

May 2018

# EOS imaging

Investor presentation



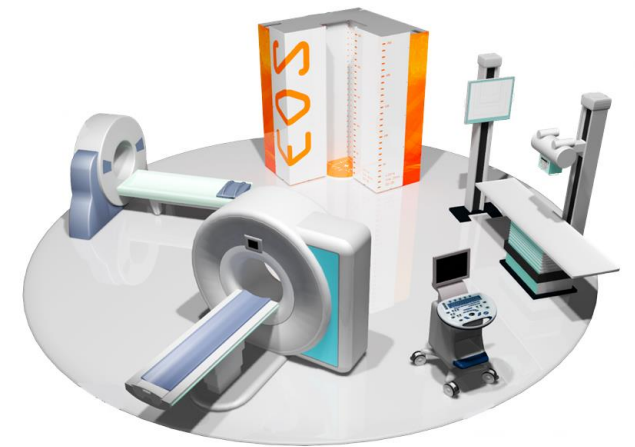
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- › A major innovation, alternative to standard radiography & CT scans for orthopedics
- › An integral part of an imaging platform, serving axial skeleton exams (spine, knee, hip, whole body) and benefiting from existing reimbursement codes
- › Targeting a \$2 billion per year market
- › Combining equipment and services



# Company history



*1989 Creation of biospace med  
by Georges Charpak,  
Nobel Prize in Physics 1992  
for the invention of high sensitivity  
radiation detectors*

*The company starts as a technology  
provider with an OEM detector strategy*

2017

- First installations in China

2015

- First EOSapps

2013

- First installation in Japan
- Micro Dose CE mark: imaging at a week natural radiation
- Acquisition of oneFIT for surgical planning software

2012

- First installation in Asia
- EOS imaging listed on NYSE Euronext Paris



2007-  
2009

- EOS and sterEOS 2D/3D Workstation receive market approval in EU and NAmerica
- EOS systems are installed at luminary hospitals and private clinics in Europe and North America with 3D spine modelling

2002-  
2005

- Prototyping of a preliminary prototype associating biplanar scanning and low dose detectors: clinical testing shows ability to realize full body simultaneous frontal and lateral low dose X-ray images
- Partnership with academic institutions to develop 3D bone imaging from EOS biplanar images

# A unique offer with growing market traction

2017 Revenue: €37.1m, CAGR 2012-2017: +32%

Approx 1 million patients/year



Standard of care for ALARA\* exams

Already c. 260 units in 31 countries



Attractive cost/benefit proposition



# Innovative imaging technology, software & services

Innovation driving safety, precision, efficiency, user friendliness and patient engagement

