

Morning Note – 18th April 2024

SPINEGUARD

FY results, Q1 sales: the rebound is underway

- Logical losses during this transitional year
- Very positive signals at the start of the year
- The turnaround scenario is underway. Buy.

Reorganization in the US weighs on the financial year

Last night, SpineGuard published its results for 2023. The decline in sales was already known (-23%), mainly due to problems encountered in the US by partner Wishbone Medical. To compensate for this setback, SpineGuard has taken control of sales by rebuilding its sales team. The additional costs incurred, before having any initial impact on sales, had a logical impact on the income statement. At the same time, R&D expenditure has been sustained to ensure the future launch of new ranges and DSG devices. The net loss is therefore logically higher than in 2022 (EUR -4.18m vs. EUR -2.39m). This loss is higher than our expectations (EUR -3.3m). Cash and cash equivalents at 31/12 stood at EUR2.5m. Supplemented if necessary by the EUR7.5m financing line, financial visibility remains good (to 2026).

Very buoyant sales in Q1

With 2023 behind us, it's time to look back at the first quarter. Q1 sales of EUR1.31m were up 6.1%. On the face of it, this figure appears low, but the basis for comparison is skewed by a milestone payment received in Q1 2023. The number of units sold rose by 10%, of which 26% in the US, the first sign of a return to strong momentum. In the rest of the world, unit sales rose by 1% (a low figure, but a logical one, given the very high level recorded in Q1 2023). The US is regaining its weight in the business, with 40% of units sold.

Key advances expected in 2024

In addition to a return to strong growth in the US, new projects are moving closer to commercialization. The Group is anticipating a number of breakthroughs, particularly in the regulatory field (connected drill for orthopedic surgery, PediGuard Threaded for anterior scoliosis correction, PediGuard Canulated for sacroiliac fusion, Smart screw developed with Omnia Medical). Good news is also possible in the field of dental applications where an alternative to previous partner Adin is likely to be identified.

Valuation and rating

The year 2023 was very unsettled, and in our view represents a low point. After two quarters of observation, the first positive signals from the US are now giving us confidence in a return to a sustainable growth dynamic. At this stage, it is premature to change our conservative sales forecasts, but the gap between the current share price and the fair value derived from our modelling (+233%) justifies changing our recommendation from Neutral to Buy.

Next communication: Q2 revenues – July 10th

France - Medtech

Buy (vs HOLD)

Fair value (EUR)	0.83
Price (EUR)	0.249
Upside/down side	+233.3%

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Stock data (2024-04-17)

ISIN	FR0011464452
Ticker	ALSGD.PA
Price (EUR)	0.249
Market capitalisation (EURm)	11.8
Free float (%) est.	96.1
Floating capitalisation (EURm)	11.4
Number of shares (,000)	47,490
Average daily volume (3 m)	201,342

12m performance



Change (%)	1 m	3 m	12m
Absolute	-5.3	+5.3	-62.5
Rel. to CAC SM190	-7.4	-1.2	-60.5
Rel. to Next Biotech	-5.9	+8.5	-54.9

Financials (31/12)

EURm	2022	2023E	2024E	2025E
Sales	5.6	4.5	5.8	7.3
EBITDA	-1.4	-2.5	-1.6	-0.8
EBIT	-1.7	-2.9	-2.0	-1.2
Net income	-2.4	-3.3	-2.2	-1.3
EPS (EUR)	-0.07	-0.08	-0.05	-0.03
Net debt	-0.3	1.0	1.5	1.0

Key ratios

	2022	2023E	2024E	2025E
EV/Sales	3.3X	3.0X	2.2X	1.6X
EV/EBITDA	na	na	na	na
EV/EBIT	na	na	na	na
PER	na	na	na	na
ROIC	na	na	na	na
ROE	na	na	na	na
EV/IC	3.6X	2.5X	2.7X	2.5X
Gearing	-6%	10%	16%	3%

