

Morning Note – 16th September 2021

SPINEGUARD

HY results: positive signals

- A return to growth
- Costs under control
- 2022 is looking good

Activity picks up, still some uncertainties in the US

SpineGuard published its H1 sales in July, highlighting a return to modest growth (+4% at constant exchange rates). While uncertainty persists in the US (down 8% like-for-like), the rest of the world is experiencing a marked significant rebound (+59%). The gross margin rate eroded slightly (81.5% vs. 84.1%) due to the lower contribution from the US but also following cost price increases. A provision for obsolete American stocks (EUR 41k) also negatively impacts this line. The good control of marketing and general expenses allows to intensify R&D (new robotics projects in particular). The current operating loss is -692EURk vs -557EURk in H1 2020. With the renegotiation of the debt repayment, the financial costs are reduced. In the end, the net loss amounts to -782EURk, a significant improvement compared to H1 2020. These figures are slightly below our expectations (-600EURk) but this difference is not at all worrying insofar as the company allocates resources to value-creating innovation.

Stronger cash position, very good financial visibility

The good stock performance, the positive news and the high liquidity of the share made it possible to implement the financing line. Equity was thus strengthened in H1 (+EUR 4.4m). The cash position as of 30-06 amounted to EUR 5.1m, compared with EUR 1.2m as of 31-12-2020, giving financial visibility to 2023, with the possibility of additional drawdown of the financing line in the event of a one-off need.

End of safeguard period, good news from the pipeline

Following the positive decisions of the French and American courts, the safeguard procedure is now a thing of the past. The investor should now focus on the progress made in robotics and intelligent bone matrix drilling devices. The results obtained recently (100% success rate in the detection of bone breaches) open up very interesting application prospects which will be the subject of intense discussions with possible partners at various upcoming orthopedics conferences.

Valuation and rating

The figures published are reassuring, particularly the cash position, which secures the company until key value steps (deals) are reached. Covid turbulence is still likely in the US, where the vaccination rate is still too low in some states. However, the company still has real strengths in terms of its technological content, which should eventually be recognised. We remain very positive on this still largely undervalued dossier.

Next communication: Q3 revenues October 14th (after market)

France - Medtech

BUY

Fair value (EUR)	2.15
Price (EUR)	1.444
Upside/down side	+48.9%

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Stock data (2021-09-15)

ISIN	FR0011464452
Ticker	ALSGD.PA
Price (EUR)	1.164
Market capitalisation (EURm)	38.8
Free float (%) est.	91.6
Floating capitalisation (EURm)	35.5
Number of shares (,000)	26 851
Average daily volume (3 m)	926 778

12m performance



Change (%)	1 m	3 m	12m
Absolute	+33.5	+16.3	+702.2
Rel. to CAC SM190	+34.3	+17.2	+675.2
Rel. to Next Biotech	+28.9	+18.6	+699.3

Financials (31/12)

EURm	2020	2021E	2022E	2023E
Sales	4.9	5.6	6.7	8.1
EBITDA	-1.5	-0.3	0.3	0.9
EBIT	-1.8	-0.6	0.0	0.6
Net income	-2.7	-1.2	-0.4	0.4
EPS (EUR)	-0.10	-0.04	-0.01	0.01
Net debt	4.4	3.2	1.5	0.1

Key ratios

	2020	2021E	2022E	2023E
EV/Sales	7.9x	7.7x	6.2x	5.0x
EV/EBITDA	na	na	126.2x	43.0x
EV/EBIT	na	na	na	64.6x
PER	na	na	na	114.8x
ROIC	na	na	na	16%
ROE	na	na	na	8%
EV/IC	9.4x	9.8x	10.0x	9.4x
Gearing	na	220%	49%	2%

