

Amplitude Surgical – 2014/15 Annual Results

Investments to drive future growth

- Sales up 22% to €71.1 million
- EBITDA of €13.4 million or 18.9% of sales, reflecting the acceleration in investments to maximize product adoption on key markets
- Sharp reduction in Net Financial Debt, to €33.5 million vs. €110.5 million at June 30, 2014 (Gearing of 0.28 vs. 4.95).
Finalization of the acquisition of a 19% stake in Amplitude Australia delayed

Valence (France), October 21, 2015 – Amplitude Surgical (ISIN: FR0012789667, Ticker: AMPLI, PEA-PME eligible), a leading French player on the global surgical technology market for lower-limb orthopedics, today announces its consolidated annual results for its financial year to June 30, 2015.

Olivier Jallabert, Chairman and CEO of Amplitude Surgical, says: *“Since our IPO in June, these first annual results show strong business growth and high operating profitability, which overall validate our strategic model. Our innovative and distinctive offer has allowed us to continue outperforming in our sector and increase our market share. To intensify this dynamic, we are continuing to invest. Indeed, we are setting up new structures for Sales and Marketing in order to fully benefit from the significant potential of the Group’s new markets, such as the United States.”*

€ thousands – IFRS	30/6/2015	30/6/2014	Change
Sales	71,090	58,228	+22%
Gross margin	54,139	44,605	+21%
<i>as a % of sales</i>	76.2%	76.6%	
Sales & Marketing costs	26,802	20,082	+33%
General & Administrative costs	7,845	7,112	+10%
R&D costs	6,045	4,592	+32%
EBITDA	13,447	12,819	+5%
<i>as a % of sales</i>	18.9%	22.0%	
Core Operating Profit	5,128	4,557	+13%
<i>as a % of sales</i>	7.2%	7.8%	
IPO costs	1,790	-	
Provision associated with legal dispute (URSSAF)	7,906	-	
Operating Profit/Loss	-4,556	4,569	
Costs associated with convertible bonds	4,935	4,394	
Revaluation of the costs associated with the acquisition of Amplitude Australia’s minority interests	3,235		
Senior debt repayment costs	1,500	-	
Financial Profit/Loss	-15,014	-8,468	
Net Profit/Loss	-17,722	-2,540	
Restated Net Profit/Loss	244	389	

As a reminder, within the framework of the dispute between Amplitude and *URSSAF du Rhône*, the Grenoble Court of Appeal ruled in favor of Amplitude on September 8, 2015, confirming the invalidity of the formal notice sent on December 21, 2010 and subsequently cancelling the sums demanded by *URSSAF du Rhône* addressed to the form of irregularity and has consequently delivered the relief remedies. At the date hereof, the URSSAF can still lodge an appeal. Moreover, this decision does not affect the proceedings relating to insider control in July 2014.

EBITDA of €13.4 million, or 18.9% of sales

On the basis of 2014/15 sales of €71.1 million, up 22.1% on the previous year, Amplitude Surgical recorded EBITDA of €13.4 million, an improvement of 5% compared with FY 2013/2014, and an EBITDA margin of 18.9%. Core Operating Profit was €5.1 million, up 13%. As expected, once one-off costs essentially associated with June's IPO, as well as a provision of €7.9 million associated with the Company's legal dispute with URSSAF are taken into account, there was a net operating loss of -€4.6 million in FY 2014/15 (compared with +€4.6 million in 2013/14).

In its document de base of May 26, 2015, the Group forecasted 2014/15 EBITDA of around €15 million, up by close to 17%. As announced in the press release of September 16, 2015, the additional recruitment of high-level staff, the marketing efforts required to ensure the successful launch of its activities and the training given to surgeons were far greater than anticipated. The desire to rapidly and massively conquer the Group's new markets in order to accelerate the Group offer's adoption curve resulted in considerable additional spending, bolstering the Company's medium-term growth objectives. Moreover, the Group increased its R&D investments from 7.9% to 8.5% of sales.

Once financial expenses, of €9.3 million associated with the cost of debt and a €3.2 million revaluation of the cost of acquiring Amplitude Australia's minority interests, are taken into account, there was a Net Loss of €17.7 million. Excluding the financial costs associated with convertible bonds and other non-recurrent items, there would have been a Net Profit of €0.2 million, close to the figure recorded in FY 2013/14.

Sharp reduction in Net Financial Debt

The Group's Net Financial Debt stood at €33.5 million at June 30, 2015, a very sharp decrease of €76.9 million compared with the figure of €110.5 million at June 30, 2014, taking into account the IPO primary proceeds. In order to provide the appropriate funding sources to deploy the accelerated growth strategy, the Group raised a €65-million Unitranche debt in September 2014. This operation led to the full repayment of its existing senior debt, as well as all mezzanine bonds for a nominal value of €45.2 million.

The Group has a very solid financial structure, with Cash and Cash Equivalents of €56.1 million. Working Capital Requirements have increased by €11.2 million driven by a €7.9 million increase in inventory levels to €33.2 million, and accounts receivables of €3.2 million, to support the Group's enhanced growth. Furthermore, total investments reached €11 million, including a 25% increase in property, plant and equipment investments to €9.5 million.

At end-June 2015, the group's Gearing (Net Financial Debt / Shareholders' Equity) was 0.28, compared to 4.95 at June 30, 2014.

Finalization of the acquisition of a 19% stake in Amplitude Australia delayed

Amplitude Surgical has a 75% stake in its Australian subsidiary, Amplitude Australia. This fully



consolidated subsidiary accounted for approximately 10% of the Group's total sales to June 30, 2015. The remaining 25% stake in Amplitude Australia is held by the Austofix Group. Amplitude Surgical and Austofix had agreed to swap Austofix' shares in Amplitude Australia into Amplitude Surgical shares in a two-step process: a 19% stake in Amplitude Australia swapped on September 30, 2015 and the remaining 6% balance, swapped on September 30, 2016.

Because of regulatory restrictions associated with this transfer process, the acquisition of the 19% stake has been delayed. Indeed, the finalization requires consolidated accounts to be provided to enable the auditors to issue a report assessing the value and exchange parity adopted. However, on September 30, Amplitude Surgical's annual accounts had not yet been certified. As Amplitude Surgical and Austofix Group have not come to a successful agreement so far, the latter launched proceedings in the Australian courts to request the cancellation of the share-exchange contract and obtain damages. Nevertheless, Amplitude Surgical is determined to continue talks with Austofix Group in order to finalize this acquisition at the earliest opportunity.

Next financial press release: Q1 2015/16 sales, Thursday November 12, 2015

About Amplitude Surgical

Founded in 1997 in Valence, France, Amplitude Surgical is a leading French player on the global surgical technology market for lower-limb orthopedics. Amplitude Surgical develops and markets high-end products for orthopedic surgery covering the main disorders affecting the hip, knee and extremities, and notably foot and ankle surgery. Amplitude Surgical develops, in close collaboration with surgeons, numerous high value-added innovations in order to best meet the needs of patients, surgeons and healthcare facilities. A leading player in France, Amplitude Surgical is developing abroad through its subsidiaries and a network of exclusive distributors and agents. Amplitude Surgical operates on the lower-limb market through the intermediary of its Novastep subsidiaries in France and the United States. Amplitude Surgical distributes its products in more than 30 countries. On June 30, 2015, Amplitude Surgical had a workforce of 248 staff and recorded sales of 71.1 million euros and an EBITDA margin of close to 19%.

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