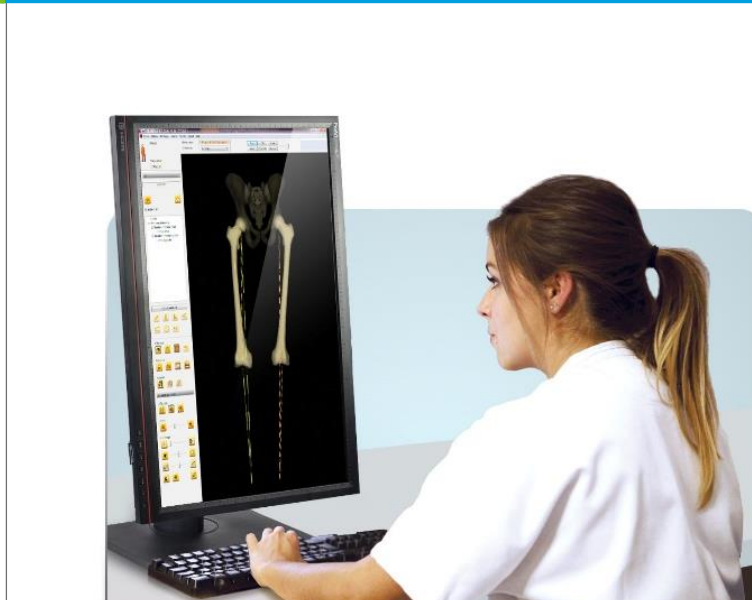
## Equipment



### **EOS system**

Biplanar, low dose image capture

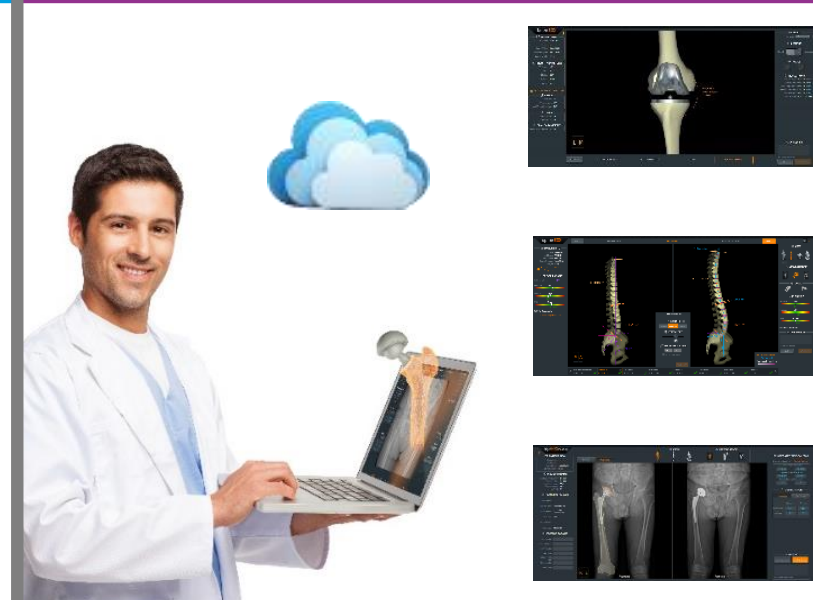
## Work Station / Online Service



### **sterEOS & 3D Services**

3D modelling of patient's skeleton

## Online 3D Planning



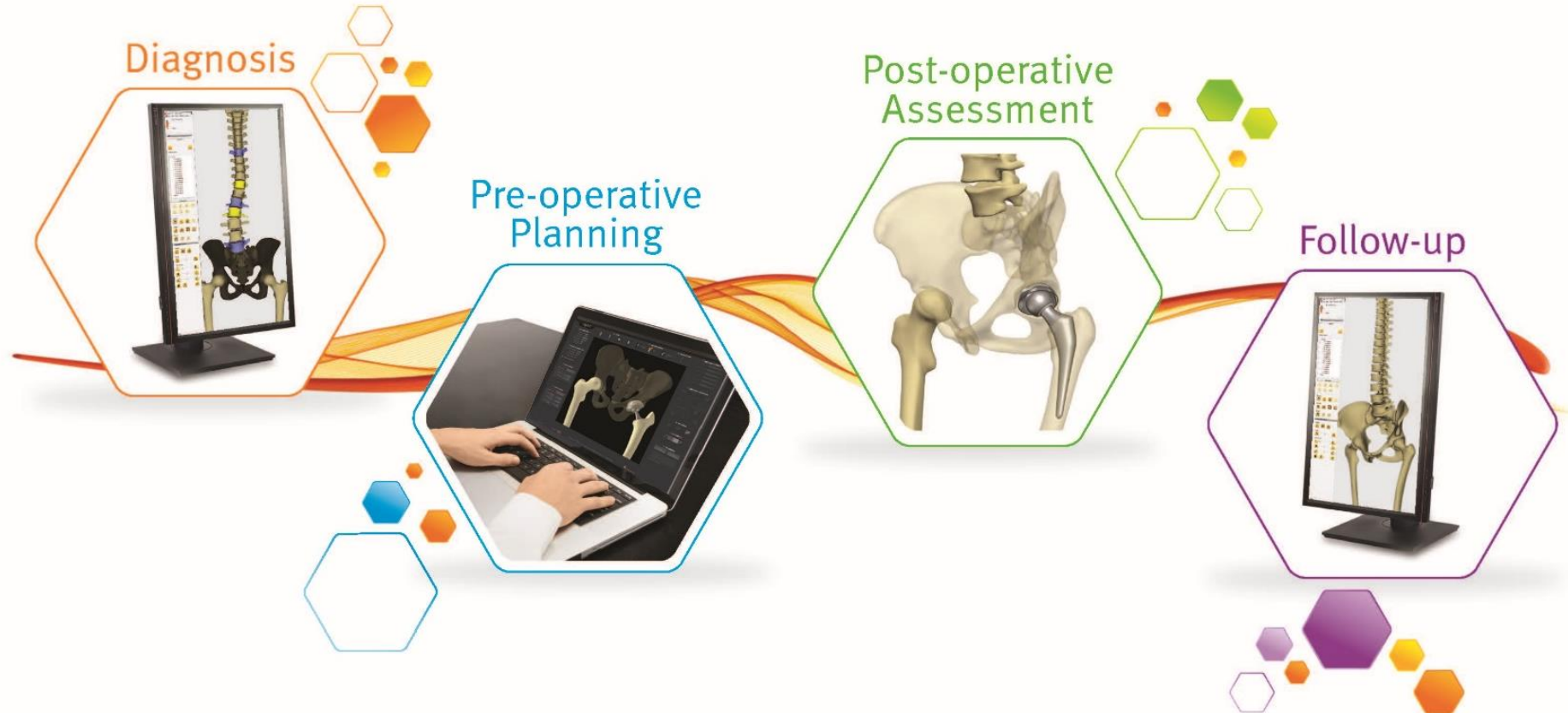
### **EOS apps**

3D surgical planning and control



# End-to-end solution for the orthopedic continuum

Images and data for spine, hip and knee conditions and surgeries





Xray: CR/DR

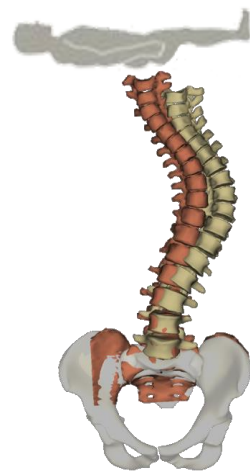
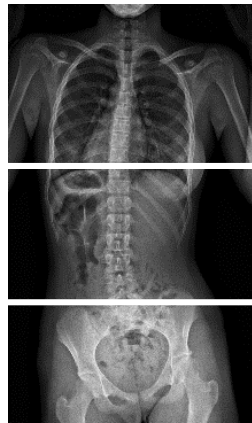


CT Scanner



EOS

- Significant dose
- Imprecision of Xray data
- 3D only available w/CT in non functional positions
- Low throughput on axial skeleton exams



- ✓ Dose cut x2 to x20
- ✓ Unbiased, full body images
- ✓ Weightbearing 3D
- ✓ Exam time cut by up to 80% vs Xray



# Value proposition



Physicians &  
Surgeons



Healthcare Systems &  
Hospitals

- Safer : irradiation **at least x2** lower than x-rays , **> x10** on overweight patients and children follow ups
- Faster exams saving **up to 80% time**
- Bias free clinical parameters, improving correct planning, sizing or choice of implant
- Unique weight-bearing 3D reducing CT imaging needs and providing enhanced understanding of condition
- 2D&3D data for advanced surgery planning and execution

# Additional benefits for recruitment, retention and engagement



**Patients  
& Parents**



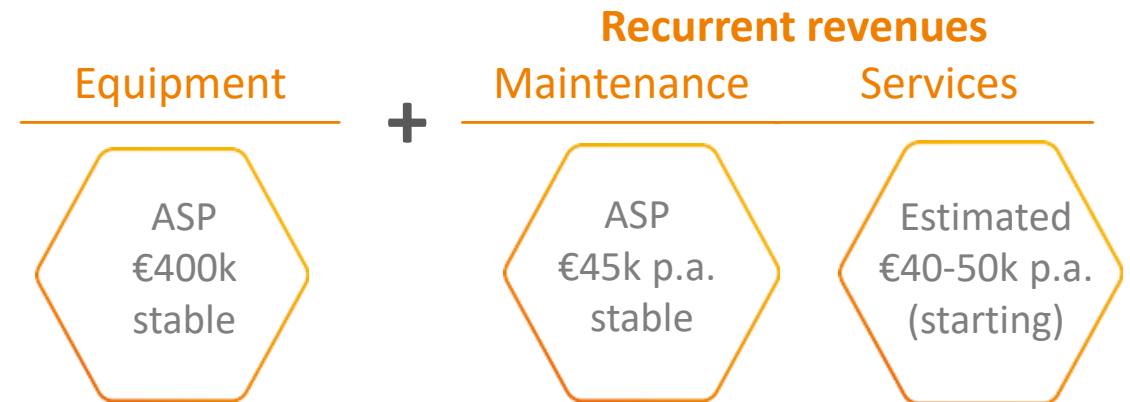
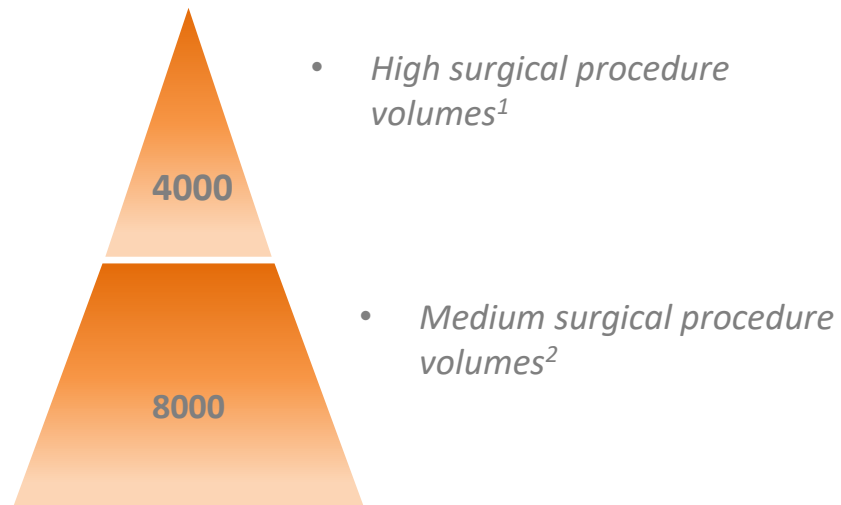
**Physicians  
& Surgeons**



