



## 2016 Annual results:

- Operating expenses under control
- Strengthened financial structure

## 1<sup>st</sup> effects of the SKYWAY 2018 plan: sharp increase in sales for Q1 2017 at €3.1M (+176%)

<i>In thousands of euros</i>	2015*	2016*
Revenue	5 680	5 118
Gross margin	3 799	3 361
<i>Operating expenses</i>	4 877	4 785
<b>Gross operating surplus</b>	<b>- 1 078</b>	<b>- 1 424</b>
Operating income	- 1 845	- 2 368
<b>Net income</b>	<b>- 1 686</b>	<b>- 2 264</b>

\* Non-consolidated accounts

**Spineway's Board of Directors, which met on 26 April 2017 for a meeting chaired by Stéphane Le Roux, closed the 2016 annual accounts.**

### Results that support booming development

Spineway's 2016 revenue amounted to €5.1M, mainly due to the shifting of its US order for \$2M to early 2017. During the 2<sup>nd</sup> half of 2016, Spineway accelerated its deployment in areas with high growth potential in accordance with its SKYWAY 2018 plan. This resulted in the creation of the Spineway USA Inc. subsidiary and a first order representing \$2M on US territory. In Asia, the Group entered into a strategic partnership with the Chinese company Tinavi Medical Technologies, which develops and sells the TiRobot® robot (able to perform surgeries on all segments of the spine). Spineway also reinforced its sales teams by recruiting a Sales Manager, as well as two Area Sales Managers, one for the Middle East and one for Latin America, which help support the Group's ramping up in its existing territories.

The postponement of revenue mechanically changes the Gross Margin to €3 361K (66% of the revenue) but the proper control of operating expenses made it possible for the Gross Operating Surplus to be - €1 424K. Operating Income amounted to - €2 368K compared with - €1 845K the previous year and the Net Income showed a loss of - €2 264K, due to a non-recurring expense of €258K in connection with the depreciation of receivables concerning the Spanish subsidiary.

The Group's financial structure was strengthened during the 2<sup>nd</sup> half of the year with the capital investment of the Tinavi Medical Technologies Group amounting to €1.4M. With available cash amounting to €1.4M at the end of December, the net debt remained stable at €2.7M (€2.7M as at 31 December 2015). It is predominantly made up of short-term debts necessary to finance the WCR.

## Sharp increase in sales during the 1<sup>st</sup> quarter of 2017: +176%

In early 2017, Spineway reaped the first benefits from its actions undertaken pursuant to its SKYWAY 2018 plan. Indeed, the Group's consolidated revenue increased significantly over the **1<sup>st</sup> quarter of 2017, representing €3.1M, compared with €1.1M the previous year.** This **activity growth of +176%** is carried by the US sales (€1.7M) and the current solid momentum worldwide. Indeed, **Spineway's activity outside the US has increased +30%** compared with Q1 2016.

**Latin America** confirms its approach with a **growth in activity of 86%** to €801K, mainly due to the success of Mont-Blanc, Mont-Blanc Baby and Mont-Blanc mini-invasive (MIS).

Spineway's new **Mont-Blanc MIS** line has been received enthusiastically since its launch in October 2016 and should **continue to grow during the 2017 financial year.**

Sales in **France grew 27%** during this period, allowing Europe as a whole to reach €307K. **Asia/Oceania** sales **increased +15%** during the quarter, thanks to a first foray into Australia, which should continue to develop progressively. In addition, the strategic alliance with Tinavi Medical Technologies should soon allow Spineway regain its former levels of sales in Asia.

**The strong demand for the sterile surgical lines in the United States and the strengthening of our sales teams should help the Group's activity continue to grow throughout the 2017 financial year and allow it to reach its SKYWAY 2018 goals of revenue of €10M and a return to the balance.**

### SPINEWAY IS ELIGIBLE FOR THE PEA-PME (EQUITY SAVINGS PLAN FOR SMES)

Find out all about Spineway at [www.spineway.com](http://www.spineway.com)

Next communication:

2017 First Semester Sales – 18 July 2017, after market closes

*Spineway designs, manufactures and markets innovative implants and surgical instruments for treating severe disorders of the spinal column.*

*Spineway has an international network of over 50 independent distributors and 90% of its turnover comes from exports.*

*Spineway, which is eligible for investment through FCPIs (French unit trusts specializing in innovation), received the OSEO Excellence award as well as the Deloitte Fast 50 award in 2011. Rhône Alpes INPI Patent Innovation Award (2013) – Talent INPI award (2015).*

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