

Amplitude Surgical – 2018-19 annual results: €102.6m sales and 21% EBITDA

- Further growth in sales to €102.6 million, up 2.2% and 3.0% at constant exchange rates compared to the previous financial year
- Stable EBITDA of €21.7 million, representing 21.2% of sales
- Solid financial structure with cash of €19.6 million at end-June 2019

Valence, October 23, 2019, 6:00 pm (CEST) - Amplitude Surgical (ISIN: FR0012789667, Ticker: AMPLI, PEA-PME eligible) (“**Amplitude**” or the “**Group**”), French leader on the global surgical technology market for lower-limb orthopedics, announces its results for its 2018-19 financial year.

Olivier Jallabert, Chairman and CEO of Amplitude Surgical, says: *“Despite a context of growing pricing pressure, we have been able to maintain and pursue the growth of our activity, notably thanks to the Group’s solid performance overseas, and particularly in the United States. The measures we have implemented since January 2019 to optimize our performance have enabled us to maintain a high level of EBITDA, the same as in the previous year, and will enable us to deliver an EBITDA margin of more than 23% from next year onwards. Lastly, the generation of positive cash flow will allow us to reduce our net debt to less than €100 million by end-June 2020.”*

2018-19 key events:

- Strong activity acceleration in the United States, up 19.4% at constant exchange rates;
- Implementation of an ambitious plan of operational efficiency measures;
- Incorporation of Sofab Orthopédie (acquired in 2016), specialized in implant machining and polishing, within the in-house production flow;
- Launch of the first augmented-reality application for patient consultations (AKnee);
- Amendment to the terms and conditions of the 2014 and 2016 Non-Convertible Bonds¹;
- Favorable *Cour de Cassation* decision in the URSSAF dispute favorably considering the arguments presented by Amplitude¹.

¹ For further information, see the press release of March 27, 2019.



Financial summary – actual exchange rates:

€ million - IFRS	2018-19	2017-18	2017-18(*)	Δ
Sales	102.6	100.3	100.3	+2.2%
Gross Margin	76.2	75.7	76.1	+0.2%
as a % of sales	74.3%	75.5%	75.8%	-150 bps
Sales & Marketing costs	39.4	39.9	39.9	-0.1%
General & Administrative costs	11.1	11.0	11.0	+1.4%
Research & Development costs	3.9	6.8	3.5	+14.2%
EBITDA	21.7	18.1	21.7	+0.1%
as a % of sales	21.2%	18.0%	21.6%	-40 bps
Recurring operating profit	2.3	2.3	2.3	
Net non-recurring operating expenses	-3.0	-2.5	-2.5	
Operating profit/loss	-0.7	-0.2	-0.2	
Financial profit/loss	-7.0	-8.1	-8.1	
Net profit/loss – Group share	-9.0	-9.4	-9.4	
Net Financial Debt	104.6	93.7	93.7	
Net Cash position – End of period	19.6	29.4	29.4	

(*) Following two accounting adjustments over 2017-18 financial year.

EBITDA of €21.7 million, representing 21.2% of sales

Amplitude's activity continued to grow over its 2018-19 financial year, with sales totaling €102.6 million, up +2.2% in actual terms and +3.0% like-for-like (constant exchange rates and scope).

This performance was driven by the strong momentum on the French market, with sales up +3.0% on the previous year, despite two price cuts in July 2018 and May 2019.

The Group's international activity benefited from the good performance of its subsidiaries in the fourth quarter (+6.9%), offsetting the temporary downturn in distributors' activity.

Novastep (innovative solutions for foot and ankle surgery) saw sales surge to €7.7 million over the year, i.e. +18% in France during the year and more than +35% in the United States, in the final quarter.

The gross margin was 74.3%, down 150 bps compared to the previous year due in particular to the decrease in redemption prices in France.

At June 30, 2019, Amplitude Surgical had a workforce of 436 employees, compared with 428 at end-June 2018; personnel costs saw an increase of 4.8% compared with the 2017-18 financial year.

Selling, marketing and administrative expenses were controlled in a context of volume growth and the start of the United States; they represented €50.5 million as of June 30, 2019 compared with €50.9 million in the previous financial year, i.e. respectively 49.2% and 50.7% of sales.

Moreover, the Group has stabilized its R&D spending at 3.8% of sales. These changes reflect the Group's investments to conquer its target markets in line with its strategy.



Group EBITDA was thus €21.7 million, i.e. 21.2% of sales, stable compared with the previous year. Restated for the costs in Japan and the launch costs in the United States, Group EBITDA would be €23.3 million, representing 22.7% of sales.

The annual Recurring Operating Result was €2.3 million, stable compared with 2017-18 financial year. The Operating Result amounted to -€0.7 million, versus -€0.2 million in 2017-18, following the writing down of a further €2.3 million provision at June 30, 2019 to cover the risk associated with its dispute with URSSAF regarding tax on medical devices inherent to 2018-19 activity.

The Financial Result was -€7.0 million, an improvement on the previous year's figure that was impacted by non-recurring foreign exchange gains and losses.

The tax expense came from taxes paid locally by overseas subsidiaries, as well as the updating of the tax rate applied to activated loss carryforwards.

The Net Result (Group share) was -€9.0 million, compared with -€9.4 million last year.

Solid financial structure: cash of €19.6 million at end-June 2019

Cash flow generated by operating activity amounted to €1.8 million, despite an increase in working capital requirements due to the launch of new products and the start in the United States.

Investments totaled €13.3 million, down on the previous year's figure of €17.8 million.

Therefore, at end-June 2019, the Group had a solid financial structure, with cash of €19.6 million. The Group's Net Financial Debt was €104.6 million, giving gearing (Net Financial Debt over Shareholders' Equity) of 1.22, compared with 0.99 at end-June 2018.

Next financial press release

Q1 2019-20 sales, on Thursday November 21, 2019, 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, 2019, Amplitude Surgical had a workforce of 436 employees and recorded sales of c.103 million euros.

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