**Healthcare Systems  
& Hospitals**

- Increased patient engagement from easy to share images
- Increased patient trust from ALARA dose commitment\*
- Key asset to differentiate a hospital's orthopedic franchise in a competitive environment\*\*
- Reimbursed with existing reimbursement codes

# Targeting ~ 12000 hospitals ww



# Growing recurrent revenues in a \$2b market opportunity

	Equipment Sales	+	Recurrent Sales Maintenance	+	Recurrent Sales Adv. Ortho Services <sup>1</sup>	TOTAL
<b>TODAY</b> 30% CAGR Installed base out of warranty 100	€30m	+	€6m	+	€1m	€37m
<b>TOMORROW</b> 250 new units sold/yr Installed base out of warranty 1000	€100m	+	€45m	+	€40m	€185m
<b>MARKET OPPORTUNITY AT MATURATION</b> 1,200 renewals p.a. (1 unit/hosp) 12,000 units installed	€480m	+	€540m	+	€480m	€1,6b

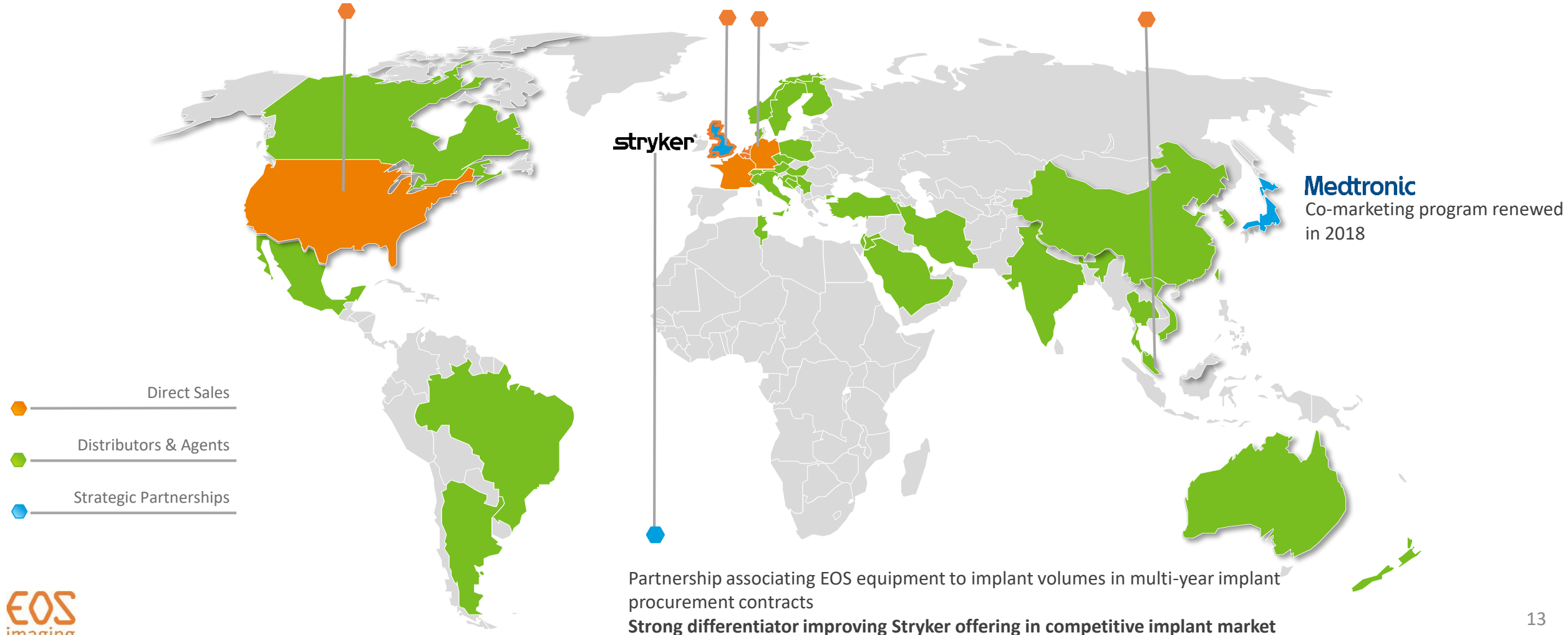
# Continuing to develop a lean and tactical commercial organization

