



Acquisition confirmed for Latin America and Africa

SPINEWAY announces that the conditions precedent have been met and confirms its acquisition of an equity stake in INTEGRAL MEDICAL SOLUTIONS (IMS), a holding company at the head of a group of companies in the healthcare sector that is heavily involved in the management of hospitals in Latin America and Africa (see press release of 20 March 2019).

Strengthening Spineway's positions

This equity stake as well as the partnership and distribution agreement to be entered into in the coming months with IMS and its affiliates will, in the short term, allow SPINEWAY to strengthen its positions in Latin America, which represented 50% of its sales in 2018, and significantly accelerate its growth in this region where the market is estimated at 150 million euros in 2019 (130 million in 2016¹).

In addition, the agreement will allow SPINEWAY to open its way into the African continent, with a market of over 1.2 billion residents and where the use of implants is ramping up in orthopedics and neurosurgery.

This closer relationship between upstream and downstream will provide SPINEWAY with opportunities to expand its product lines. Indeed, the IMS hospitals are heavy users of high-added-value products that SPINEWAY will be able to provide directly. With this improved visibility, SPINEWAY should benefit from more recurring income.

In conjunction with this structural project, SPINEWAY is pursuing its strategic plan with the redeployment of its activity in the US and repositioning of its products as Premium.

Staggered investment schedule

The transaction was the subject of a promise of sale by STRATEGOS GROUP LLC and a promise of purchase by SPINEWAY allowing for a staggered investment in IMS's capital.

First, SPINEWAY will make a partial payment for an equity stake of 6.9% of IMS's capital in four installments set for the following dates: 14 May 2019, 30 June 2019, 31 July 2019 and 31 August 2019. Then, in about three or four years, subject to financing being found for the balance of the IMS capital, SPINEWAY will have the option of increasing its stake to 52% of IMS's capital, with the possibility of suspending this promise if it is unable to obtain suitable long-term financing, as well as for technical reasons beyond its control.

¹ Source Global Data - Spinal Fusion Global Analysis – 2017.

Subsequently, SPINEWAY has a promise of sale allowing it to acquire all of INTEGRAL MEDICAL SOLUTIONS's capital in five years.

Creating a new group, a new business model

By acquiring this interest, SPINEWAY is undertaking a major transformation of its business model. This first step toward large-scale vertical integration will create a new group worth more than €80M in revenue based on the 2018 figures. This will allow SPINEWAY shareholders to be in on the ground floor of a new group in the healthcare field in high-growth locations with great potential.

About INTEGRAL MEDICAL SOLUTIONS (IMS)

IMS, which is currently wholly owned by the Strategos group, is a major healthcare player in Latin America with, in particular, National Clinics Colombia SAS, National Clinics Centenario SAS and National Clinics Los Nevados SAS in Colombia. It also owns Strategos Medical Solutions SASU and Strategos Hôpitaux du Congo in the Democratic Republic of the Congo.

National Clinics Colombia SAS manages three hospitals based in Colombia, two of which in Bogota and one in the Pereira region that should be opening during the second half of 2019, representing a total of almost 500 beds. National Clinics Colombia SAS, which generated revenue of €67M in 2018, aims to become one of the largest private hospital operators in Colombia with care services geared toward the middle classes.

National Clinics Colombia SAS also developed a telemedicine and outpatient-care activity that was sold in 2017. It covered eight Latin American countries with close to 1.4 million subscribers, over 4 800 employees and revenue of €130M. Thanks to this experience, the Group still has a large network of doctors and surgeons in Latin America and intends to develop a similar offer in Africa.

The acquisition thus includes the two aforementioned companies in the Democratic Republic of the Congo that manage a hospital network representing 209 beds and healthcare-related services.

Next communication: Revenue for the first half of 2019 – 11 July 2019

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

Find out all about Spineway at www.spineway.com

This press release has been prepared in both English and French. In case of discrepancies, the French version shall prevail.

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 revenue comes from exports. Spineway, which is eligible for investment through FCPIs (French unit trusts specializing in innovation), has received the OSEO Excellence award since 2011 and has won the Deloitte Fast 50 award (2011). Rhône Alpes INPI Patent Innovation award (2013) – INPI Talent award (2015).

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