

Date de première diffusion / Publication date : 25 octobre 2018 /  
October 25<sup>th</sup> 2018

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**Implanet****Malgré l'arrêt programmé de l'activité Arthroscopie, bonne progression de la franchise JAZZ**

Malgré une bonne dynamique de JAZZ en France et aux USA, le CA au 30 septembre marque le pas à 5,18 M€. Bonnes nouvelles d'Implanet UK et Implanet GmbH.

**Despite the Arthroscopy franchise's scheduled shutdown, JAZZ displays good progression**

Despite JAZZ good sales dynamic in France and in USA, nine-months revenue slow down at €5.18 m. Good news from Implanet UK and Implanet GmbH.

**Opinion** **1. Strong Buy**  
**Closing Price 23/10/2018** **0,16 €**  
**Target Price** **0,91 € (+458,3 %)**

**L'approche directe améliore le CA France et le CA USA respectivement de 10% et 8% (à taux de change constant)**

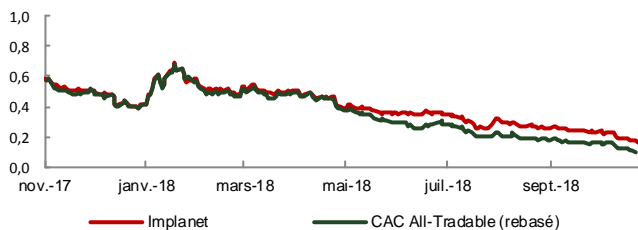
Le CA d'Implanet au 30 septembre 2018 est de 5,2 M€ en recul de 12 % par rapport au 30 septembre 2017. La top line de produits (JAZZ et Arthroscopie) est actuellement sous pression ce qui s'explique par 1) l'arrêt programmé de l'activité arthroscopie ; et 2) par le recentrage stratégique sur la commercialisation en direct en Europe. Le CA du T3 est légèrement en retrait par rapport à ce que nous attendions. Toutefois, nous demeurons confiants dans la capacité de la société de réaliser ses objectifs, malgré un T3 un peu faible, car la stratégie de commercialisation par ventes directes est encore en phase de mise en place et devrait commencer à donner des fruits en Grande Bretagne et en Allemagne au T4 2018. Notre modèle nous conduit à maintenir notre objectif de cours à 0,91 €/action, ce qui représente toujours un potentiel de hausse plus que significatif.

**Direct marketing improves revenue in France and in USA respectively 10% and 8% (at constant exchange rates)**

Implanet sales at nine months as of September 30, 2018 were € 5.2 million, down 12% compared to September 30, 2017. The products top line (JAZZ & Arthroscopy) is currently under pressure, as a consequence of 1) the scheduled shutdown of the Arthroscopy business; and 2) the sale reorganization of the spine activities in Europe. The revenue of T3 is slightly behind what we expected. However, we remain confident in the company's ability to achieve its objectives, despite this somewhat weak T3, as the direct sales marketing strategy is still in development phase and should begin to bear fruit in the UK and in Germany in Q4 2018. Our model leads us to maintain our price target at € 0.91/share, which still represents a significant upside potential.

**Performances**

Absolute perf. 1 month 6 months 12 months  
-30,9 % -60,4 % -72,4 %

**Market data**

Reuters / Bloomberg ticker	ALIMP.PA / ALIMP:FP
Market capitalisation (€m)	5,2 M€
Enterprise value (€m)	5,4 M€
Free Float	4,0 M€ (77 %)
Number of shares	30 140 443
Daily volume	125 450 €
Capital turnover rate (1 year)	637,4%
High (52 weeks)	0,69 €
Low (52 weeks)	0,16 €

**Current shareholding structure**

Free float : 77 % ; French investors 18 % ; Management : 4 % ;  
Autocontrol: 1 %

**Agenda**

2018 sales published on January 2019

**Key figures**

	2016	2017	2018E	2019E	2020E
Sales (M€)	7,8	7,8	8,0	11,6	15,3
Change (%)	17,6%	0,2%	2,4%	44,7%	31,9%
EBITDA (M€)	-6,5	-5,5	-4,3	-3,8	-2,3
EBIT (M€)	-6,9	-6,2	-4,6	-4,2	-2,8
EBIT margin (%)	-87,9%	-79,5%	-57,7%	-36,1%	-18,2%
Net profit gp sh. (€)	-7,3	-6,6	-5,0	-4,5	-3,1
Net margin (%)	-93,2%	-84,3%	-62,1%	-38,7%	-20,2%
EPS	-0,39	-0,28	-0,15	-0,14	-0,09