2H17-1Q18

Major investment in the US

Direct sales in UK & Germany

Strengthened leadership in APAC

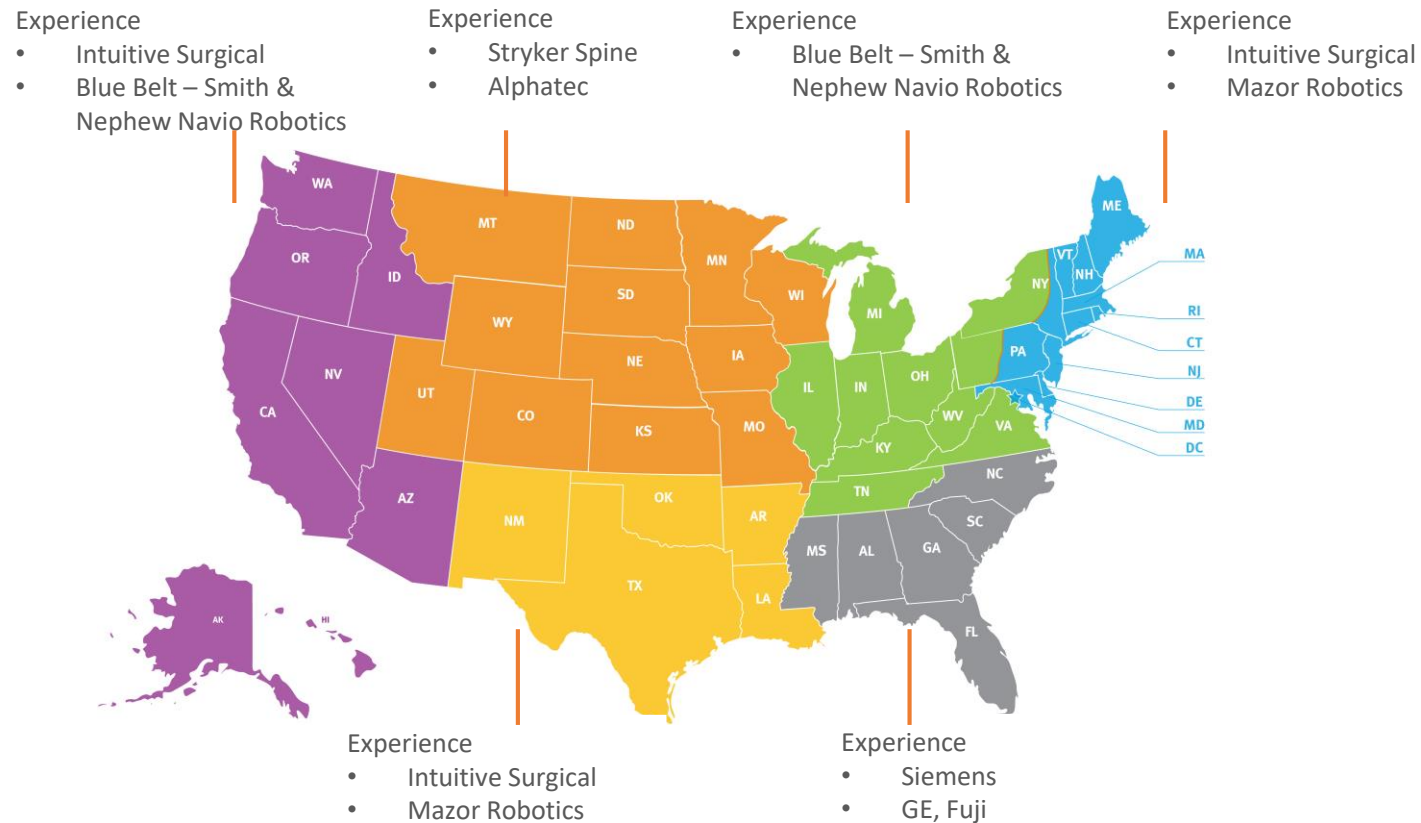




# A new organization to accelerate EOS adoption in the US

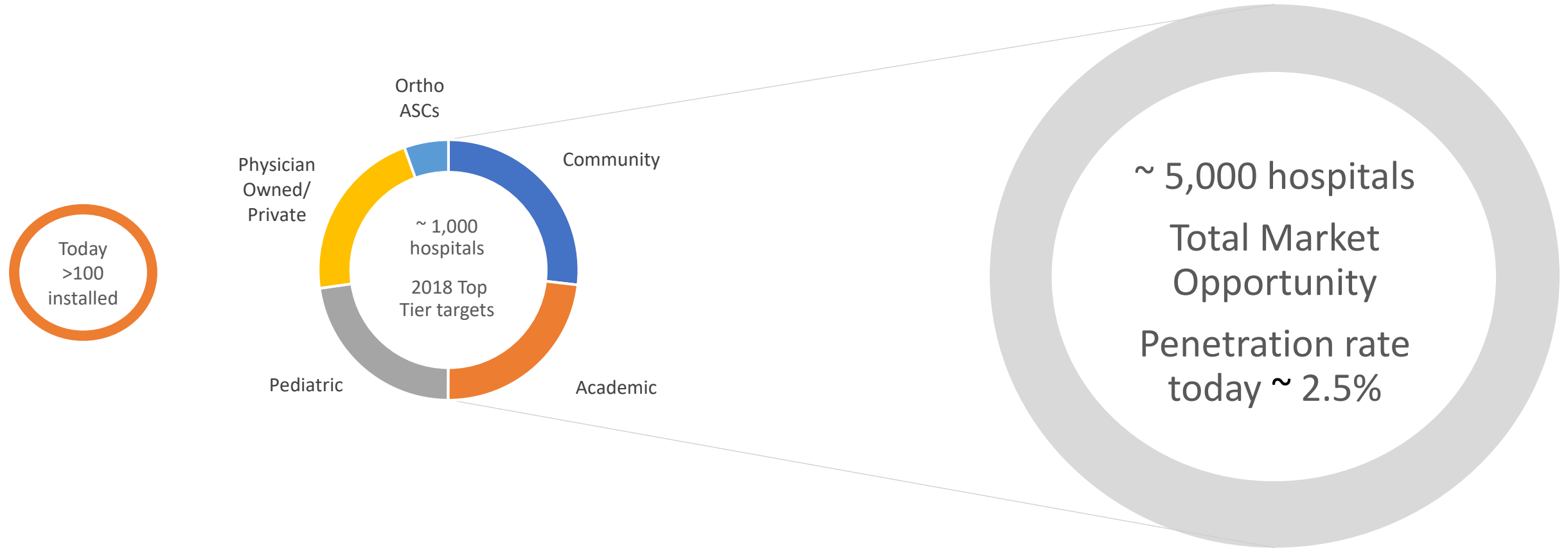
## All US operations under one leadership

- › New leadership in North America
- › U.S. Sales Team fully in place : VP Sales leading a team of 6 Senior Regional Sales Managers
- › Team brings strong / proven sale experience in selling differentiated high-price capital equipment (Robotics & Imaging)
- › Strengthening presence in profit-driven organizations
- › Financing tools to facilitate leasing (with 3<sup>rd</sup> party)



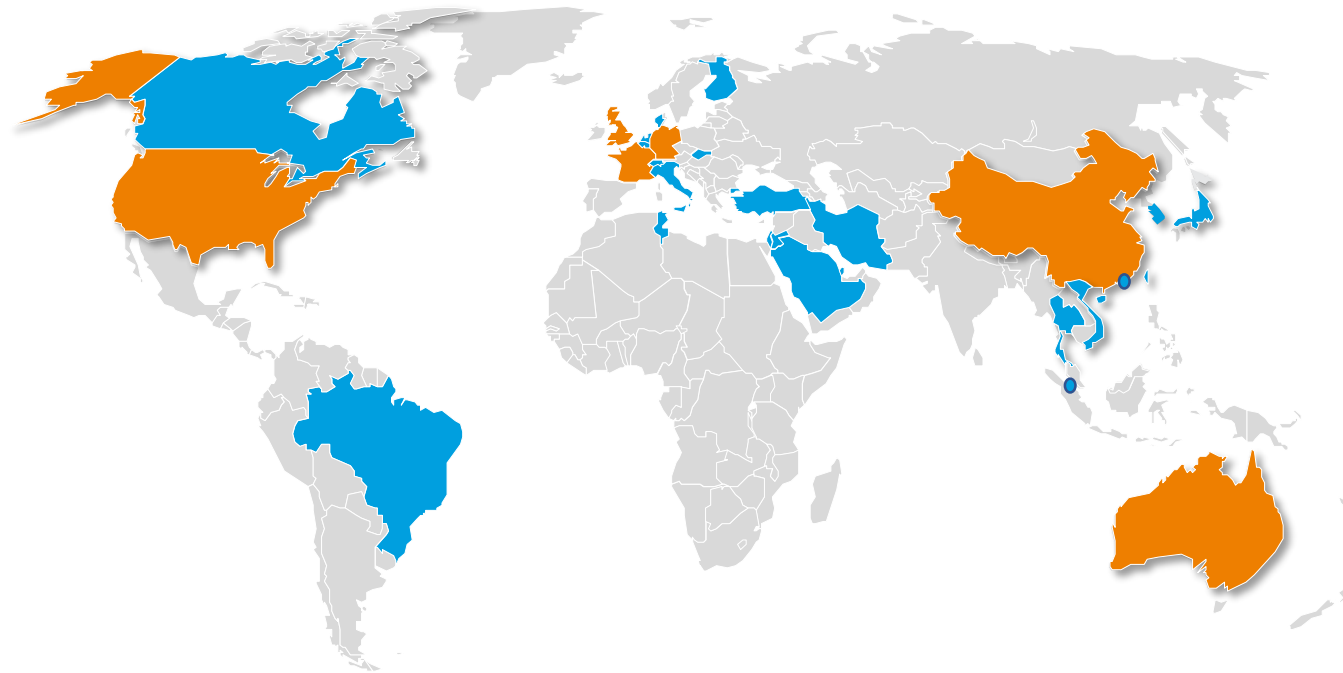
# EOS in the US: a ~ 5,000 Hospital Total Market Opportunity

