



EOS imaging Reports 2014 Financial Results and Q1 2015 Revenue

Strong growth in 2014 revenues: up 32%

Continued improvement in gross margin: up 400 basis points

Q1 2015 revenues increase 53% driven by USA

Paris, April 20, 2015 – EOS imaging (Euronext, FR0011191766 – EOSI), the pioneer in 2D/3D orthopaedic medical imaging, today announced its consolidated annual results for the year ended December 31, 2014, as approved by the Company's Board of Directors on April 20, 2015. EOS also reported first quarter 2015 revenue.

Marie Meynadier, CEO of EOS imaging, commented: *"In 2014 we made excellent progress in the company's international expansion, highlighted by strong growth in Asia-Pacific. This was complemented by regulatory approval to market the EOS system in important new geographies such as South Korea and Brazil, and new installations of our system around the world. The success of our new hipEOS and Micro Dose products demonstrates the real-world demand for integrated orthopaedics solutions based on the EOS system's unique low dose 2D/3D imaging. With regard to financial results, we delivered another year of sharp improvement in gross margin, which along with prudent expense management, also boosted earnings.*

"First quarter 2015 revenues grew an impressive 53%, driven by an upturn in system sales to customers in the United States. This positive momentum, which began late in 2014, confirms the company's ability to leverage an improved capital spending environment to drive adoption of the EOS system by North American hospitals."

2014 FINANCIAL HIGHLIGHTS

- **Strong revenue growth in 2014 : 32% increase to €20.1 million**

EOS imaging reported 2014 revenues of €20.1 million, up 32% from 2013.

Equipment sales were €17.2 million, a 28% increase. This included the sale of 44 EOS® systems. Sales of maintenance contracts increased 37% to €2.1 million as a result of the increase in the Company's installed base. Sales of consumables and related services were €0.8 million.

In addition, the Company received €1.6 million in public grants in 2014 to support its innovation, including a research tax credit, recorded as "other income".

- **Strong improvement in gross margin and earnings**

The Company's ongoing reduction in production and maintenance costs contributed to a further improvement in gross margin, which represented 47% of revenue in 2014 compared to 43% in 2013. This equates to an increase of 400 basis points for the year and 1,900 basis points in aggregate over the last three financial years.



Total operating expenses were €27.9 million in 2014, up 21% compared to 2013, while operating income increased by more than 30%.

Sales and marketing expenses increased 35% to €6.9 million. Research and development expenses, up 23%, amounted to €3.2 million. Before IFRS adjustments, 2014 R&D costs increased by just 4%.

The Company's operating loss was €6.15 million, which represents 30% of revenues, an improvement from 42% in 2013.

The Company reported a 2014 net loss of €5.25 million as compared to a €5.88 million loss in 2013, an improvement of 11%.

The Company's total number of employees was 106 as of December 31, 2014, as compared to 101 at December 31, 2013.

Income statement

<i>€ millions</i>	2014	2013
Operating income		
Revenue	20.06	15.17
Other income	1.66	1.50
Total income	21.72	16.67
Operating expenses		
Direct cost of sales	-10.62	-8.69
Gross margin	9.44	6.48
<i>As a % of revenues</i>	<i>47%</i>	<i>43%</i>
Indirect cost of production and services	-2.76	-2.25
Research and development	-3.21	-2.60
Sales & marketing	-6.88	-5.12
Regulatory expenses	-0.65	-0.57
Administrative costs	-3.25	-2.69
Total operating expenses (excluding direct cost of sales and share-based payments)	-16.75	-13.23
Share-based payments	-0.50	-1.13
Total operating expenses	-27.87	-23.04
Operating income/(loss)	-6.15	-6.37
Net income/(loss)	-5.25	-5.88

Audited data



▪ **Net cash at December 31, 2014: €10.2 million**

As of December 31, 2014, EOS imaging had a net cash position of €10.2 million as compared to €15.7 million on December 31, 2013. The company had shareholders' equity of €25.5 million at the end of December 2014 as compared to €30.1 million at December 31, 2013.

