



EOS imaging Reports First-half 2014 Results

Strong revenue growth of 45% to €7.12 million

Further gross margin improvement of 4 points

Steep reduction in cash burn

Paris, September 1st, 2014 – EOS imaging (Euronext, FR0011191766 – EOSI), pioneer in 2D/3D orthopedic medical imaging, is today announcing its 2014 consolidated interim results for the six months ended June 30, 2014, as approved by the Board of Directors on August 29, 2014.

| <i>In millions of euros</i> | First-half 2014 | First-half 2013 |
|---|------------------------|------------------------|
| Operating income | | |
| Revenue | 7.12 | 4.91 |
| Other income | 1.00 | 0.66 |
| Total income | 8.12 | 5.57 |
| Operating expenses | | |
| Direct cost of sales | -4.02 | -2.97 |
| Gross margin | 3.09 | 1.95 |
| as a % of revenues | 43.5% | 39.6% |
| Indirect cost of production and services | -1.28 | -0.92 |
| Research & development | -1.70 | -0.98 |
| Sales & marketing | -2.90 | -2.25 |
| Regulatory expenses | -0.26 | -0.27 |
| Administrative costs | -1.57 | -1.14 |
| Total operating expenses (excluding direct cost of sales and share-based payments) | -7.71 | -5.56 |
| Share-based payments | -0.20 | -0.56 |
| Total operating expenses | -11.93 | -9.08 |
| Net operating income/(loss) | -3.81 | -3.51 |
| Net income/(loss) | -3.91 | -3.22 |

The consolidated financial statements for the six months ended June 30, 2014 include OneFit Medical for the first time following its acquisition in November 2013.

▪ **Sharp increase in revenues in the first half of 2014: up 45% to €7.12 million**

EOS imaging's first-half 2014 revenues increased by 45% to €7.12 million, driven by strong performance in the European and Asian markets.

The Company sold 15 EOS® systems in the first half of 2014, compared with 11 in the same period of the previous year. Average selling prices were stable at approximately €391,000, despite negative currency effects, driving a 36% increase in equipment sales to €5.86 million. Sales of services, which were driven by the increase in the installed base of EOS® systems under contract, grew by 55% to €0.93 million. Sales of consumables and related services by the OneFit Medical subsidiary totalled €0.32 million.



EOS imaging also recorded €1.00 million in other income consisting of public financing in support of its innovation (research tax credit and subsidies).

▪ **Further improvement in gross margin**

Positive trends in production parameters, product mix and control of employee costs contributed to a 4-point improvement in gross margin, which was 43.5% of revenues in the first half of 2014, up from 39.6% in the first half of the previous year. Excluding currency effects, gross margin improved by an additional percentage point to 44.5%.

▪ **Tightly controlled increase in operating expenses**

Operating expenses, excluding the direct cost of sales and share-based payments, were €7.71 million in the first half of 2014, up from €5.56 million in the first half of the previous year, representing an increase of 39%. This compares favourably to the 45% increase in revenue and 46% growth in operating income during the first half of 2014.

The indirect cost of production and services increased by 39% due to the strengthening of the Company's support functions. Research & development expenses were up 74% in the first half of 2014 due to a non-recurring decline in capitalized costs and the consolidation of OneFit Medical. At comparable structure, gross research and development expenses incurred over the period increased by 7%. The 29% increase in sales and marketing expenses in the first half of 2014 reflected the expansion of the sales and marketing team during the second half of 2013 and the beginning of 2014.

After the impact of share-based payments, the Company's operating loss was €3.81 million in the first half of 2014, representing 53.5% of sales, compared with €3.51 million representing 71.4% of sales in the first half of 2013.

The Company's net loss for the six months ended June 30, 2014 was €3.91 million, compared with €3.22 million in the same period of 2013.

The Company had 106 employees as of June 30, 2014, compared with 101 employees as of December 31, 2013.

▪ **Steep reduction in cash burn**

EOS imaging's net cash position at June 30, 2014 was €13.7 million, compared with €15.7 million at December 31, 2013. Cash burn was limited to just €2.0 million, reflecting a reduction in the working capital requirement and control of investments.

Equity at June 30, 2014 was €26.3 million compared with €30.1 million at December 31, 2013 as a result of the loss posted for the first half of 2014.

Marie Meynadier, CEO of EOS imaging, commented: *"During the first six months of 2014, we actively continued to ramp up our sales and marketing activities, especially in Asia, where we are still in the early stages of establishing our business. Concurrently, we have developed the hipEOS planning software in conjunction with our oneFIT subsidiary, which is the first online application for 3D planning for prosthetic surgery, and will continue to develop other application modules facilitating surgeon's tasks and boosting our recurring revenue streams. In the first half of the year we expanded gross margin by four percentage points, which contributed to improved operating performance. Our full-year results, which historically are led by a stronger second half as compared to the first half, are likely to be supported by the Asian and European market dynamics and a gradual return to a more favourable capital spending environment in the United States."*



▪ Half-year financial report

EOS imaging's half-year financial report has been filed with the Autorité des Marchés Financiers and can be downloaded from its web site at www.eos-imaging.com by selecting Documentation, then Financial reports from the Investors menu.

For more information, please visit www.eos-imaging.com.

About EOS imaging:

EOS imaging designs, develops, and markets EOS®, a revolutionary and patented medical imaging system, based on technology that enabled George Charpak to win the Nobel Prize for Physics. The Company is authorized to market the system in 32 countries, including the United States (FDA), Japan, Canada, Australia and the European Union (EU). Backed by an installed base of more than 90 sites and by more than 500,000 imaging sessions, EOS® benefits from worldwide recognition within the global medical community. As of December 31, 2013 the Group posted 2013 consolidated revenue of €15.2 million and employed 106 people including an R&D team of 38 engineers. The Group is based in Paris and holds four subsidiaries in Besançon (France), Cambridge (Massachusetts), in Montreal (Canada) and Frankfurt (Germany), and offices in Singapore.

EOS imaging is listed on Compartment C of Euronext Paris

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Next press release: revenue for the 3rd quarter of 2014, on October 22, 2014 (after market).



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