2018: focus on ~ 1,000 first tier targets



# A growing standard of care endorsed by leaders and followers

260+ installations in best in class and second tier institutions from 31 countries

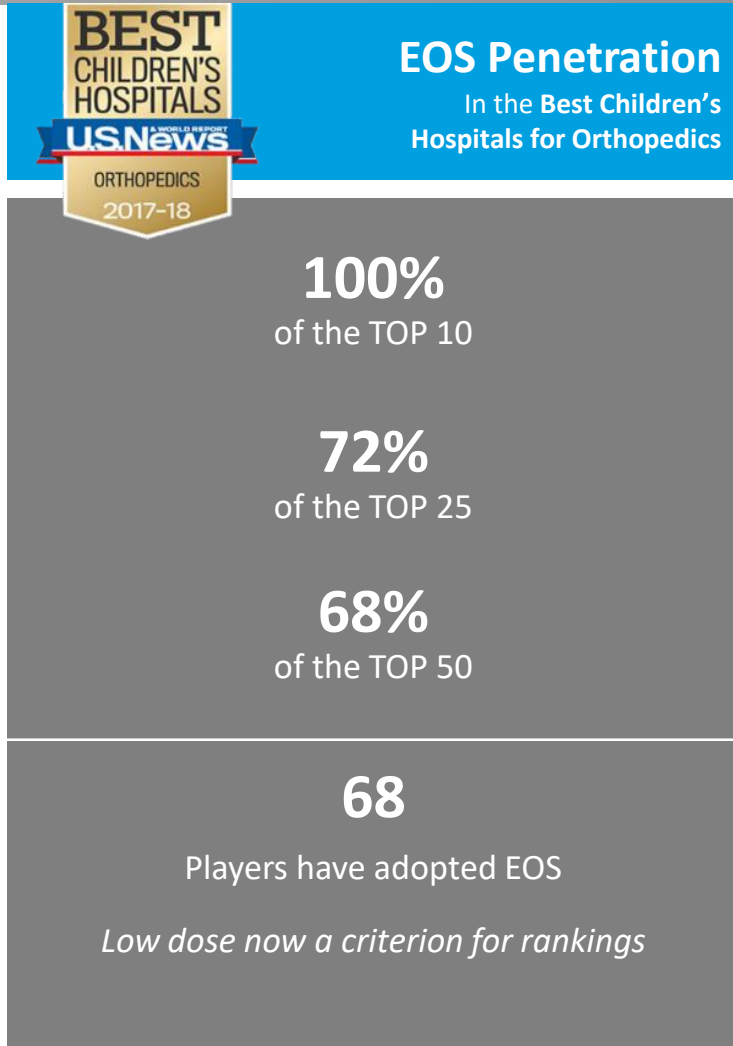


- Key Markets for Short Term Focus, currently with strong (US, France, Australia) or developing (UK, Germany, China) installed bases
- Countries with EOS Installations

