

Morning Note – 5th October 2022

SPINEGUARD

Q3 revenues: the rebound is confirmed

- A return to good momentum
- US distribution on the rise
- Potential still intact

Good trend

SpineGuard reported last night Q3 sales of EUR 1.48m, up +44% (+29% at constant exchange rates). The growth was observed in the US (+24% excluding USD effect). In the rest of the world, sales are also up strongly (+42%). Over the period, 1,361 DSG units were sold, up 17% compared to Q3 2021 (+18% in the US and +15% in the rest of the world). The difference between revenue growth (+44%) and growth in units sold (+17%) is explained by upfronts payments from partners for exclusive distribution in certain areas or milestone payments in new product developments. These sales are catching up with our scenario at the end of Q2. Our expectations are now in line with a similar growth scenario in Q4.

US now in the green

The good surprise of this publication is that the horizon in the United States looks brighter. The agreement with Wishbone Medical is delivering in full, with the partner's sales force and the range effect helping to open doors previously closed to agents. Wishbone has the critical mass to negotiate with hospital group purchase departments, who cannot give agents time for the DSG range alone. This situation is obviously more comfortable for SpineGuard. The growth prospects are real. A similar dynamic should be established with the new partner Omnia, which completes the network of Wishbone (specialist in paediatric orthopaedics). Omnia's contribution should nevertheless come a little later after the development and approval of specific devices.

Valuation and rating

The pace has been regained after moments of uncertainty linked to the pandemic and its impact on operating theatre schedules, followed by the fatigue/unavailability of nursing staff. These figures give colour to the dossier, the fundamentals of which are intact. The ingredients are there for a return to sustainable growth, and innovations should eventually bring new opportunities (other indications including dental, robotics, guidance, "intelligent" devices, etc.). Financial capacity remains limited but the company may still have financing lines enabling it to reach value creation steps. We therefore confirm our positive opinion on this dossier, whose current valuation does not include the potential of the assets

Next communication: Q4 revenues - January 2023 (to be determined)

France - Medtech

BUY

Fair value (EUR)	1.56
Price (EUR)	0.416
Upside/down side	+274.6%

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Stock data (2022-10-04)

ISIN	FR0011464452
Ticker	ALSGD.PA
Price (EUR)	0.416
Market capitalisation (EURm)	13.2
Free float (%) est.	96.1
Floating capitalisation (EURm)	12.7
Number of shares (,000)	31,741
Average daily volume (3 m)	125,333

12m performance



Change (%)	1 m	3 m	12m
Absolute	-32.6	-42.4	-68.1
Rel. to CAC SM190	-27.3	-40.1	-50.0
Rel. to Next Biotech	-26.2	-37.0	-64.1

Financials (31/12)

EURm	2021	2022E	2023E	2024E
Sales	4.4	5.6	7.2	8.9
EBITDA	-1.5	-0.4	0.3	1.0
EBIT	-1.8	-0.7	0.0	0.6
Net income	-2.7	-1.1	-0.3	0.5
EPS (EUR)	-0.10	-0.03	-0.01	0.01
Net debt	4.4	-1.0	-1.6	-2.8

Key ratios

	2021	2022E	2023E	2024E
EV/Sales	7.5x	2.2x	1.6x	1.2x
EV/EBITDA	na	na	na	10.8x
EV/EBIT	na	na	na	16.6x
PER	na	na	na	27.4x
ROIC	na	na	na	17%
ROE	na	Na	na	7%
EV/IC	7.8x	2.9x	2.9x	2.8x
Gearing	na	-19%	-28%	-42%