Profit and Loss

As of 31/12 (EURm)	2018	2019	2020	2021	2022	2023E	2024E	2025E
Sales	7.58	6.83	4.85	4.41	5.60	4.48	5.82	7.35
Change n-1	-7.3%	-9.9%	-29.0%	-9.2%	27.1%	-20.0%	30.0%	26.2%
Other revenues	-	-	-	-	-	-	-	-
Total revenues	7.58	6.83	4.85	4.41	5.60	4.48	5.82	7.35
Gross margin	6.55	5.77	4.04	3.61	4.71	3.68	4.85	6.17
EBITDA	-0.86	-0.14	-1.49	-1.04	-1.37	-2.52	-1.61	-0.77
Change n-1	68%	84%	-993%	30%	-31%	-84%	36%	52%
Depreciation & amortisation	0.26	0.30	0.35	0.31	0.43	0.51	0.52	0.53
Goodwill	-	-	-	-	-	-	-	-
EBIT	-1.11	-0.43	-1.84	-1.35	-1.66	-2.89	-1.99	-1.16
Change n-1	63%	61%	-326%	27%	-23%	-74%	31%	42%
Net financial income	-1.21	-0.64	-0.84	-0.30	-0.43	-0.31	-0.18	-0.05
Minorities	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Net profit before tax	-2.32	-1.07	-2.68	-1.65	-2.09	-3.20	-2.17	-1.21
Tax	-0.02	0.39	-0.04	-0.08	-0.30	-0.07	-0.07	-0.07
Net in come	-2.33	-0.69	-2.72	-1.72	-2.39	-3.27	-2.24	-1.28
Change n-1	43%	71%	-296%	37%	-39%	-37%	31%	43%
EPS	-0.34	-0.05	-0.12	-0.06	-0.07	-0.09	-0.06	-0.03
EPS fully diluted	-0.31	-0.05	-0.10	-0.05	-0.07	-0.08	-0.05	-0.03
Gross margin (% of sales)	86.5%	84.5%	83.2%	81.9%	84.2%	82.1%	83.3%	83.9%
EBITDA (% of sales)	na	na	na	na	na	na	na	na
EBIT (% of sales)	na	na	na	na	na	na	na	na
Net margin (% of sales)	na	na	na	na	na	na	na	na

Cash Flow statement

Au 31/12 (MEUR)	2018	2019	2020	2021	2022	2023E	2024E	2025E
Net income	-2.33	-0.69	-2.72	-1.72	-2.39	-3.27	-2.24	-1.28
Depreciation and amortisation	0.26	0.30	0.35	0.31	0.43	0.51	0.52	0.53
Goodwill	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Change in WCR	-0.08	0.27	0.64	-0.09	-0.51	-0.22	-0.34	-0.23
Others	1.49	0.71	1.04	0.35	1.07	0.89	0.76	0.64
Cash-flow from operations	-0.67	0.60	-0.68	-1.16	-1.40	-2.09	-1.30	-0.35
Capex	-0.05	-0.08	-0.05	-0.04	-0.14	-0.08	-0.08	-0.08
Free cash flow	-0.72	0.52	-0.73	-1.19	-1.54	-2.17	-1.38	-0.43
Acquisitions	-	-	-	-	-	-	-	-
Divestments	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-
Capital increase	1.69	1.75	1.75	6.51	1.20	1.00	1.00	1.00
Financing (bank and others)	4.63	0.22	0.00	-	-	-	-	-
Others	-5.73	-1.54	-0.99	-0.91	-1.09	-1.11	-1.04	-0.98
Change in cash over the period	-0.13	0.96	0.03	4.41	-1.44	-2.28	-1.42	-0.41
Opening cash position	1.29	1.16	2.12	2.15	6.56	5.12	2.85	1.42
Closing cash position	1.16	2.12	2.15	6.56	5.12	2.85	1.42	1.02

Balance sheet

Au 31/12 (MEUR)	2018	2019	2020	2021	2022	2023E	2024E	2025E
Fixed assets	0.12	0.63	0.50	0.37	0.28	0.19	0.10	0.00
Intangible assets	0.72	0.72	0.69	0.89	1.27	1.07	0.86	0.66
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	0.84	0.66	0.66	0.68	0.87	0.70	0.91	1.14
Account receivables	1.32	0.95	0.71	0.62	1.10	0.88	1.14	1.44
Other receivables	0.59	0.55	0.67	0.57	0.63	0.79	0.64	0.83
Cash and cash equivalents	1.06	1.40	1.22	5.21	4.12	1.84	0.42	0.01
Prepaid expenses	-	-	-	-	-	-	-	-
Other non-current assets	0.13	0.50	0.51	0.48	0.17	0.50	0.50	0.50
Total assets	7.86	8.50	8.06	11.90	11.50	9.05	7.64	7.66
Equity	-0.50	0.59	-0.01	5.06	5.14	4.40	3.83	4.45
Others	-	-	-	-	-	-	-	-
Provisions	0.05	0.05	0.05	0.05	0.18	0.04	-0.10	-0.25
Financial debt	6.07	6.08	5.64	4.47	3.83	2.87	1.93	0.99
Account payables	1.16	1.04	1.34	1.00	1.14	0.57	0.74	0.93
Other debts	0.81	0.62	0.88	1.00	1.00	0.96	1.04	1.32
Deferred income and other liabilities	0.26	0.11	0.15	0.32	0.21	0.21	0.21	0.21
Total liabilities	7.86	8.50	8.06	11.90	11.50	9.05	7.64	7.66

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