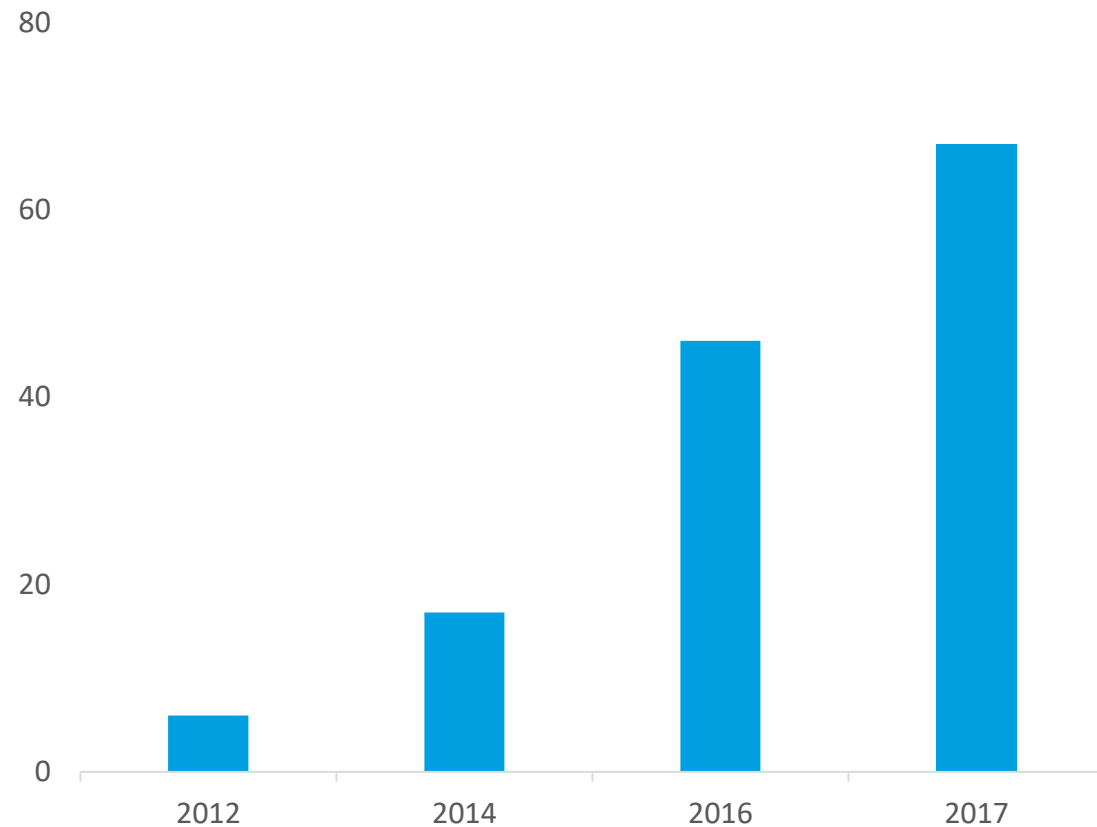


# Critical size driving adoption acceleration

## Example of US Pediatric Orthopedic Hospitals

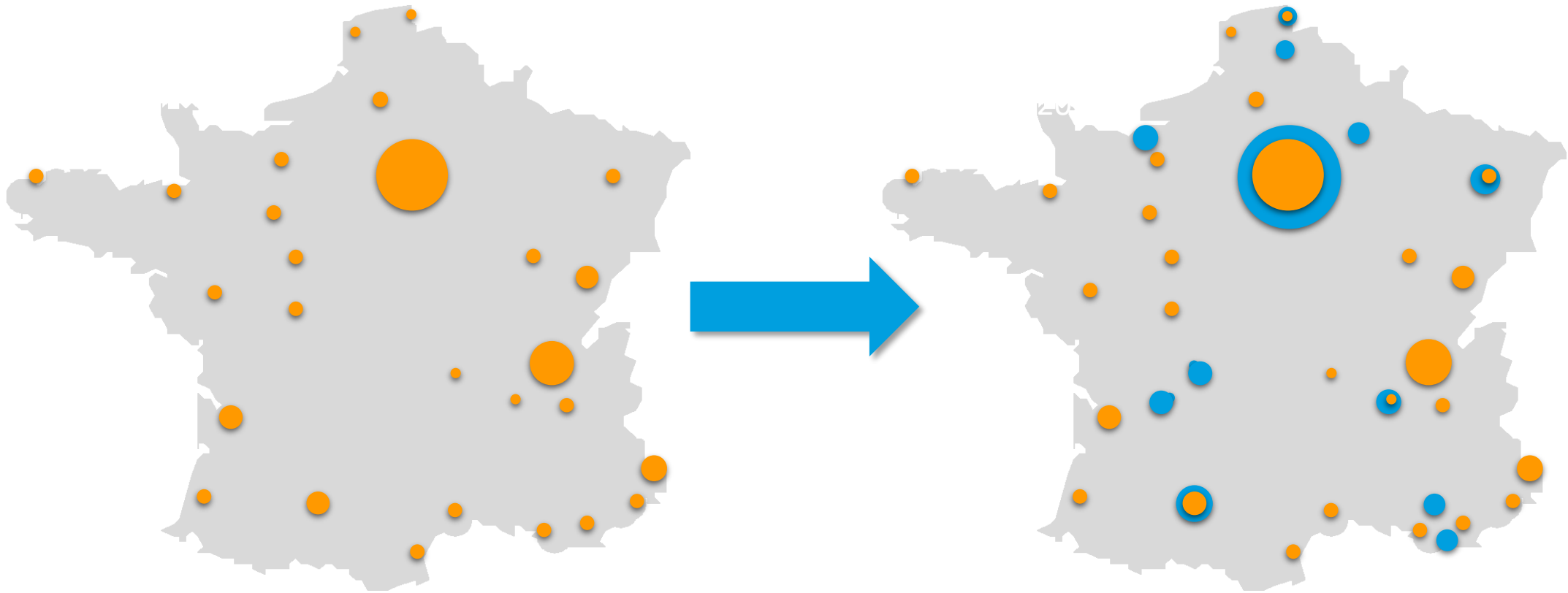


EOS Units in Exclusively Pediatric Hospitals



# Installed base concentration driving adoption acceleration

Example of France



**French EOS sites pre-2017:  
total French installed base  
as of the end of 2016**

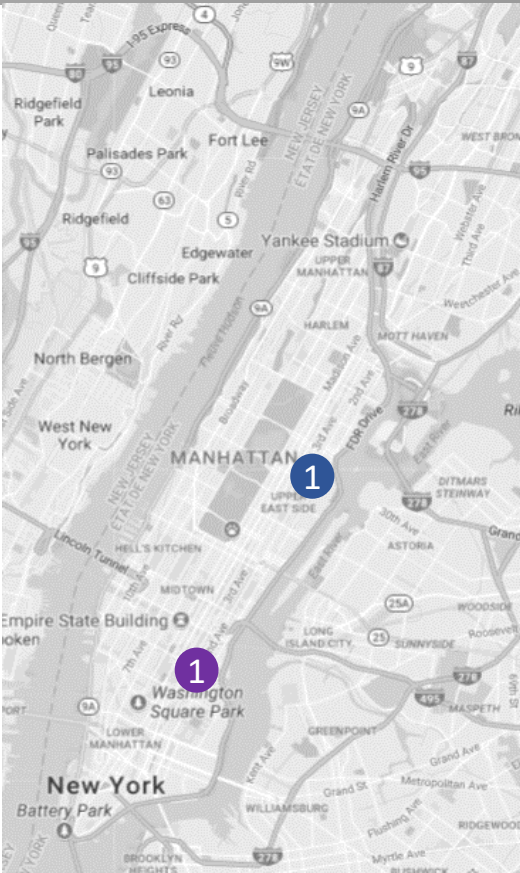
**New sales in France in 2017  
~ 30% of total French installed base  
as of end of 2016**



