

Morning Note – 10th October 2024

SPINEGUARD

Q3 sales: the train is moving in the United States

- Good momentum confirmed with Omnia Medical
- DSG: at the heart of surgical challenges
- Still very confident in the equity story

A very positive trend for the quarter

Last night, SpineGuard published its Q3 sales figures, up +20% to EUR1.17m. The Group sold 1,522 DSG units over the period, including 731 in the US (+20%) and 791 in the rest of the world (+4%). After a dynamic Q1 and Q2, Q3 saw confirmation of the very positive trend. This performance is the result not only of the sales team's actions in the field, but also of the involvement of the partner Omnia Medical, who is fully committed to the roll-out of the range. This confidence was reflected in a significant order for the period. In the rest of the world, after a decline, the situation stabilized in Latin America. In Europe, the summer period was quiet in some countries, which explains the virtually stable sales (up +1%). While the performance in the United States is noteworthy, reported sales were slightly below our expectations (EUR1.3m).

Strong interest in DSG technology at recent conferences

SpineGuard recently took part in several key industry conferences (NASS and EuroSpine). The latest innovations were at the heart of constructive discussions with various players in the spine and orthopedics sector. The recent approval of the anterior approach device and the guidance system for sacroiliac fusion are fundamental advances in establishing DSG as a reliable alternative to navigation techniques. Although many hospitals have invested in surgical assistance robots, there are real limitations (e.g. pedicle screw positioning errors). This situation opens up prospects for DSG technology to functionalize or improve the performance of current robots, but also to be integrated into second-generation robots. DSG also has potential in the field of bone resection, a precise procedure which must preserve sensitive surrounding tissue.

Valuation and rating

Sales growth in the United States is the key feature of these figures. Margins in this key territory are higher than in the rest of the world. The ongoing rebound in the US is therefore excellent news. In light of the figures published, our annual sales estimate of EUR5.4m appears optimistic. Our long-term outlook remains unchanged, however, and does not call into question our modeling, which anticipates a conservative return to breakeven by 2027E (2026 according to management). It remains to be seen when discussions with potential industrial partners will lead to concrete licensing deals. These possible deals are not included in our expectations. Our confidence in the company remains unchanged, and we reiterate our positive opinion on the stock.

France - Medtech

Buy

Fair value (EUR)	0.75
Price (EUR)	0.290
Upside/down side	+158.6%

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Stock data (2024-10-09)

ISIN	FR0011464452
Ticker	ALSGD.PA
Price (EUR)	0.29
Market capitalisation (EURm)	15.5
Free float (%) est.	95.2
Floating capitalisation (EURm)	14.8
Number of shares (,000)	53,501
Average daily volume (3 m)	740,851

12m performance



Change (%)	1 m	3 m	12m
Absolute	112.6	76.6	-11.6
Rel. to CAC SM190	110.6	78.2	-14.1
Rel. to Next Biotech	115.3	70.9	-4.8

Financials (31/12)

EURm	2023	2024E	2025E	2026E
Sales	4.3	5.4	7.0	8.5
EBITDA	-3.7	-2.6	-1.5	-0.6
EBIT	-4.0	-2.9	-1.8	-1.0
Net income	-4.2	-3.2	-2.0	-1.1
EPS (EUR)	-0.08	-0.06	-0.03	-0.02
Net debt	-0.8	0.4	1.2	0.8

Key ratios

	2023	2024E	2025E	2026E
EV/Sales	2.0x	2.6x	2.1x	1.7x
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	1.7x	2.7x	2.9x	2.8x
Gearing	-13%	7%	31%	19%