▪ **First quarter 2015 sales: up 53% at €3.32 million**

EOS imaging reported first quarter 2015 revenue of €3.32 million, an increase of 53% over first quarter 2014, driven primarily by strong new business in the United States.

€ millions	Q1 2015	Q1 2014
Equipment sales	2.50	1.56
<i>% of total</i>	<i>75%</i>	<i>72%</i>
Sales of maintenance contracts	0.63	0.45
<i>% of total</i>	<i>19%</i>	<i>21%</i>
Sales of consumables and services	0.19	0.15
<i>% of total</i>	<i>6%</i>	<i>7%</i>
Total revenue	3.32	2.16

Unaudited data

Revenue from equipment sales was €2.50 million, up 60% compared to first quarter 2014, corresponding to the sale of six EOS® systems, compared to four in the same period the previous year. Four systems were sold in the North American region, compared to one in first quarter 2014. The average sales price per system was €417,000, compared to €390,000 in first quarter 2014, driven by a strong contribution from sales reported in US\$ and a positive impact of the exchange rate.

First quarter 2015 sales of maintenance contracts increased 41% to €0.63 million, compared to €0.45 million in first quarter 2014. This strong growth was driven by the increase in the EOS® system installed base.

Sales of consumables and related services were €0.19 million during the first quarter 2015, up from €0.15 million in first quarter 2014.

At constant rate, the increase in revenue over the first quarter is 49%.

€ millions	Q1 2015	Q1 2014
EMEA	1.30	0.81
North America	2.02	0.61
Asia	0.00	0.74
Total revenue	3.32	2.16

Unaudited data



2014 HIGHLIGHTS

- **Important developments in the Company's international business**
 - ✓ Regulatory approval to market to new countries including Taiwan, Brazil and South Korea, increasing the number of countries in which EOS technology can now be marketed to 47,
 - ✓ First installation in Vietnam in October,
 - ✓ 30 new installations, which enabled the Company to surpass the key milestone of 100 installations worldwide,
 - ✓ Strong growth in Asia, which accounted for 27% of total group revenue.
- **Development of a service offering for orthopaedic surgery**
 - ✓ Launched hipEOS 3D hip replacement surgery planning software: CE Marking received in March 2014, FDA approval in December 2014,
 - ✓ FDA approval for the new generation of sterEOS® software, which adds rapid analysis of sagittal balance to the existing product range.
- **Secured additional funding**
 - ✓ Implementation of option-based share issue programs ("PACEO") with Société Générale in order to secure a line of funding based on option-based share issues.

2015 RECENT HIGHLIGHTS

- **Implementation of senior debt funding**
 - ✓ Issue of simple bonds and bonds with warrants (*OBSA* or *Obligations à Bons de Souscription d'Actions*) capped at €15 million to fund the Company.
- **New installations at leading hospital sites**
 - ✓ Sixth installation in Switzerland, at the *Clinique de la Source*, reputed worldwide for orthopaedic surgery,
 - ✓ First installation in Belgium at the worldwide leader Pellenberg hospital,
 - ✓ First installation in the Dallas Fort-Worth region, the second institution in Texas to adopt the EOS system.
- **FDA approval for marketing of the Micro Dose option**
- **US launch of hipEOS at AAOS 2015**

About EOS imaging:

EOS imaging designs, develops, and markets EOS®, an innovative medical imaging system based on technology that enabled George Charpak to win the Nobel Prize for Physics, as well as associated solutions. The Company is authorized to market in 47 countries, including the United States (FDA), Japan and the European Union (EU). As of December 31, 2014 the Group posted 2014 consolidated revenue of €20.1 million and employed 106 people including an R&D team of 39 engineers. The Group is based in Paris and holds four subsidiaries in Besançon (France), Cambridge (Massachusetts), Montreal (Canada) and Frankfurt (Germany), and offices in Singapore.



EOS imaging has been chosen to be included in the new EnterNext© PEA-PME 150 index, composed of 150 French companies and listed on Euronext and Alternext markets in Paris.

EOS imaging is listed on Compartment C of Euronext Paris
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