**Ratios**

	2016	2017	2018E	2019E	2020E
VE / CA	1,5	1,8	1,0	1,0	0,8
VE / EBIT	NS	NS	NS	NS	NS
VE / REX	NS	NS	NS	NS	NS
P / E	NS	NS	NS	NS	NS
Gearing (%)	-24,5%	-5,7%	49,7%	102,8%	115,9%
Net debt / EBITDA	0,4	0,1	-0,7	-1,7	-3,2
RCE (%)	-118,3%	-119,5%	-87,8%	-66,1%	-42,8%

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### CA à neuf mois en baisse de 12 % et de 10 % à taux de changes constants

Les ventes de JAZZ demeurent stables sur le T3 2018 à 1,05 M€ contre 1,1 M€ au T3 2017. Pour les neuf mois de l'exercice, Implanet affiche un CA global de 5,18 M€ en recul de 12 % et de 10 % à taux de change constant par rapport aux neuf premiers mois de 2017. L'activité JAZZ, qui représente 63 % du CA total de la société, s'établit à 3,25 M€ ne perdant que 7 % et 4% à taux de changes constants.

JAZZ demeure donc le principal levier de développement de la société puisque 6 579 unités JAZZ ont été vendues sur les 9 premiers mois de 2018 contre 6 296 sur la même période en 2017. Toutefois, des disparités géographiques existent, ainsi les ventes de JAZZ ont progressé de 10 % en France à 1,2 M€ et de 8 % aux USA à 1,6 M€ (taux de changes constants), deux pays où Implanet a mis en place une stratégie de commercialisation par ventes en direct. Avec cette approche, Implanet privilégie une grande proximité avec les chirurgiens, ce qui génère des taux de prescriptions élevés et réitérés.

Cependant, le CA de l'activité JAZZ ne compense pas la perte de CA consécutive à l'arrêt de l'activité arthroscopie. En effet, le recul des ventes au T3 s'explique notamment par l'arrêt de l'activité arthroscopie, qui sur le T3 perd 27 % passant de 0,671 M€ au T3 2017 à 0,491 M€ au T3 2018. Par ailleurs, la transition du modèle de vente par des distributeurs à une vente en direct par les équipes d'Implanet est en plein développement.

En juin dernier, Implanet a ouvert sa succursale (Implanet UK) au Royaume-Uni pour développer l'utilisation de JAZZ sur le marché des opérations du rachis dégénératif de l'adulte, un marché estimé à plus de 100 millions d'euros. Une première chirurgie a été réalisée, au Royal Orthopaedic Hospital à Birmingham. Par ailleurs, l'appareillage JAZZ ainsi que la technologie ont été référencés par le NHS (National Health System). Implanet a également ouvert une succursale en Allemagne, Implanet GmbH, pour approcher directement les 1000 chirurgiens qui réalisent des opérations de correction et de réparation des pathologies dégénératives du rachis chez l'adulte. Le marché allemand, sur ce segment du rachis dégénératif serait le premier européen avec près de 300 millions d'euros.

Confiant dans cette approche directe, Implanet vient d'annoncer une première chirurgie avec l'appareillage JAZZ pour le traitement d'une pathologie dégénérative de l'adulte à l'hôpital Universitaire UZ Brussels de Bruxelles.

### Maintien de nos prévisions et de notre opinion

Nous rappelons qu'Implanet adresse des marchés en croissance, notamment le marché des traitements chirurgicaux des pathologies dégénératives du rachis chez l'adulte, un marché où les besoins médicaux non satisfaits sont encore nombreux (cf. Cyphose jonctionnelle proximale). Les premières chirurgies réalisées en Grande-Bretagne et en Belgique, l'ouverture de la filiale Implanet GmbH, ainsi que l'intérêt avéré de certains acteurs du secteur pour les bandes sous laminaires sont autant d'éléments positifs pour le modèle de développement d'Implanet, aussi nous maintenons notre objectif de cours à 0,91 € ainsi que notre recommandation d'achat.

