

## Amplitude Surgical - H1 2016-17

### Further buoyant growth – Important investments

- Significant growth in sales to €42 million, +22%
- Gross margin of 74.5%, affected by the distribution mix
- Improved Operating ratio and EBITDA margin of 14.6% excluding costs associated with the launch of the Japanese and South African subsidiaries
- Improved Working Capital Requirements to Sales ratio and €42 million cash position at end-2016

**Valence, March 22, 2017, 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, today announces its results for the first half of its 2016-17 financial year (July to December 2016).

Olivier Jallabert, Chairman and CEO of Amplitude Surgical, commented: *“Amplitude Surgical continues to deploy its dynamic strategy, generating strong sales growth, supported by, notably, an additional strengthening of its innovative product range and new teams in Japan and South Africa following the opening of these subsidiaries. These investments will be maintained with, for example, the creation of a marketing team in the United States to support the launch of the Anatomic® range following the marketing approval recently granted by the US health authorities. The first half of our financial year saw other materials changes for the Group, such as the acquisition of a majority stake in a key supplier and the consolidation of our financial debt. Based on this solid footing, Amplitude Surgical is confidently aiming to continue its dynamic growth together with its financial structure strengthening.”*

#### Recent highlights

The following events were recorded over the H1 2016-17:

- In January, 2017, Amplitude Surgical received 510(k) regulatory clearance from the FDA (American Food and Drug Administration) for its Anatomic® posterior-stabilized knee prosthesis. After Europe in February 2013, Australia in August 2015 and South Africa in early 2016, this latest marketing approval gives the Group access to the world’s largest lower-limb prosthetic reconstruction market. In the United States, this approval comes a little over a year after that granted for the Novastep range for extremities surgery.
- In early December 2016, Amplitude Surgical finalized a new €65 million bond placement, providing the Group with an additional €30 million to pursue its international development and enabling it to carry out the early repayment of €35 million of its previous debt. This new bond debt carries a 5% annual coupon and has a maturity of 6 years. The terms of the existing residual debt have been significantly improved, with a 100-bp reduction in the margin and a 2-year extension of the maturity date to September 2023.
- In mid-December 2016, the Group announced that it was acquiring a 50% stake in SOFAB Orthopédie, a longstanding strategic industrial supplier. Amplitude Surgical will fully consolidate SOFAB Orthopédie from the second half of 2016-17, with a positive net contribution expected from FY 2017-18.



**Financial summary (actual currency):**

<i>In M€ - IFRS</i>	<b>H1 2016-17 6M</b>	<b>H1 2015-16 6M</b>	<b>Var.</b>	<b>2015-16 FY</b>
<b>Sales</b>	<b>41.9</b>	<b>34.4</b>	<b>21.7%</b>	<b>80.8</b>
<b>Gross margin</b>	<b>31.2</b>	<b>27.4</b>	<b>13.8%</b>	<b>62.6</b>
<i>as a % of sales</i>	<b>74.5%</b>	<b>79.7%</b>	<b>-5.2%</b>	<b>77.0%</b>
Sales & Marketing costs	17.8	13.9	28.0%	32.1
General & Administrative costs	4.2	4.0	7.8%	9.3
R&D costs	3.7	3.3	11.9%	7.3
<b>EBITDA</b>	<b>5.5</b>	<b>6.2</b>	<b>-11.2%</b>	<b>13.5</b>
<i>as a % of sales</i>	<b>13.2%</b>	<b>18.1%</b>	<b>-4.9%</b>	<b>16.7%</b>
<b>Current Operating Profit</b>	<b>-1.5</b>	<b>1.7</b>	<b>Ns</b>	<b>3.5</b>
Non-recurring expenses	0.8	-10.2	Ns	-11.7
<b>Operating Profit/Loss</b>	<b>-0.6</b>	<b>-8.5</b>	<b>Ns</b>	<b>-8.3</b>
<b>Financial Profit/Loss</b>	<b>-4.4</b>	<b>7.2</b>	<b>Ns</b>	<b>5.3</b>
<b>Attributable Net Profit/Loss</b>	<b>-6.0</b>	<b>-1.1</b>	<b>Ns</b>	<b>0.2</b>
<b>Net cash position</b>	<b>41.6</b>	<b>29.9</b>	<b>+39.1%</b>	<b>32.1</b>