Profit and Loss

As of 31/12 (EURm)	2017	2018	2019	2020	2021	2022E	2023E	2024E
Sales	8.17	7.58	6.83	4.85	4.41	5.62	7.16	8.91
Change n-1	9.5%	-7.3%	-9.9%	-29.0%	-9.2%	27.6%	27.4%	24.4%
Other revenues	-	-	-	-	-	-	-	-
Total revenues	8.17	7.58	6.83	4.85	4.41	5.62	7.16	8.91
Gross margin	6.95	6.55	5.77	4.04	3.61	4.56	5.90	7.38
EBITDA	-2.66	-0.86	-0.14	-1.49	-1.04	-0.38	0.35	0.97
Change n-1	20%	68%	84%	-993%	30%	63%	191%	-178%
Depreciation & amortisation	0.31	0.26	0.30	0.35	0.31	0.33	0.34	0.35
Goodwill	-	-	-	-	-	-	-	-
EBIT	-2.96	-1.11	-0.43	-1.84	-1.35	-0.71	0.01	0.63
Change n-1	18%	63%	61%	-326%	27%	47%	102%	-4338%
Net financial income	-1.16	-1.21	-0.64	-0.84	-0.30	-0.40	-0.28	-0.15
Minorities	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Net profit before tax	-4.13	-2.32	-1.07	-2.68	-1.65	-1.11	-0.26	0.48
Tax	-	-0.02	0.39	-0.04	-0.08	-	-	-
Net in come	-4.13	-2.33	-0.69	-2.72	-1.72	-1.11	-0.26	0.48
Change n-1	1%	43%	71%	-296%	37%	35%	77%	285%
EPS	-0.72	-0.34	-0.05	-0.12	-0.06	-0.04	-0.01	0.02
EPS fully diluted	-0.65	-0.31	-0.05	-0.10	-0.05	-0.03	-0.01	0.01
Gross margin (% of sales)	85.1%	86.5%	84.5%	83.2%	81.9%	81.2%	82.5%	82.9%
EBITDA (% of sales)	NA	NA	NA	NA	NA	NA	4.9%	10.9%
EBIT (% of sales)	NA	NA	NA	NA	NA	NA	0.2%	7.1%
Net margin (% of sales)	NA	NA	NA	NA	NA	NA	NA	5.4%

Cash Flow statement

Au 31/12 (MEUR)	2017	2018	2019	2020	2021	2022E	2023E	2024E
Net income	-4.13	-2.33	-0.69	-2.72	-1.72	-1.11	-0.26	0.48
Depreciation and amortisation	0.31	0.26	0.30	0.35	0.31	0.33	0.34	0.35
Goodwill	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Change in WCR	0.26	-0.08	0.27	0.64	-0.09	0.14	0.46	0.40
Others	1.05	1.49	0.71	1.04	0.27	0.34	0.26	0.13
Cash-flow from operations	-2.51	-0.67	0.60	-0.68	-1.23	-0.30	0.80	1.36
Capex	-0.05	-0.05	-0.08	-0.05	-0.04	-0.08	-0.08	-0.08
Free cash flow	-2.56	-0.72	0.52	-0.73	-1.27	-0.38	0.72	1.28
Acquisitions	-	-	-0.15	-0.15	-0.33	-0.15	-0.15	-0.15
Divestments	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-
Capital increase	2.21	1.68	1.75	1.75	6.48	1.00	-	-
Financing (bank and others)	0.01	4.64	0.22	0.01	0.04	-	-	-
Others	-0.26	-5.73	-1.54	-0.99	-0.91	-1.19	-1.13	-1.06
Change in cash over the period	-0.61	-0.13	0.80	-0.12	4.01	-0.72	-0.56	0.07
Opening cash position	1.80	1.19	1.05	2.01	2.03	6.33	5.76	5.36
Closing cash position	1.19	1.06	1.85	1.89	6.04	5.61	5.21	5.43

Balance sheet

Au 31/12 (MEUR)	2017	2018	2019	2020	2021	2022E	2023E	2024E
Fixed assets	0.14	0.12	0.63	0.50	0.37	0.30	0.21	0.12
Intangible assets	0.90	0.72	0.72	0.69	0.89	0.72	0.55	0.38
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	0.81	0.84	0.66	0.66	0.68	0.56	0.71	0.88
Account receivables	1.38	1.32	0.95	0.71	0.62	0.95	1.20	1.50
Other receivables	0.54	0.59	0.55	0.67	0.57	0.51	0.65	0.83
Cash and cash equivalents	1.19	1.06	1.40	1.22	5.21	4.64	4.23	4.45
Prepaid expenses	-	-	-	-	-	-	-	-
Other non-current assets	0.12	0.13	0.50	0.51	0.48	0.48	0.48	0.48
Total assets	8.15	7.86	8.50	8.06	11.90	11.23	11.12	11.73
Equity	-0.21	-0.50	0.59	-0.01	5.06	5.30	5.65	6.64
Others	-	-	-	-	-	-	-	-
Provisions	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
Financial debt	6.23	6.07	6.08	5.64	4.47	3.65	2.66	1.67
Account payables	1.04	1.16	1.04	1.34	1.00	0.71	0.91	1.13
Other debts	0.98	0.81	0.62	0.88	1.00	1.21	1.54	1.92
Deferred income and other liabilities	0.06	0.26	0.11	0.15	0.32	0.32	0.32	0.32
Total liabilities	8.15	7.86	8.50	8.06	11.90	11.23	11.12	11.73

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