### 9-month sales down 12% and 10% at constant exchange rates

JAZZ sales remained stable in Q3 2018 at € 1.05 million compared with € 1.1 million in Q3 2017. For the nine months of the current fiscal year, Implanet posted a total turnover of € 5.18 million, down 12 % and 10% at constant exchange rates compared to the first nine months of 2017. The JAZZ business, which accounts for 63% of the company's total turnover, stands at € 3.25 million, losing only 7% and 4% at constant exchange rates.

JAZZ therefore remains the main lever of development of the company since 6,579 JAZZ units were sold in the first 9 months of 2018 compared to 6,296 in the same period in 2017. However, geographical disparities exist, so JAZZ sales have progressed from 10% in France to 1.2 M € and 8% in the US to 1.6 M € (at constant exchange rates), two countries where Implanet has implemented a marketing strategy by direct sales. With this approach, Implanet favors close proximity to surgeons, which generates high recurrence rates.

However, the turnover of the JAZZ activity does not compensate the loss due to the cessation of the arthroscopy activity. Indeed, the decline in sales in Q3 is clearly related to the programmed stop of the arthroscopy activity, which in Q3 lost 27%, (€ 0.491m in Q3 2018 vs € 0.671m in Q3 2017). In addition, the transition of the sales model from distributors to direct sales by the Implanet teams is currently under implementation.

In June, Implanet opened its UK branch office (Implanet UK) to develop the use of JAZZ in the adult degenerative spine surgery market, an estimated market of more than € 100 million. A first surgery was performed at the Royal Orthopedic Hospital in Birmingham. In addition, JAZZ equipment and technology have been referenced by the NHS (National Health System). Implanet has also opened a branch in Germany, Implanet GmbH, to directly approach the 1 000 surgeons who perform degenerative spine repair in adults. The German market in this segment of the degenerative spine would be the first European with nearly € 300 million.

Confident in this direct approach, Implanet has just announced a first surgery with JAZZ equipment for the treatment of a degenerative pathology of the adult at the University Hospital UZ Brussels in Brussels.

### Maintaining our forecasts and our opinion

We consider that Implanet addresses growing markets, particularly the market for surgical treatments for degenerative spine diseases in adults, a market where unmet medical needs are still numerous (see Proximal Junctional kyphosis). The first surgeries performed in Great Britain and Belgium, the opening of the subsidiary Implanet GmbH, as well as the proven interest of certain large players in the sector for laminated strips are all positive elements for the development model of Implanet, our target price of € 0.91/share remains unchanged as our Strong Buy opinion.

## Important disclosures

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<b>1. Strong buy</b>	The absolute share price performance is expected to be at least +25 %
<b>2. Buy</b>	The absolute share price performance is expected to be comprised between +10 % and +25 %
<b>3. Neutral</b>	The absolute share price performance is expected to be comprised between +10 % et -10 %
<b>4. Sell</b>	The absolute share price underperformance is expected to be comprised between -10 % et -25 %
<b>5. Strong Sell</b>	The absolute share price underperformance is expected to be at least -25 %

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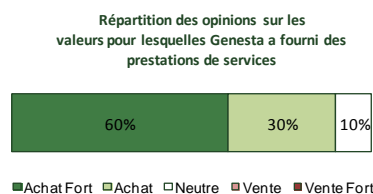
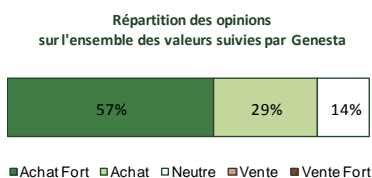
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### Rating and target price evolution throughout the last 12 months

Date of 1 <sup>st</sup> publication	Rating	Target Price
25 <sup>th</sup> October 2018	Equity Flash <b>Strong buy</b>	€ 0.91
25 <sup>th</sup> September 2018	Equity Flash <b>Strong buy</b>	€ 0.91
19 <sup>th</sup> July 2018	Equity Flash	€ 0.90
25 <sup>th</sup> March 2018	Equity Flash	€ 1.40
16 <sup>th</sup> March 2018	Equity Flash	€ 1.40
9 <sup>th</sup> February 2018	Equity Flash	€ 1.40
30 <sup>th</sup> October 2017	Equity Flash	€ 1.40

### Ratings distribution



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