

## Amplitude Surgical – H1 2018-19 sales of €47 million, +7.0% – Strong organic growth in Q2, +5%

- Consolidated half-yearly sales of €47.1 million, +7.0% at constant exchange rates
- Steady expansion of international business, +6.3% at constant exchange rates
- Continued ramp-up of the commercial activity in the United States
- Consolidated Q2 2018-19 sales of €27.6 million, +4.8% at constant exchange rates
- Amendment to the terms and conditions of the 2014 and 2016 Non-Convertible Bonds
- Progress in the litigation between Amplitude Surgical and URSSAF

**Valence, February 1<sup>st</sup>, 2019, 6:00 pm** - Amplitude Surgical (ISIN: FR0012789667, Ticker: AMPLI, PEA-PME eligible), a leading French player on the global surgical technology market for lower-limb orthopedics, has today announced its sales for the first half of 2018-19 financial year.

Olivier Jallabert, Chairman and CEO of Amplitude Surgical, states: *“Amplitude Surgical continued to grow in the first half of 2018-19 financial year. Organic growth was mainly driven by activity in France, which increased by 7.4%. Our international business remained solid, especially in our strategic markets, such as Brazil, delivering growth of 8.6% at constant exchange rates. Our US subsidiary’s commercial activity continued to ramp up with several active customers allowing us to achieve strong growth on a full-year basis. Novastep continued to make progress notably in France, where its sales grew by over 19% in the first half. We are reiterating our objective of sales by 2021 based on the strong performance of this first half of financial year.”*

<b><u>H1 2018-19 sales</u></b> <b><u>In €k - IFRS</u></b>	<b>Six months to Dec. 31, 2018</b>	<b>Six months to Dec. 31, 2017</b>	<b>Change at current exchange rates</b>	<b>Change at constant exchange rates</b>
France	30,081	28,019	+7.4%	+7.4%
International	17,021	16,643	+2.3%	+6.3%
o/w subsidiaries	12,658	12,848	-1.5%	+3.8%
o/w distributors	4,363	3,795	+15.0%	+14.9%
<b>Total</b>	<b>47,102</b>	<b>44,662</b>	<b>+5.5%</b>	<b>+7.0%</b>

<b><u>Q2 2018-19 sales</u></b> <b><u>In €k - IFRS</u></b>	<b>Three months to Dec. 31, 2018</b>	<b>Three months to Dec. 31, 2017</b>	<b>Change at current exchange rates</b>	<b>Change at constant exchange rates</b>
France	18,439	17,228	+7.0%	+7.0%
International	9,126	9,242	-1.3%	+0.6%
o/w subsidiaries	6,780	6,779	-	+2.6%
o/w distributors	2,346	2,463	-4.8%	-4.8%
<b>Total</b>	<b>27,565</b>	<b>26,471</b>	<b>+4.1%</b>	<b>+4.8%</b>

Amplitude Surgical's sales in the first half (July-December) of 2018-19 financial year increased by 5.5% to €47.1 million. At constant exchange rates, sales grew by 7.0% and by 4.8% in the second quarter.

- In the **French market**, first half sales increased by 7.4% to €30.1 million, with second-quarter sales reaching €18.4 million (+7.0%). France accounted for over 60% of total sales.
- Amplitude Surgical's **international business** continued to expand. Its sales increased by 6.3% at constant exchange rates to €17.0 million in the first half, notably driven by key markets (Brazil and Australia in particular). This performance was driven, in the first half, by the strong activity recorded by the group's distributors reaching €4.4 million (+14.9%). It represented 26% of international sales. The group's subsidiaries generated growth of 3.8% to €12.7 million in the first half. Amplitude Surgical's direct business (French market and international subsidiaries) grew by 6.2% at constant exchange rates and accounted for c. 91% of the group's total sales. The US subsidiary continued to build momentum with its commercial activity expecting to reach \$2 million in hip and knee product sales on a full-year basis in the United States.
- The sales recorded by **Novastep**, innovative prosthetic solutions for extremities (foot and ankle), continued to grow, especially in France (+19.1% in the first half and +19.8% in the second quarter), with international sales reaching c. 54% in the first half. Novastep's business represented over 7% of Amplitude Surgical's total sales.