# Capacity to up-sell customers

## Manhattan Example

2013

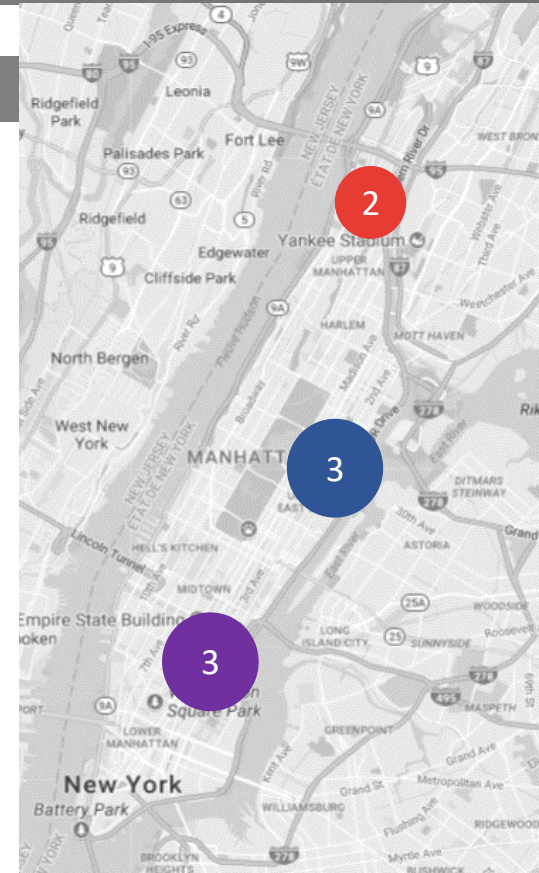


NewYork-Presbyterian

HSS  
HOSPITAL FOR SPECIALIST SURGERY

NYU

2017



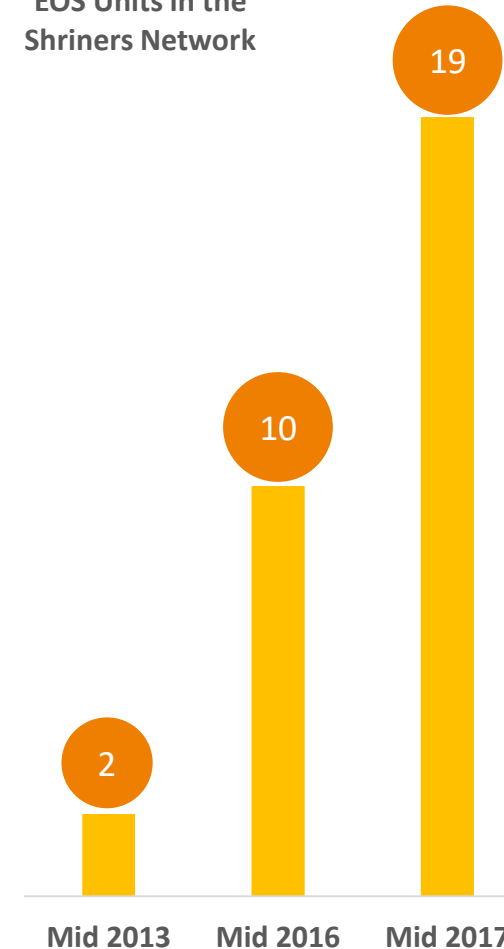
Multiple sales: 40 units sold into 10 healthcare organizations

# Capacity to become a standard of care for an entire network

## Example of Shriners Hospitals for Children



EOS Units in the Shriners Network



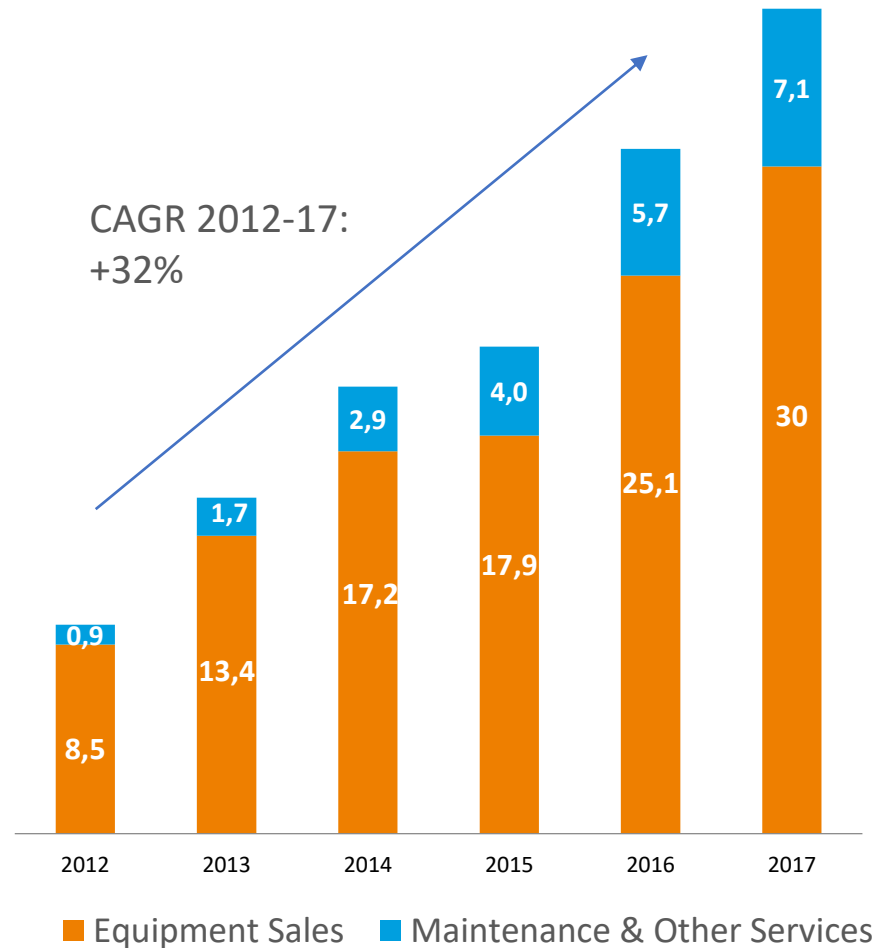
- › A network of 22 sites w/19 involved in orthopedics
- › Partnership with the Mayo Clinic Network
- › Specialized in pediatric orthopedics, spinal cord injury, burn care
- › **19 hospitals in 4 years**
- › **EOS retained for its safety and relevance to orthopedic treatment**

## Revenue & Key Financials



# Revenue (€)

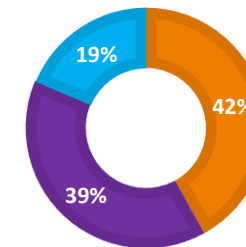
CAGR 2012-2017: +32%



Sales performance since 2012

## > EQUIPMENT SALES REVENUE 2017 €30M

■ EMEA ■ NAM ■ APAC



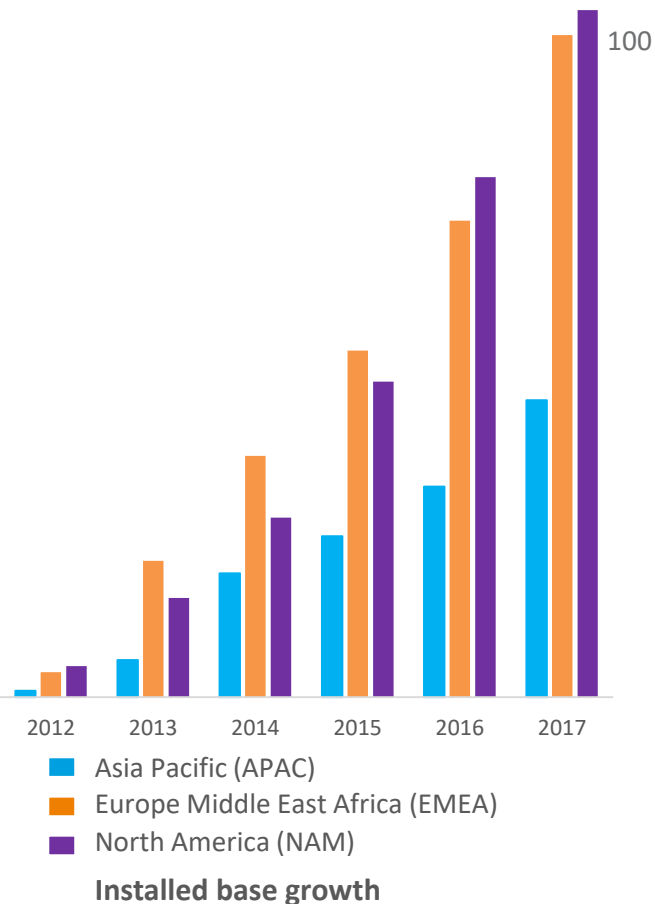
- EMEA +45% yoy
- APAC +83% yoy
- NAM -5% yoy, New team in US in place by end of 3Q drove USD revenue up 53% in 4Q

1Q18: +34%

> With about 2% penetration in the global hospital opportunity, and above 10% penetration already won in historic markets, the company is confident in strong revenue traction in coming years

