

Amplitude Surgical Good operational performances in H1 2017-18

- Significant sales growth despite a high basis for comparison: €44.7 million, +6.6% actual and +8.1% at constant currency
- 7.9% EBITDA growth to €6 million - 13.3% margin and 14.4% excluding the start-up costs of the US and Japanese subsidiaries
- Excess in operating cash-flow, +1.8M€ - Net cash position of €34.1 million at end-December 2017

Valence, March 28, 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, today announces its results for the first half of its 2017-18 financial year (July to December 2017).

Olivier Jallabert, Chairman and CEO of Amplitude Surgical, says: *“The growth in our activity and improvement in our EBITDA prove the pertinence and the quality of delivery of Amplitude Surgical’s internationalization strategy with, over the first half, more than half of EBITDA generated by the Group’s international subsidiaries. Launching our activity in the United States is our priority, in order to make our innovative technologies available to American surgeons. Our buoyant momentum further bolsters our target of doubling sales over the five years to June 2021.”*

During the first half of its 2017-18 financial year, Amplitude Surgical continued to deploy its strategy and recorded sales of €44.7 million, up +6.6% in actual terms and 8.1% at constant currency, and EBITDA of €6 million, up 7.9%, giving a slight improvement in the margin to 13.3%.

1st half highlights:

- In October 2017: finalization of the recruitment of a US Director of Sales, Mark Johnson. With substantial experience of this market, his aim is to put together his team and a network of distributors to market the Group’s implants to American surgeons. At the same time, Amplitude Surgical established its US subsidiary near Dallas, Texas; and first and the first instruments for inserting hip and knee prostheses and the corresponding sets of implants have been sent out;
- In December 2017: Amplitude Surgical announced the commercial launch of the AClip[®], an innovation in anterior cruciate ligament reconstruction surgery. Repairing the anterior cruciate ligament is one of the most frequent knee pathologies, with almost 250,000 operations undertaken each year in Europe alone. AClip[®] is a highly-differentiating innovation resulting from the Group’s R&D, and is protected by a number of patents;
- lastly, during the first half, the Group completed the acquisition of two companies of sales agents in France, in the east of the country and in the Paris region, in order to intensify its commercial presence and reinforce its leadership in these regions.

Financial summary (actual currency):

€ thousands - IFRS	H1 2017-18	H1 2016-17	Δ
Sales	44,657	41,901	+6.6%
Gross margin	33,742	31,232	+8.0%
<i>as a % of sales</i>	75.6%	74.5%	+110 bp
Sales & Marketing costs	19,721	17,815	+10.7%
General & Administrative costs	5,450	4,242	+28.5%
R&D costs	2,616	3,655	-28.4%
EBITDA	5,955	5,521	+7.9%
<i>as a % of sales</i>	13.3%	13.2%	+10 bp
Core Operating Profit	-1,876	-1,455	
Non-core operating expenses	-1,358	843	
Operating Profit/Loss	-3,202	-612	
Financial Profit/Loss	-4,657	-4,354	
Attributable Net Profit/Loss	-8,602	-5,951	
Net financial debt	90,320	74,030	
Net cash position	34,105	41,636	

EBITDA margin of 13.3% and of 14.4% excluding the costs associated with the launch of the US and Japanese subsidiaries

Over the first half of its 2017-18 financial year (from July to December), Amplitude Surgical generated sales of €44.7 million, an increase of +6.6% in actual terms and 8.1% at constant currency. The Group's performance benefited from the mobilization of the teams in France and in its subsidiaries, but was still negatively impacted by a high basis for comparison (+19.8% at constant currency in H1 2016-17), notably regarding activity with distributors.