**Improved operating ratio and EBITDA margin of 14.6% excluding costs associated with the launch of new subsidiaries**

On the basis of first-half sales of €41.9 million, up 21.7% in actual terms and close to 20% at constant currency, Amplitude Surgical recorded a gross margin of 74.5%, a decrease of 250 basis point vs. FY 2015-16 gross margin. This change is mainly attributable to the buoyant growth in International sales with a less favourable country mix.

The Group recorded EBITDA of €5.5 million, which includes the costs associated with the launch of its new subsidiaries in Japan and South Africa, i.e. €0.6 million. Excluding the latter, EBITDA was down 1.5%, generating an EBITDA margin of 14.6% of sales over the first half of the year.

These changes reflect the investments undertaken by the Group to develop the cornerstone of its future growth, notably by strengthening its sales structures in its key countries and new territories. Thus, at the end of December 2016, Amplitude Surgical had a workforce of 306 staff, versus 297 at end-June 2016 and 266 at end-December 2015, whilst personnel costs increased by 13.8% compared with the 1<sup>st</sup> half of 2015-16, once share-based payments of €0.7 million are taken into account. A significantly differentiating element, and lying at the heart of its strategy, the Group maintained its R&D investments at close to 9% of sales.

The Group recorded a Current Operating Loss of €1.5 million and an Operating Loss of €0.6 million over the 1<sup>st</sup> half of 2016-2017, versus -€8.5 million in the 1<sup>st</sup> half of 2015-16. The Group pursue the integral provisioning of its tax on medical devices dispute with an additional €1.1 million booked this semester.

The Financial Loss was €4.3 million, including €3.0 million in interest.

## Improved Working Capital Requirements to Sales ratio and €42 million cash position at end-2016

Amplitude Surgical has continued to pursue a proactive investment policy with, in particular, the completion of its new logistics site (€4 million), the acquisition of minority interests in Brazil (€4.1 million), the acquisition of SOFAB Orthopédie (€1.3 million) and the delivery of a large quantity of ancillary equipment associated with the development of the Group's activity. This half working capital requirements of €1.7 million decreased sevenfold compared with the 1<sup>st</sup> half of 2015-16 one, and thus WCR / annual sales ratio improved by nearly 19 days.

At the end December 2016, the Group maintains a very solid financial structure, with Cash and Cash Equivalents of €41.6 million and Net Financial Debt of à €74 million, vs. €49.5 million at June 30, 2016. The Group's gearing (Net Financial Debt over Shareholders' Equity) was 65% at the end of December 2016, versus 42% at end-June.

### Recent events

- Late 2016, Amplitude Surgical was granted the CE mark for its newness ACLip<sup>®</sup> product, a knee's anterior cruciate ligament transplant implant offering surgeons simplicity as well as use repeatability and a rigid fixation fostering the transplant for the patient.
- In February 2017, Amplitudes Surgical finalized a settlement agreement with Austofix, minority shareholder in its Amplitude Australia Pty subsidiary. This agreement ratifies the acquisition of the remaining 25% stake in this subsidiary and foresees an AUD12 million (€8.2 million) compensation payment. As a reminder, Amplitude Surgical had booked €9.0 million in his FY 2015-16 account related to this issue.
- In March 2017, Amplitude Surgical was granted the CE mark for the consultation room use of its Kneemap<sup>®</sup>, a knee cinematic measuring apparatus enabling surgeon to record all knee movements in order to refine their diagnosis and treatment strategy. This product was successfully presented during the SFA (Société Française d'Arthroscopie) congress in Grenoble, France.

### Next financial press release: Q3 2016-17 sales, April 26, 2017, 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. At June 30, 2016, Amplitude Surgical had a workforce of almost 300 employees and recorded sales of over 80 million euros.

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