# Growth of recurring revenues (€)

Growing installed base driving higher recurring revenues



- › **260+** EOS systems deployed
- › **X5** installed base in 5 years
- › **19%** contribution from recurring sales in 2017 with **maintenance representing 16%** of the total sales
- › Solid, automatic growth of maintenance revenues as installed base grows
- › Additional leverage from sales of software services developing in coming years



# Income statement

(in thousands of euro @ historic rate)	FY 2017	FY 2016	2017	Outlook
Sales of equipments	29 992	25 062		
Sales of maintenance & services	7 101	5 711		
<b>Sales revenue</b>	<b>37 092</b>	<b>30 773</b>	20% growth of revenue without US contributing to growth	Very strong US contribution to growth resumed from 4Q17 and confirmed in 1Q18
Other revenue	1 718	2 324		
<b>Total revenue</b>	<b>38 810</b>	<b>33 097</b>		
Direct cost of sales	(20 288)	(16 198)		
<b>Gross margin</b>	<b>16 804</b>	<b>14 575</b>	2 pts decrease of Gross Margin rate due to unfavorable regional sales mix (-3,1 pts) and FOREX (-0,3pts) partially offset by improved production and maintenance costs	<ul style="list-style-type: none"> <li>• GM stable at 47% 2014 to 2016</li> <li>• GM expected to restore with stronger North Am contribution</li> <li>• GM expected to appreciate with stronger recurring revenues</li> </ul>
	45%	47%		
Indirect cost of sales	(4 122)	(3 826)		
Research & Development	(4 104)	(3 887)		
Sales & Marketing	(9 811)	(8 655)		
Regulatory	(739)	(699)		
G&A	(4 608)	(3 912)		
Share-based payments	(907)	(484)		
<b>Total operating expenses</b> (direct cost of sales excl.)	<b>(24 291)</b>	<b>(21 463)</b>	11% increase of Operating Expenses excluding non cash Share-based payments	Average annual growth of operational expenses excluding share-based payments in last 3 years 15% (vs 30% CAGR)
<b>Total operating expenses</b>	<b>(44 579)</b>	<b>(37 661)</b>		
<b>Operating income</b>	<b>(5 769)</b>	<b>(4 563)</b>		
Financial income	(2 017)	(1 609)	Interest charges associated with IPF debt	Refinancing debt
<b>Net income</b>	<b>(7 786)</b>	<b>(6 172)</b>		

# Dec 31 2017 Balance Sheet

## Balance Sheet

In million €	Dec 31, 2016	Dec 31, 2017	
Intangible Assets	8,2	9,6	
Tangible Assets	1,6	2,1	
Inventories	3,0	4,4	
Trade Receivables	25,0	30,1	— Additional liquidity opportunity from high credit quality Receivables
Other Receivables	6,1	5,1	
Cash	14,9	6,9	— Reinforced in first quarter by €4.9m
<b>Total Assets</b>	<b>58,8</b>	<b>58,3</b>	
Shareholder's Equity	22,8	23,2	— Shareholders equity increase after April 2017 Private Placement
Non-current Liabilities	14,8	15,4	} Partial repayment of 1 <sup>st</sup> & 2d tranches of IPF debt
Current Financial Liabilities	4,7	1,1	
Trade Payables	7,8	7,9	
Other Payables	8,6	10,7	
<b>Total Liabilities</b>	<b>58,8</b>	<b>58,3</b>	

- Refinancing of IPF debt in line with Company's improving and maturing profile opening partial financing of receivables
- Financing organic growth through to positive cashflow generation together with receivables financing

# 2018-2022 outlook

## Sales & Business Development

*Organization in place  
to deliver growth*

- › Leadership in place, sales organization will be incremented as pipeline continues to grow
- › Software services going to market in 2018/19 from direct sales and implant company partnerships

## Profitability

*Strict control of expenses*

- › Sales-related costs incremented with expected improvement of selling efficiency as markets mature
- › Efficiency in maintenance-related costs expected as installed base densifies
- › Controlled increase of non sales-related costs

## Product development

*Continuing to bring  
relevant innovations*

### Ongoing developments on

- › Equipment gross margin
- › Deep learning (Artificial Intelligence)
- › Apps portfolio on simulation, planning and control of key osteo-articular therapies

# EOS imaging investment case

- › A unique and differentiated solution bridging the gap between imaging and orthopedics implant surgery
- › Offering key benefits to all stakeholders, from patients to healthcare systems
- › Gaining strong traction in a global untapped market
- › Agile combination of direct commercial presence and tactical partnerships to trigger virtuous cycle of critical size
- › Key opinion leader initiatives continually fueling equipment deployment
- › Accelerating investments in the US, the largest market
- › Growing installed base driving higher recurring revenues

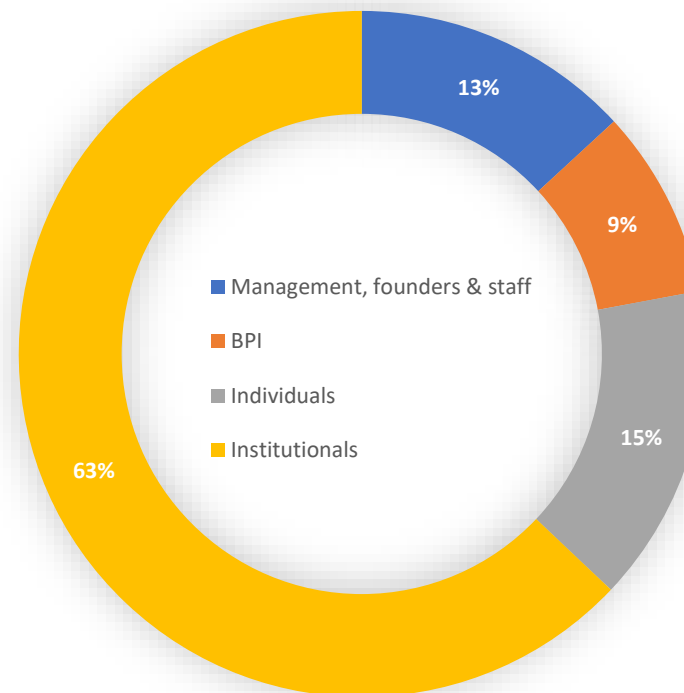


## Market Data

- ✧ **Listed Euronext Paris**
- ✧ **Ticker:** EOSI
- ✧ **ISIN:** FR0011191766
- ✧ **Market:** Health Care
- ✧ **Sector:** Health Care Equipment & Services
- ✧ **Share Price:** €5,60 (closing Feb 28, 2018)
- ✧ **+ High / + Low last 12 mo:** €5,95 / €4
- ✧ **Nb of shares:** 22,648,258
- ✧ **Market Cap.:** €127M



## Fully Diluted Cap Table



May 2018

Email: [investors@eos-imaging.com](mailto:investors@eos-imaging.com)  
[www.eos-imaging.com](http://www.eos-imaging.com)



 **CONNECTING IMAGING TO CARE**