists, periodontists, endodontists, oral surgeons and other specialists to perform a broad range of dental procedures, including cosmetic and complex surgical applications. BIOLASE's laser systems are designed to provide clinically superior performance for many types of dental procedures, with less pain and faster recovery times than are generally achieved with drills, scalpels and other dental instruments. The Company offers two categories of laser system products: (i) Waterlase systems and (ii) Diode systems. Its flagship product category, the Waterlase system, uses a patented combination of water and laser to perform most procedures currently performed using dental drills, scalpels and other traditional dental instruments for cutting soft and hard tissue. BIOLASE also offers a family of Diode laser system products, including its ezlase™ soft tissue diode laser, to perform soft tissue and cosmetic procedures, including tooth whitening. In addition, BIOLASE manufactures and sells accessories and disposables for its laser systems, such as handpieces, laser tips and tooth whitening gel. The Company has a strong intellectual property position with more than 100 patents, of which two-thirds are related to its proprietary technology of combining water and laser.

Outlook:

BIOLASE is seeking to elevate the worldwide standard of dental care with its advanced technologies that allow dentists to perform dental procedures with minimally invasive and clinically superior results. More than 200 million hard tissue procedures and over 1.2 million soft tissue procedures are performed annually in the United States by more than 160,000 dentists in the United States and at least 700,000 dentists worldwide. This constitutes a total market of more than \$7 billion in the US alone for dental lasers. Annual dental spending in the United States in 2006 was \$91.5 billion and is expected to increase to approximately \$146.9 billion by 2014. The Company's technologies have been developed to capitalize on this growth opportunity driven by a growing awareness of the importance of a healthy smile, population growth and the benefits associated with preventative dentistry in reducing oral disease. In addition, less painful and traumatic techniques such the Waterlase system can expand that market by driving new business for dentists, broadening their range of dental techniques and increasing throughput in their practices.

BIOLASE also has opportunities for its technology outside the dental market as evidenced by its licensing agreement with The Proctor & Gamble Company (NYSE:PG) for the use of BIOLASE's technology in the development of consumer products in a number of different areas. Other products under development address ophthalmology and other medical and consumer markets.

Strategy:

In the U.S. every 1% of market penetration represents approximately \$100 million of revenue opportunity. The use of lasers in dentistry is growing; however, only a small percentage of dentists currently use laser systems, and therefore there is a significant opportunity to increase sales of BIOLASE's products worldwide. The Company's goal is to establish its laser systems as essential tools in dentistry and to continue to build on its leading position in the dental laser market. Its sales and marketing efforts focus on educating dental professionals and patients on the benefits of its laser systems. The Company participates in numerous symposia and dental industry events to stimulate demand for its products. BIOLASE has also developed relationships with dental schools, research facilities and dental institutions, in the United States and internationally, which use its products for education and training. Today, its systems are in more than 20 dental schools across the country and the Company's World Clinical Laser Institute is the largest and fast-growing laser dental education organization in the world. In addition, the Company has BIOLASE University, which is the Company's clinical training and hands-on teaching arm. These activities coupled with a broad dental distribution agreement with Henry Schein will expand awareness of its products among new generations of dental professionals.

Recent Developments:

- **May 7** – BIOLASE reported operating results for its first quarter ended March 31, 2008. Net revenue for this year's first quarter was \$19.0 million, up approximately 26 percent from \$15.1 million in last year's first quarter. Gross profit for the first quarter of 2008 increased \$1.4 million, however, gross margin as a percentage of sales decreased to 50 percent of net revenue as compared with 54 percent of net revenue in the same period of 2007. Operating expenses in this year's first quarter were \$10.1 million compared to operating expenses of \$10.0 million in the first quarter of 2007. Net income for the first quarter of 2008 was \$26,000, or \$0.00 per diluted share, compared with a net loss of \$1.7 million, or \$0.07 per diluted share, in the same period of 2007.
- **April 30** – BIOLASE announced that it named veteran financial executive David M. Mulder as Chief Financial Officer of the Company, effective immediately, replacing Interim Chief Financial Officer Frederick M. Capallo, who will continue to serve as Corporate Controller. Mulder will report directly to Chief Executive Officer Jake St. Philip.
- **April 10** – BIOLASE announced the global launch of its new, minimally invasive Endolase™ RFT Root Canal Therapy System, which enables endodontists and dentists to perform root canal procedures faster and more effectively than conventional treatment methods. Endolase RFT includes two newly designed, single-use laser tips, called endoTips™, and the procedure protocol for use with the Company's Waterlase® MD YSGG laser system. In March of this year, the Company received U.S. Food and Drug Administration (FDA) 510(k) clearance of its Waterlase MD with RFT endoTips for root canal disinfection after endodontic instrumentation, making BIOLASE the first company to receive clearances that allow dentists to treat infected, painful toothaches with advanced laser technology.
- **March 19** – BIOLASE announced that its Waterlase and Waterlase MD laser systems became the first laser systems to receive 510(k) clearance from the U.S. Food and Drug Administration (FDA) for root canal disinfection after endodontic instrumentation. The global release of the new procedure, protocol and associated disposables will be introduced at the American Association of Endodontists (AAE) Annual Session being held April 9-12 in Vancouver, BC, and simultaneous at the World Clinical Laser Institute (WCLI) Taiwan Super Symposium being held April 11-13 in Taipei, Taiwan and other major markets including Germany and Spain.
- **March 7** – BIOLASE and Henry Schein, Inc. (NASDAQ: HSIC), the largest provider of healthcare products and services to office-based practitioners in the combined North American and European markets, announced that the two parties have renewed and strengthened their multi-year distribution agreement in order to drive greater sales and better channel efficiency. Under the renewed agreement, BIOLASE sales and service organizations will work closely with Henry Schein in the marketing, sales and service of all professional BIOLASE dental laser system products, including the Waterlase® MD – the industry's leading "all-tissue" dental laser system – and the fast-growing ezlase™ diode laser system. Under the revised agreement, Henry Schein remains the exclusive distributor of the complete line of BIOLASE dental laser systems, accessories and services within the United States and Canada, and will augment essential promotion, sales, installation, service and support functions. The new agreement calls for certain commitments to sales and marketing investments and milestones, as well as performance guidelines. In addition, BIOLASE will provide training support to enable Henry Schein to provide basic services through its comprehensive service network. BIOLASE will also actively promote Henry Schein Financial Services as its exclusive leasing and financing partner.

Financial Highlights:

Fiscal Year Ended: December 31

(000's omitted except per share data)

	2007	2006	2005	2004
Net revenue	\$66,889	\$69,700	\$61,980	\$60,651
Net income (loss)	\$(7,280)	\$(4,689)	\$(17,510)	\$(23,214)
Diluted earning (loss) per share	\$(0.31)	\$(0.20)	\$(0.76)	\$(1.00)
Weighted average shares - diluted	23,853	23,472	23,051	23,181

Corporate Information:

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