

## Morning Note – 9th April 2021

### SPINEGUARD

FY results: 2020, a very complex year

- A logical impact of the pandemic, still present in Q1
- Greatly improved financial visibility
- Value of new projects to be now taken into consideration

#### Increased losses, no big surprise

SpineGuard had already published its turnover which showed a marked decline in activity in 2020 directly linked to the pandemic (-29%). This inevitable decline does not call into question the suitability or performance of the PediGuard range. Logically, many surgeries were postponed during the lock-down periods (H1 and H2) to free up capacity in the intensive care units and recovery rooms mobilized to accommodate covid patients in critical stage. The operating loss comes out at -EUR0.98m, in line with our scenario (-EUR1m). The net loss stands at -EUR2.28m, below our expectations, due to non-recurring costs (around EUR0.88m) induced by the safeguarding of the company and the procedures initiated in France and in the United States (Chapter 11). The 2021 financial year started off in a mixed bag (EUR1.05m, -24.8%), particularly in the United States (-29% at constant exchange rates), an area which was, on the fringes of the pandemic, very disturbed by the cold snap of February. Europe (+ 21%) nevertheless posted a third consecutive increase over the period, a very reassuring trend for the quarters to come.

#### New funding gives visibility for 36 months

The losses posted in 2020 logically impacted cash position, which stood at EUR1.2m at the end of the year. After the drawing of a new line of financing, it stood at EUR2.3m on 03/31. In order to secure the future, the company signed a new equity financing of EUR10m which gives exceptional visibility and will make it possible to invest in its new R&D programs and to support a more aggressive commercial strategy, in particular in the United States for the launch of DSG Connect.

#### Good news on new projects

The management took advantage of the publication of the results to make an update on the innovative programs which particularly address the robotics market. Major advances were made in 2020, which gives a better idea of application perspectives (design of devices & likely partnerships). The concept of DSG (Dynamic Surgical Guidance) should therefore generate increased enthusiasm in the sector.

#### Valuation and rating

The group recently came out of the safeguard procedure with a rescheduling of its debts. The year 2021 is still expected to see impacts from the pandemic, but the sky is brightening. It is above all the better perception of new projects that catches our attention and requires a more detailed analysis of their potential value. We remain very positive on the matter and are putting our price target under review in the short term.

*Next communication: Q2 sales July 7<sup>th</sup> (after market)*

### France - Medtech

**BUY**

Fair value (EUR)	Under review
Price (EUR)	2.12
Upside/down side	NA

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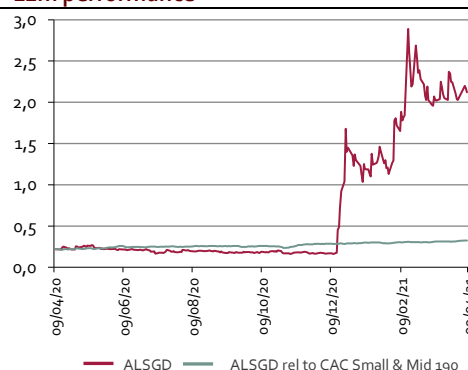
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#### Stock data (2021-04-08)

ISIN	FR0011464452
Ticker	ALSGD.PA
Price (EUR)	2.12
Market capitalisation (EURm)	52.0
Free float (%) est.	90.0
Floating capitalisation (EURm)	46.8
Number of shares (,000)	24,512
Average daily volume (3 m)	2,570,598

#### 12m performance



Change (%)	1 m	3 m	12m
Absolute	+8.2	+78.9	+554.3
Rel. to CAC SM190	+3.1	+69.9	+516.8
Rel. to Next Biotech	+13.4	+81.2	+552.6

#### Financials (31/12)

EURm	2019	2020E	2021E	2022E
Sales	6.8	5.4	7.9	10.0
EBITDA	-0.1	-0.8	0.5	1.1
EBIT	-0.4	-1.0	0.2	0.8
Net income	-0.7	-1.7	-0.1	0.6
EPS (EUR)	0.0	-0.1	0.0	0.0
Net debt	4.7	4.9	3.1	4.4