In addition, Amplitude Surgical has a solid financial structure with cash and cash equivalents totalling €17.9 million in December 31, 2018, compared to €29.6 million in June 30, 2018. First half cash consumption was mainly used to increase the group's inventories to support strong growth in activity expected in the second half and the launch of the US subsidiary's commercial activities.

#### Recent events:

##### - Amendment to the terms and conditions of the 2014 and 2016 Non-Convertible Bonds

The group recently renegotiated the terms of its 2014 and 2016 Non-Convertible Bonds to improve its financial flexibility. At June 30, 2018, the group's debt included €94.9 million in bonds, consisting of the Non-Convertible Bonds issued in 2014 and 2016 as presented below:

- 2014 Bonds: 6,500 bonds issued in September 2014 each with a par value of €10,000, representing a total nominal value of €65,000,000. 3,441 2014 Bonds were redeemed in November 2016; the terms and conditions were amended to cut the interest rate from 6% to 5% while retaining the PIK interest rate of 0.75%, but extending the maturity date to September 2023
- 2016 Bonds: 65,000,000 bonds issued in November 2016 each with a par value of €1, representing a total nominal value of €65,000,000, carrying an interest rate of 5% plus the Euribor rate applicable to the interest period and due for repayment in November 2022.

The amendment to the terms and conditions, which was approved by the creditors on December 21, 2018, relates to compliance with a revised leverage ratio<sup>1</sup> during the test period:

<b><u>Test period to:</u></b>	<b>Before rescheduling - leverage ratio less than or equal to</b>	<b>After rescheduling - leverage ratio less than or equal to</b>
December 31, 2018	4.00x	6.00x
June 30, 2019	3.75x	5.75x
December 31, 2019	3.75x	5.25x
June 30, 2020	3.75x	4.75x
December 31, 2020	3.75x	4.50x
June 30, 2021 to June 30, 2023	3.75x	4.00x

With effect from January 1<sup>st</sup>, 2019, the 2014 Non-Convertible Bonds could carry a PIK interest rate increased by 1.25% while the 2016 Non-Convertible Bonds could carry a PIK interest rate at a rate of 1.25% if, in both cases, the leverage ratio exceeds 4.5x. If it remains below 4.5x, the interest rates will stay at their originally agreed level.

Lastly, the investment limits have been adjusted and will stand at €12,000,000 per financial year<sup>2</sup>.

The revised terms and conditions of the Non-Convertible Bonds will be put to a vote at the general meeting of the bondholders, which will take place by February 28, 2019.

#### **- Cour de Cassation decision in the URSSAF dispute**

As at November 29, 2018, the *Cour de Cassation* has overturned the decision of the Chambéry Appeal Court in the dispute with URSSAF, favorably considering the arguments exposed by Amplitude Surgical.

As a result of this decision, the parties will return to the Grenoble Appeal Court. The date of the hearing has been set for July 2, 2019.

As a result, Amplitude anticipates a €1.3 million repayment from the URSSAF (agency collecting employee and employer social security contributions) but will leave its provisions in its financial statements pending the final decisions.

#### **Next press release:**

**H1 2018-19 results: Wednesday March 27, 2019 after market.**

<sup>1</sup> Leverage ratio: defined as the ratio of net debt to restated EBITDA.

<sup>2</sup> For the period from January 1 to June 30, 2019, the investment limits will be €6,000,000.

### **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 distributing its products in more than 30 countries. Amplitude Surgical operates on the lower-limb market through the intermediary of its Novastep subsidiaries in France and the United States. At June 30, 2018, Amplitude Surgical had a workforce of 428 employees and recorded sales of over 100 million euros.

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