

Amplitude Surgical – 2017-18 annual results: sales of over €100 million, up +8% like-for-like, and solid EBITDA growth of +17%

- Sales exceed the €100 million threshold – further strong growth: +7.5%, +8.2% like-for-like
- EBITDA up +16.6% to €18.1 million and +140 bp improvement in the margin to 18% despite the currency effect
- Solid financial structure – Cash & Cash Equivalents of over €29 million at end-June 2018

Valence, October 17, 2018, 6 pm (CEST) - Amplitude Surgical (ISIN: FR0012789667, Ticker: AMPLI, PEA-PME eligible), a leading French player on the global surgical technology market for lower-limb orthopedics, announces its 2017-18 annual results.

Olivier Jallabert, Chairman and CEO of Amplitude Surgical, says: *“Our strong growth, with annual sales exceeding €100 million, and the improvement in our profitability demonstrate the relevance and quality of execution of Amplitude Surgical’s strategy. The strengthening of our structures, following substantial industrial and commercial investments, supports our ambition of doubling our sales in 5 years thanks to, in particular, our ongoing development on the American market and the enrichment of our portfolio of innovative products”*.

Over the 2017-18 financial year to June 30, 2018, Amplitude Surgical continued to implement its strategy targeting high-potential countries, particularly the United States, and recorded further significant growth in activity. Sales exceeded €100 million, up +7.5% in actual terms and +8.2% like-for-like (constant currency and scope). Despite the negative currency effect and the increase in the workforce, the Group’s EBITDA grew by +17% to €18.1 million, giving a +140 bp improvement in the margin to 18%.

Key events:

- During the past year, Amplitude Surgical:
 - in France, continued the strengthening of its sales force and intensified its market coverage with the integration of several independent sales agents, in eastern France and the Paris area;
 - strengthened its industrial integration with the acquisition of the remaining 50% stake in the Sofab Orthopédie group, which specializes in high-precision manufacturing for implants;
 - completed work on a state-of-the-art ISO 5 clean room, on its Valence site, that has been operational since June 2018.
- Since the end of the financial year, the Group:
 - in early September, recorded the first arthroplasty performed with an ANATOMIC[®] knee prosthesis in the United States, the world’s largest market, at a hospital in Champaign, Illinois. Since then, the growth of the US market has started with new client surgeons and new distributors choosing Amplitude Surgical;
 - further strengthened its presence on the French market with the creation of its Amplitude Sud subsidiary;
 - and strengthened its organization with the appointment of Mrs. Muriel Benedetto Marmilloud to the newly-created position of Chief Operations Officer (COO). Reporting directly to the Chairman and CEO, she will be responsible for steering the R&D, Supply chain and Quality assurance & Regulatory affairs departments, in order to ensure total control over the entire



logistics value chain and to continue the structuring of operations in order to accompany Amplitude Surgical international development while complying with future regulatory changes.

Financial summary (actual currency):

€ thousands - IFRS	2017-18	2016-17	Δ
Sales	100,336	93,356	+7.5%
Gross margin	75,743	70,519	+7.4%
as a % of sales	75.5%	75.6%	-
Sales & Marketing costs	39,933	38,626	+3.4%
General & Administrative costs	10,958	9,321	+17.6
Research & Development costs	6,784	7,072	-4.1%
EBITDA	18,068	15,500	+16.6%
as a % of sales	18.0%	16.6%	
Core operating profit	2,264	17	
Net non-core operating expenses	-2,503	-1,063	
Operating profit/loss	-239	-1,046	
Financial profit/loss	-8,129	-8,510	
Attributable net profit/loss	-9,446	-12,052	
Net financial debt	93,697	80,043	
Net cash position	29,338	41,610	

EBITDA of €18.1 million and +140 bp improvement in the margin to 18%, despite the negative currency effect

During the 2017-18 financial year, Amplitude Surgical continued to record solid growth in activity with sales totaling €100.3 million, up +7.5% in actual terms and +8.2% like-for-like (constant currency and scope).

This performance was the result of a sustained commercial momentum both on the French market, +9.4% to €63.6 million, where the Group is continuing to significantly outperform the market, and at international subsidiary level, +12.5% at constant currency to €26.6 million. Sales of Novastep products – innovative solutions for lower-limb (foot and ankle) surgery – have really begun to take off, and totaled €6.6 million over the year with growth of +50% overseas, notably on the American market.

The gross margin was 75.5%, a similar level to that recorded in 2016-17, with the benefits of the industrial integration, following the acquisition of Sofab, offsetted by the negative currency effect, notably vis-à-vis the Brazilian real and the Australian and US dollars.

During the year, the Group continued its investments, notably human investments, to conquer and develop its target markets. Thus, at June 30, 2018, Amplitude Surgical had a workforce of 428 staff, compared with 368 at end-June 2017; a third of this increase is related to staff at companies acquired by the Group over the period. Personnel costs thus increased by +14% to €26.6 million. Simultaneously, for R&D, Amplitude Surgical stabilized the budget at €6.8 million and teams at 64 staff.



Given the stabilization of overheads, Group EBITDA was up +16.6% at €18.1 million, giving a +140 bp increase in the EBITDA margin to 18%. The weakening of the main currencies affected EBITDA to the tune of €0.4 million. Restated for the costs associated with the launch of the Japanese and US subsidiaries, EBITDA would be €19.9 million, a +21.3% improvement, i.e. 19.8% of sales.

The annual Core Operating Profit was €2.2 million, compared with a figure close to zero in 2016-17, despite non-recurring elements. There was a slight Operating Loss of €0.2 million, versus a loss of €1.0 million in 2016-17, following the writing down of a further €2.6 million provision of to cover the entire risk associated with its dispute with URSSAF (social security contribution collection authority) regarding tax on medical devices.

There was a financial loss of €8.1 million. Beyond a €6.5 million cost of debt, this figure also reflects net currency impacts of €2.8 million, due to the strengthening of the euro versus the US and Australian dollars and Brazilian real, and financial income of €1.2 million associated with the completion of the Sofab group's acquisition at a lower price than anticipated.

The tax burden was essentially the result of tax on overseas subsidiaries.

The attributable net loss was €9.4 million, versus a loss of €12.1 million in 2016-17.

Operating cash flow surplus of €4.9 million – Net cash position of €29.3 million at end-June 2018

Net cash flow generated by operating activity doubled over the year, to €4.9 million, thanks to a good EBITDA level and fine control over working capital requirements, almost stable despite the growth in activity. Half of the €4.5 million increase in instrument and implant inventories was attributable to the launch of the American subsidiary's commercial activity.

Investments totaled €13.8 million, down on the previous year's figure of €32.3 million, notably attributable to the acquisition of agents in France for €5.4 million and the completion of the clean room on the Valence site for €2.0 million. Furthermore, the Group paid out €2.4 million to settle two disputes, entirely provisioned.

Thus, at the end of June 2018, the Group had a solid financial structure with Cash and Cash Equivalents of €29.6 million. The Group's Net Financial Debt was €93.7 million, giving gearing (Net Financial Debt over Shareholders' Equity) of 0.99, versus 0.77 at end-June 2017.

Next financial press release: Q1 2018-19 sales, on Thursday November 22, 2018, after market.

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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