#### Key ratios

	2019	2020E	2021E	2022E
EV/Sales	1.1x	10.6x	6.9x	5.6x
EV/EBITDA	na	na	59.8x	29.9x
EV/EBIT	na	na	130.3x	40.8x
PER	na	na	na	86.6x
ROIC	-9%	na	5%	17%
ROE	12%	30%	2%	-6%
EV/IC	1.5x	11.5x	11.2x	11.3x
Gearing	-84%	-85%	-49%	-43%

## Profit and Loss

As of 31/12 (EURm)	2015	2016	2017	2018	2019	2020E	2021E	2022E
<b>Sales</b>	<b>6.35</b>	<b>7.46</b>	<b>8.17</b>	<b>7.58</b>	<b>6.83</b>	<b>5.37</b>	<b>7.95</b>	<b>10.00</b>
Change n-1	43.1%	17.6%	9.5%	-7.3%	-9.9%	-21.4%	48.0%	25.8%
Other revenues	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>6.35</b>	<b>7.46</b>	<b>8.17</b>	<b>7.58</b>	<b>6.83</b>	<b>5.37</b>	<b>7.95</b>	<b>10.00</b>
Gross margin	5.36	6.35	6.95	6.55	5.77	4.59	7.01	8.89
<b>EBITDA</b>	<b>-3.73</b>	<b>-3.31</b>	<b>-2.66</b>	<b>-0.86</b>	<b>-0.14</b>	<b>-0.76</b>	<b>0.54</b>	<b>1.13</b>
Change n-1	12%	11%	20%	68%	84%	-460%	171%	-108%
Depreciation & amortisation	0.26	0.33	0.31	0.26	0.30	0.29	0.29	0.30
Goodwill	-	-	-	-	-	-	-	-
<b>EBIT</b>	<b>-3.97</b>	<b>-3.63</b>	<b>-2.96</b>	<b>-1.11</b>	<b>-0.43</b>	<b>-1.05</b>	<b>0.25</b>	<b>0.83</b>
Change n-1	11%	9%	18%	63%	61%	-143%	124%	-232%
Net financial income	0.10	-0.54	-1.16	-1.21	-0.64	-0.69	-0.36	-0.23
Minorities	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>Net profit before tax</b>	<b>-3.88</b>	<b>-4.18</b>	<b>-4.13</b>	<b>-2.32</b>	<b>-1.07</b>	<b>-1.74</b>	<b>-0.11</b>	<b>0.60</b>
Tax	-	-	-	-0.02	0.39	-	-	-
<b>Net in come</b>	<b>-3.88</b>	<b>-4.18</b>	<b>-4.13</b>	<b>-2.33</b>	<b>-0.69</b>	<b>-1.74</b>	<b>-0.11</b>	<b>0.60</b>
Change n-1	15%	-8%	1%	43%	71%	-154%	94%	646%
EPS	-0.77	-0.82	-0.72	-0.34	-0.05	-0.10	-0.01	0.03
EPS fully diluted	-0.77	-0.75	-0.68	-0.38	-0.05	-0.09	-0.01	0.03
Gross margin (% of sales)	84.5%	85.1%	85.1%	86.5%	84.5%	85.5%	88.1%	88.9%
EBITDA (% of sales)	na	na	na	na	na	na	7%	11%
EBIT (% of sales)	na	na	na	na	na	na	3%	8%
Net margin (% of sales)	na	na	na	na	na	na	na	6%