- In France, Amplitude Surgical continued to increase its market share with numerous new clients, and sales grew by 8.1% to €28 million. This performance incorporates the 3.5% reduction applied to all implants since August 2017, on the initiative of the health authorities. The recent acquisition of companies of sales agents responsible for directly managing key regions in eastern France and the Paris region will soon have a positive impact by enabling Amplitude Surgical to strengthen its sales presence in these regions.
- Abroad, the activity of the Group's subsidiaries continued to record very solid performances with sales of €12.9 million, up +12% in actual terms and +17.5% at constant currency. This sales momentum was particularly satisfactory in Australia, South Africa, Switzerland and Benelux, while Brazil and Germany remained stable. Japan doubled its activity.
- Amplitude Surgical's direct activity – the French market and international subsidiaries – increased by +11% at constant currency and accounted for almost 92% of total Group sales.



- Novastep, which markets innovative solutions for extremities (foot and ankle) surgery, saw its sales continue to grow, notably in France (+38%), with international sales accounting for 60% of its total sales over the first half. Globally, 4 years after its first products were marketed, Novastep's activity accounts for over 7% of Amplitude Surgical's sales.

Amplitude Surgical generated a gross margin of 75.6%, a 110 bp improvement compared with the first half of 2016-17, mainly attributable to the benefits of the industrial integration and the growth in sales with a decline in distributor's sales, this business having traditionally a lower margin.

The Group's total operating expenses came to €27.8 million, a limited increase of 6.8%, reflecting the human and commercial investments of the Group to develop new territories and further increase its market share. At the end of December 2017, Amplitude Surgical had a workforce of 392 staff, versus 368 at end-June 2017 and 306 at end-December 2016, and personnel costs increased by 19% compared with the first half of 2016-17, including the various acquisitions.

During the semester, the Group reclassified expenses related to the Quality and Regulatory Affairs departments as Administrative instead of R&D expenses as previously accounted (€0.4 million for 1st half 2016-17). With 46 employees at end-December 2017, total R&D expenses stood at 5.8% of sales compared to 7.6% for FY 2016-17.

EBITDA was thus €6.0 million, up 7.9%, giving an EBITDA margin of 13.3%, up 10 bp compared with the first half of 2016-17. Excluding the costs associated with the start-up costs from the American and Japanese subsidiaries, Amplitude Surgical's EBITDA was €6.4 million, up 5% with a margin of 14.4%.

The Group recorded a Core Operating Loss of €1.9 million and an Operating Loss of €3.2 million, versus -€0.6 million over the first half of 2016-17, the latter having benefited from a one-off profit from the settlement of the Australian dispute. At December 31, 2017, the Group booked an additional provision of €1.4 million and continued to provision the entire risk associated with its dispute with URSSAF regarding taxation on medical devices.

The Financial loss was €4.7 million, which includes a net interest expense of €3.4 million and the booking of currency exchange losses of €1.2 million.

The Net loss was €8.6 million, compared with a loss of €6.0 million in H1 2016-17.

Excess in operating cash-flow, +1,8M - net cash position of €34 million at end-December 2017

Net cash flow generated by operating activity was up €1.8 million over the first half year, versus cash burn of €8.2 million in the first half of 2016-17, notably driven by a significant improvement in Working Capital, +€4 million vs. -€1.8 million in H1 2016-17. First-half investment totalled €11.8 million, down on the €16.3 million in H1 2016-17, and was notably attributable to the acquisition of sales agents in France, the putting in place of instruments for €3.5 million, the acquisition of a major patent for Novastep and the ongoing setting up of a clean room on the Valence site for €1 million.

Despite these capex and a €2.4 million settlement of two disputes, fully provisioned, the Group continues to enjoy a very solid financial structure, with Cash & Cash Equivalents of €34.1 million at end-December 2017 and Net Financial Debt of €90.3 million, giving gearing (Net Financial Debt over Shareholders' Equity) of 0.95, vs. 0.78 at end-June 2017 and 0.65 at end-December 2016.

The Half-Year Financial Report can be found on Amplitude Surgical's website: www.amplitude-surgical.com/fr/documentationold/documents-de-reference

Next financial press release: Q3 2017-18 sales, on Thursday April 26, 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, 2017, Amplitude Surgical had a workforce of nearly 370 employees and recorded sales of over 93 million euros.

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