

Morning Note – 09th March 2023

SPINEGUARD

A new step forward for the robotics project

- 100% efficiency in detecting bone breaches
- A high value-added technology for robotics x
- Still undervalued

Performance confirmed on a more demanding model

SpineGuard reported last night very encouraging results obtained in a series of tests of its DSG technology coupled with a robotic arm performing drilling in pig vertebrae (from butchery parts). After the first conclusive results obtained in 2021, the company decided to carry out a new series of tests in conditions closer to reality by drilling in a pedicle trajectory that is highly conducive to drill slippage, which is generally not detected (or too late once the bone breach has occurred). Despite blind drilling (without prior planning based on imaging or during the surgery), 100% of the drillings met the success criteria. The drilling was therefore carried out in optimal safety. The technology was able to stop the drill and keep it in a corridor considered clinically safe.

A response to a fundamental need in surgical robotics

The accuracy and reliability of surgical robots lies in the quality of the translations and rotations of the arms in space (or their associated devices that enter the patient inner space). While real-time imaging techniques provide valuable information for adjusting the position in space, they often require the use of X-rays that are dangerous for the patient and for the medical staff near the patient during the operation. A key element of DSG technology is the real-time analysis of the drill head environment, which is essential in neurosurgery. By detecting tissue at risk, it allows feedback loops to the arm that can stop its progression and prevent irreversible nerve damage. DSG can and should become a must have component of surgical robots.

Valuation and rating

This news is very reassuring and logically reinforces the potential value of DSG technology in surgical robotics. It is obvious that this value must be concretized through partnerships with players in this promising Medtech segment. This project is building its credibility step by step, and the milestone reached with these results seems essential in this process. The share's recent rise has reduced its potential, which nevertheless remains very high in relation to our fair value (+57.7%). We therefore remain very positive on the stock, whose fundamentals are intact.

Next communication: FY results - April 13th

France - Medtech

BUY

Fair value (EUR)	1.56
Price (EUR)	0.989
Upside/down side	+57.7%

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Stock data (2023-03-08)

ISIN	FR0011464452
Ticker	ALSGD.PA
Price (EUR)	0.989
Market capitalisation (EURm)	31.4
Free float (%) est.	96.1
Floating capitalisation (EURm)	30.2
Number of shares (,000)	31,741
Average daily volume (3 m)	288,134

12m performance



Change (%)	1 m	3 m	12m
Absolute	+21.1	+68.5	+6.6
Rel. to CAC SM190	+19.7	+57.7	+0.4
Rel. to Next Biotech	+29.3	+79.4	+9.5

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	5.4x	4.2x	3.2x
EV/EBITDA	na	na	na	29.5x
EV/EBIT	na	na	na	45.5x
PER	na	na	na	65.0x
ROIC	na	na	na	17%
ROE	na	na	na	7%
EV/IC	7.8x	7.3x	7.5x	7.7x
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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