## Cash Flow statement

Au 31/12 (MEUR)	2015	2016	2017	2018	2019	2020E	2021E	2022E
<b>Net income</b>	<b>-3.88</b>	<b>-4.18</b>	<b>-4.13</b>	<b>-2.33</b>	<b>-0.69</b>	<b>-1.74</b>	<b>-0.11</b>	<b>0.60</b>
Depreciation and amortisation	0.26	0.33	0.31	0.26	0.30	0.29	0.29	0.30
Goodwill	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Change in WCR	0.53	-1.01	0.26	-0.08	0.27	-0.60	-0.37	-0.14
Others	0.50	0.83	1.05	1.49	0.71	1.01	0.67	0.54
<b>Cash-flow from operations</b>	<b>-2.60</b>	<b>-4.03</b>	<b>-2.51</b>	<b>-0.67</b>	<b>0.60</b>	<b>-1.05</b>	<b>0.49</b>	<b>1.30</b>
Capex	-0.20	-0.06	-0.05	-0.05	-0.08	-0.08	-0.08	-0.08
<b>Free cash flow</b>	<b>-2.80</b>	<b>-4.09</b>	<b>-2.56</b>	<b>-0.72</b>	<b>0.52</b>	<b>-1.13</b>	<b>0.41</b>	<b>1.22</b>
Acquisitions	-0.37	-0.09	-	-	-0.15	-	-	-
Divestments	-	0.01	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-
Capital increase	2.64	0.42	2.21	1.68	1.75	-	-	-
Financing (bank and others)	2.76	2.87	0.01	4.64	0.22	-	-	-
Others	-1.51	-0.54	-0.26	-5.73	-1.54	-	-2.36	-2.53
<b>Change in cash over the period</b>	<b>0.72</b>	<b>-1.42</b>	<b>-0.61</b>	<b>-0.13</b>	<b>0.80</b>	<b>-1.13</b>	<b>-1.96</b>	<b>-1.31</b>
Opening cash position	2.51	3.23	1.80	1.19	1.05	2.01	0.88	-1.08
Closing cash position	3.23	1.80	1.19	1.06	1.85	0.88	-1.08	-2.39

## Balance sheet

Au 31/12 (MEUR)	2015	2016	2017	2018	2019	2020E	2021E	2022E
Fixed assets	0.21	0.18	0.14	0.12	0.63	0.56	0.48	0.40
Intangible assets	1.26	1.11	0.90	0.72	0.72	0.59	0.45	0.31
Goodwill	3.08	3.08	3.08	3.08	3.08	3.08	3.08	3.08
Financial assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inventories	0.59	1.02	0.81	0.84	0.66	0.53	0.79	0.99
Account receivables	0.94	1.41	1.38	1.32	0.95	0.90	1.34	1.68
Other receivables	0.54	0.68	0.54	0.59	0.55	0.50	0.39	0.58
Cash and cash equivalents	3.23	1.80	1.19	1.06	1.40	0.27	-1.68	-2.99
Prepaid expenses	-	-	-	-	-	-	-	-
Other non-current assets	0.06	0.13	0.12	0.13	0.12	0.12	0.12	0.12
<b>Total assets</b>	<b>9.92</b>	<b>9.41</b>	<b>8.15</b>	<b>7.86</b>	<b>8.12</b>	<b>6.56</b>	<b>4.97</b>	<b>4.17</b>
Equity	4.74	1.19	-0.20	-5.35	-5.57	-5.76	-6.36	-10.15
Others	-	-	-	4.86	5.78	5.78	8.15	10.68
Provisions	0.05	0.07	0.04	0.04	0.05	0.05	0.05	0.05
Financial debt	2.99	6.00	6.23	6.07	6.08	5.16	1.41	1.41
Account payables	1.10	1.19	1.04	1.16	1.04	0.68	1.01	1.27
Other debts	1.04	0.96	0.98	0.81	0.62	0.52	0.60	0.80
Deferred income and other liabilities	-	-	0.06	0.26	0.11	0.11	0.11	0.11
<b>Total liabilities</b>	<b>9.92</b>	<b>9.41</b>	<b>8.15</b>	<b>7.86</b>	<b>8.12</b>	<b>6.56</b>	<b>4.97</b>	<b>4.17</b>

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