

## Amplitude Surgical - 2015/16 first-half results

### EBITDA up 18.7% - Continuation of an investment strategy aimed at driving future growth

- Sales of €34.4 million, up 13.4% (at constant currency)
- EBITDA of €6.2 million, up 18.7%, giving an EBITDA margin of 18.1%, up 130 bp, with a major strengthening of organizational structures, notably Marketing and Administrative
- Cash and cash equivalents of €29.9 million. Net Financial Debt of €42.6 million, reflecting the pursuance of investments, notably in inventories, to meet future demand

**Valence, March 9, 2016** - 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 results for the first half (July 2015 - December 2015) of its 2015-16 financial year.

Olivier Jallabert, Chairman and CEO of Amplitude Surgical, says: *“The first half was characterized by a continuation of double-digit growth in activity and an operating margin of over 18%, despite the negative currency impact, again illustrating the merits of our strategy and the quality of its implementation. An innovative and distinctive offer combined with further human and industrial investments will be the cornerstone of our growth and our future operating performances.”*

<i>€ thousands - IFRS (current exchange rates)</i>	<b>31/12/2015 (6 months)</b>	<b>31/12/2014 (6 months)</b>	<b>H1 2015-16 / H1 2014-15</b>	<b>30/06/2015 (12 months)</b>
<b>Sales</b>	<b>34,423</b>	<b>31,270</b>	<b>+10.1%</b>	<b>71,090</b>
<b>Gross margin</b>	<b>27,436</b>	<b>23,531</b>	<b>+ 16.6%</b>	<b>54,139</b>
<i>as a % of sales</i>	<i>79.7%</i>	<i>75.3%</i>	<i>+440 pb</i>	<i>76.2%</i>
Sales & Marketing costs	13,916	11,979	+16.2%	26,802
General & Administrative costs	4,037	3,670	+10.0%	7,845
R&D costs	3,266	2,638	+23.8%	6,045
<b>EBITDA</b>	<b>6,217</b>	<b>5,244</b>	<b>+18.7%</b>	<b>13,447</b>
<i>as a % of sales</i>	<i>18.1%</i>	<i>16.8%</i>	<i>+130 pb</i>	<i>18.9%</i>
<b>Core Operating Profit</b>	<b>1,733</b>	<b>1,895</b>	<b>-8.5%</b>	<b>5,128</b>
Provision for Australia	-9,202		ns	
Provision for legal dispute (URSSAF)	-1,035	-6,805	ns	-7,906
<b>Operating Profit/Loss</b>	<b>-8,503</b>	<b>-4,910</b>	<b>ns</b>	<b>-4,556</b>
<b>Financial Profit/Loss</b>	<b>7,167</b>	<b>-6,728</b>	<b>ns</b>	<b>-15,014</b>
<b>Net Profit/Loss</b>	<b>-1,144</b>	<b>-10,133</b>	<b>ns</b>	<b>-17,722</b>

## EBITDA of €6.2 million - EBITDA margin up 130 bp to 18.1%

On the basis of first-half sales of €34.4 million, up 10.1% in actual terms and 13.4% at constant currency, Amplitude Surgical recorded a gross margin of 79.7%, an improvement of 440 bp compared with H1 2014-15, mainly due to a more subsidiary-based distribution approach and a more favorable geographical mix. The group recorded EBITDA of €6.2 million, an increase of almost 19%, resulting in an EBITDA margin upped by 130 bp compared with the 1<sup>st</sup> half of 2014-15 at 18.1%, a record first-half high for the last three years.

These changes reflect the investments undertaken by the Group to consolidate the cornerstone of its future growth, and notably the strengthening of its organizational structures, both administrative and commercial. Thus, at the end of December 2015, Amplitude Surgical had a workforce of 266 staff, versus 248 at the end of June 2015 and 210 at the end of December 2014, and personnel costs increased by more than 30% compared with the 1<sup>st</sup> half of 2014-15. Within this framework, the Group further significantly increased its R&D investments, taking them to 9.5% of sales versus 8.5% for the 2014-15 financial year.

The negative currency impact, notably from the Brazilian real, as well as affecting sales, was also clearly visible in the Group's results. Thus, on the basis of sales growth of 13.4%, EBITDA would have been up 30.9% and the EBITDA margin would have been 19.9%, an improvement of 180 bp, at constant currency.

Core Operating Profit was down 8% at €1.7 million, and there was an Operating Loss of €8.5 million over the half compared with a loss of €4.9 million over the first half of the 2014-15 financial year.

- At December 31, 2015, the Group booked an additional provision to cover the entire risk associated with its dispute with URSSAF regarding tax on medical devices. Readers are reminded that, following the Grenoble Court of Appeal's ruling in Amplitude Surgical's favor on September 8, 2015, URSSAF decided to appeal this decision at the end of 2015.
- Within the framework of the dispute with the minority shareholders of its Australian subsidiary, Amplitude Australia, the Group has decided to deconsolidate the remaining 25% stake it does not hold. The debt initially created to purchase this stake has therefore been write back, at the financial income level, and a risk provision of AUD 13.4 million (€9.0 million) has been booked.

There was a very significant improvement in the Financial result, with income of €7.2 million compared with an expense of €6.7 million, notably with – as well as impact of the Australian minority stake discussed above – a substantial reduction in the cost of debt, €2.9 million versus €6.3 million, and booked income of €2.2 million mostly reflecting the impact of the devaluation of the Brazilian real on the purchasing value of the Brazilian subsidiary's minority interests. The net loss was €1.1 million, a substantially smaller loss than the €10.1 million recorded in the first half of 2014-15.

## Substantial investments

At the end of December 2015, the Group's Net Financial Debt stood at €42.6 million, vs. €33.5 million at June 30, 2015. This increase was mainly a result of the Group's deliberate policy of increasing inventory levels to cope with expected demand, +€10.7 million for total inventories of €43.9 million at the end of December 2015. Working Capital Requirements were thus €12.7 million, compared with €7.6 million a year earlier. At the same time, investments more than doubled to €8.9 million, including €6.1 million of tangible investments.

The Group still has a very solid financial structure with Cash and Cash Equivalents of €29.9 million. At the end of December 2015, the Group's gearing (Net Financial Debt over Shareholders' Equity) was 0.36 versus 0.28 at the end of June 2015.



## Recent highlights

- In **South Africa**, following the setting up of a subsidiary and the approval granted for the entire hip, knee and foot range, Amplitude South Africa starts its local operation with the 1<sup>st</sup> prosthesis carried out on February 24, 2016.

**Next financial press release:** Q3 2015-16 sales, on April 27, 2016, 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. 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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