Profit and Loss

As of 31/12 (EURm)	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sales	6.83	4.85	4.41	5.60	4.31	5.39	6.99	8.49
Change n-1	-9.9%	-29.0%	-9.2%	27.1%	-23.0%	25.1%	29.6%	21.3%
Other revenues	-	-	-	-	-	-	-	-
Total revenues	6.83	4.85	4.41	5.60	4.31	5.39	6.99	8.49
Gross margin	5.77	4.04	3.61	4.71	3.38	4.37	5.85	7.19
EBITDA	-0.14	-1.49	-1.04	-1.37	-3.68	-2.56	-1.45	-0.59
Change n-1	84%	-993%	30%	-31%	-169%	31%	43%	59%
Depreciation & amortisation	0.30	0.35	0.31	0.43	0.16	0.25	0.25	0.26
Goodwill	-	-	-	-	-	-	-	-
EBIT	-0.43	-1.84	-1.35	-1.66	-3.98	-2.93	-1.83	-0.98
Change n-1	61%	-326%	27%	-23%	-139%	26%	37%	46%
Net financial income	-0.64	-0.84	-0.30	-0.43	-0.23	-0.20	-0.13	-0.06
Minorities	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Net profit before tax	-1.07	-2.68	-1.65	-2.09	-4.20	-3.14	-1.96	-1.05
Tax	0.39	-0.04	-0.08	-0.30	0.02	-0.07	-0.07	-0.07
Net in come	-0.69	-2.72	-1.72	-2.39	-4.18	-3.21	-2.03	-1.12
Change n-1	71%	-296%	37%	-39%	-75%	23%	37%	45%
EPS	-0.05	-0.12	-0.06	-0.07	-0.09	-0.06	-0.03	-0.02
EPS fully diluted	-0.05	-0.10	-0.05	-0.07	-0.08	-0.06	-0.03	-0.02
Gross margin (% of sales)	84.5%	83.2%	81.9%	84.2%	78.3%	81.0%	83.6%	84.8%
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)	2019	2020	2021	2022	2023	2024E	2025E	2026E
Net income	-0.69	-2.72	-1.72	-2.39	-4.18	-3.21	-2.03	-1.12
Depreciation and amortisation	0.30	0.35	0.31	0.43	0.16	0.25	0.25	0.26
Goodwill	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Change in WCR	0.27	0.64	-0.09	-0.51	-0.10	-0.48	-0.28	-0.32
Others	0.71	1.04	0.35	1.07	0.51	0.43	0.36	0.29
Cash-flow from operations	0.60	-0.68	-1.16	-1.40	-3.62	-3.01	-1.70	-0.89
Capex	-0.08	-0.05	-0.04	-0.14	-0.07	-0.08	-0.08	-0.08
Free cash flow	0.52	-0.73	-1.19	-1.54	-3.69	-3.09	-1.78	-0.97
Acquisitions	-	-	-	-	-	-	-	-
Divestments	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-
Capital increase	1.75	1.75	6.51	1.20	4.77	1.50	1.00	1.00
Financing (bank and others)	0.22	0.00	-	-	-	-	-	-
Others	-1.54	-0.99	-0.91	-1.09	-1.09	-0.65	-0.61	-0.08
Change in cash over the period	0.96	0.03	4.41	-1.44	-0.01	-2.24	-1.40	-0.04
Opening cash position	1.16	2.12	2.15	6.56	5.12	5.11	2.87	1.48
Closing cash position	2.12	2.15	6.56	5.12	5.11	2.87	1.48	1.43

Balance sheet

Au 31/12 (MEUR)	2019	2020	2021	2022	2023	2024E	2025E	2026E
Fixed assets	0.63	0.50	0.37	0.28	0.23	0.14	0.05	-0.05
Intangible assets	0.72	0.69	0.89	1.27	1.24	1.03	0.82	0.61
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	0.66	0.66	0.68	0.87	0.95	0.84	1.09	1.32
Account receivables	0.95	0.71	0.62	1.10	0.75	1.06	1.37	1.66
Other receivables	0.55	0.67	0.57	0.63	0.73	0.56	0.70	0.91
Cash and cash equivalents	1.40	1.22	5.21	4.12	3.89	1.65	0.26	0.21
Prepaid expenses	-	-	-	-	-	-	-	-
Other non-current assets	0.50	0.51	0.48	0.17	0.17	0.17	0.17	0.17
Total assets	8.50	8.06	11.90	11.50	11.04	8.53	7.54	7.92
Equity	0.59	-0.01	5.06	5.14	6.03	4.92	3.93	4.24
Others	-	-	-	-	-	-	-	-
Provisions	0.05	0.05	0.05	0.18	0.03	0.16	0.29	0.42
Financial debt	6.08	5.64	4.47	3.83	3.09	2.02	1.47	1.00
Account payables	1.04	1.34	1.00	1.14	1.21	0.68	0.89	1.08
Other debts	0.62	0.88	1.00	1.00	0.67	0.75	0.97	1.19
Deferred income and other liabilities	0.11	0.15	0.32	0.21	-	-	-	-
Total liabilities	8.50	8.06	11.90	11.50	11.04	8.53	7.54	7.92

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