Profit and Loss

As of 31/12 (EURm)	2016	2017	2018	2019	2020	2021E	2022E	2023E
Sales	7,46	8,17	7,58	6,83	4,85	5,55	6,71	8,14
Change n-1	17,6%	9,5%	-7,3%	-9,9%	-29,0%	14,4%	20,9%	21,3%
Other revenues	-	-	-	-	-	-	-	1,00
Total revenues	7,46	8,17	7,58	6,83	4,85	5,55	6,71	9,14
Gross margin	6,35	6,95	6,55	5,77	4,04	4,81	5,82	7,08
EBITDA	-3,31	-2,66	-0,86	-0,14	-1,49	-0,33	0,33	0,94
Change n-1	11%	20%	68%	84%	-993%	78%	202%	-183%
Depreciation & amortisation	0,33	0,31	0,26	0,30	0,35	0,30	0,31	0,32
Goodwill	-	-	-	-	-	-	-	-
EBIT	-3,63	-2,96	-1,11	-0,43	-1,84	-0,63	0,03	0,63
Change n-1	9%	18%	63%	61%	-326%	66%	104%	-2393%
Net financial income	-0,54	-1,16	-1,21	-0,64	-0,84	-0,53	-0,40	-0,28
Minorities	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Net profit before tax	-4,18	-4,13	-2,32	-1,07	-2,68	-1,16	-0,38	0,35
Tax	-	-	-0,02	0,39	-0,04	-	-	-
Net in come	-4,18	-4,13	-2,33	-0,69	-2,72	-1,16	-0,38	0,35
Change n-1	-8%	1%	43%	71%	-296%	57%	67%	193%
EPS	-0,82	-0,72	-0,34	-0,05	-0,12	-0,05	-0,01	0,01
EPS fully diluted	-0,75	-0,65	-0,31	-0,05	-0,10	-0,04	-0,01	0,01
Gross margin (% of sales)	85,1%	85,1%	86,5%	84,5%	83,2%	86,6%	86,8%	87,0%
EBITDA (% of sales)	NA	NA	NA	NA	NA	NA	5,0%	11,6%
EBIT (% of sales)	NA	NA	NA	NA	NA	NA	0,4%	7,7%
Net margin (% of sales)	NA	NA	NA	NA	NA	NA	NA	4,3%

Cash Flow statement

Au 31/12 (MEUR)	2016	2017	2018	2019	2020	2021E	2022E	2023E
Net income	-4,18	-4,13	-2,33	-0,69	-2,72	-1,16	-0,38	0,35
Depreciation and amortisation	0,33	0,31	0,26	0,30	0,35	0,30	0,31	0,32
Goodwill	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Change in WCR	-1,01	0,26	-0,08	0,27	0,64	-0,51	0,34	0,29
Others	0,83	1,05	1,49	0,71	1,04	0,88	0,75	0,68
Cash-flow from operations	-4,03	-2,51	-0,67	0,60	-0,68	-0,48	1,03	1,63
Capex	-0,06	-0,05	-0,05	-0,08	-0,05	-0,08	-0,08	-0,08
Free cash flow	-4,09	-2,56	-0,72	0,52	-0,73	-0,56	0,95	1,55
Acquisitions	-0,09	-	-	-0,15	-0,15	-0,15	-0,15	-0,15
Divestments	0,01	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-
Capital increase	0,42	2,21	1,68	1,75	1,75	2,00	1,00	-
Financing (bank and others)	2,87	0,01	4,64	0,22	0,01	-	-	-
Others	-0,54	-0,26	-5,73	-1,54	-0,99	-1,25	-1,19	-1,13
Change in cash over the period	-1,42	-0,61	-0,13	0,80	-0,12	0,03	0,61	0,28
Opening cash position	3,23	1,80	1,19	1,05	2,01	2,03	2,22	2,97
Closing cash position	1,80	1,19	1,06	1,85	1,89	2,07	2,82	3,25

Balance sheet

Au 31/12 (MEUR)	2016	2017	2018	2019	2020	2021E	2022E	2023E
Fixed assets	0,18	0,14	0,12	0,63	0,50	0,43	0,35	0,26
Intangible assets	1,11	0,90	0,72	0,72	0,69	0,55	0,40	0,25
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	1,02	0,81	0,84	0,66	0,66	0,55	0,67	0,81
Account receivables	1,41	1,38	1,32	0,95	0,71	0,93	1,13	1,37
Other receivables	0,68	0,54	0,59	0,55	0,67	0,48	0,55	0,66
Cash and cash equivalents	1,80	1,19	1,06	1,40	1,22	1,41	2,16	2,59
Prepaid expenses	-	-	-	-	-	-	-	-
Other non-current assets	0,13	0,12	0,13	0,50	0,51	0,51	0,51	0,51
Total assets	9,41	8,15	7,86	8,50	8,06	7,94	8,85	9,53
Equity	1,19	-0,21	-0,50	0,59	-0,01	1,46	3,03	4,28
Others	-	-	-	-	-	-	-	-
Provisions	0,07	0,05	0,05	0,05	0,05	0,05	0,05	0,05
Financial debt	6,00	6,23	6,07	6,08	5,64	4,63	3,65	2,66
Account payables	1,19	1,04	1,16	1,04	1,34	0,70	0,85	1,03
Other debts	0,96	0,98	0,81	0,62	0,88	0,93	1,12	1,36
Deferred income and other liabilities	-	0,06	0,26	0,11	0,15	0,15	0,15	0,15
Total liabilities	9,41	8,15	7,86	8,50	8,06	7,94	8,85	9,53

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