

Analyst Report

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Implanet

Euronext Growth Paris: ALIMP [FR0010458729]

18/07/2017

Estimated price:	€1.40
Share price (€)*	0.68
Market Cap. (€M)*	15.4
Estimated Market Cap. (€M)	32.1
Number of shares (M)	22.7
YTD High/Low (€)	0.95 / 0.67
3-month average daily vol.	125,000
Free Float	76%
Estimated Net Cash (€M)	0.6

* as of 18/07/2017

Implanet's Jazz sales up 19% in H1-2017, but stable on the US market

Implanet published its H1-2017 revenues, and confirmed the increase of Jazz implant sales (+19%). However, total sales were only up 1% to € 4,119 K, due to a decrease of Arthroscopy/Knee implant sales (-18%). We decided to reduce our target price to €1.40/share, because of a slower uptake of sales in the US region, which is the main contributor of our company valuation. We remain confident on the company's potential and ability to rectify the commercial situation.

Jazz sales up 19%, now representing 58% of total revenues

Jazz sales increased by 19% to € 2.4 M in H1-2017, representing 58% of total sales (vs. 42% in H1-2016). In total, Implanet sold 4,641 Jazz units for the first half of 2017, for a volume growth of +49%, which represents more than 66% of the Jazz units sold during 2016.

In France, sales rose by 24% to € 790K and by 101% to € 552K, in the rest of the world. International sales of Jazz were driven by historical distributors in Italy, Spain, and the UK. Moreover, the Jazz implants were launched in Australia in Q1-2017, and the company has also started to directly market its products in Germany.

This performance compensated the revenues in the US which remained stable in the US region (€1,059 K). This is due to Implanet's decision to switch its commercial partners to more significant ones, which took more time than expected.

Despite the good performance of the Jazz implants, revenues of H1-2017 were only up 1% compared to the same period. This is due to a decrease of the Arthroscopy/Knee implants sales (-18% to €1,716K). For instance, Implanet decided to progressively end the distribution of arthroscopy products, and sales were affected by the restructuring of its distributors in Brazil.

Valuation

Following the publication of Implanet's H1-2017 revenues, we decided to reduce our target price to €1.40/share. Our new model takes into account the decrease of the knee/arthroscopy sales, but the slower uptake of US sales had the most significant impact on our target price.

Financials

BALANCE SHEET (€M)	2014	2015	2016	2017e	2018e	2019e
Non Current Assets	5.8	3.0	3.2	3.4	4.1	4.6
Current assets	8.8	13.2	13.3	7.1	9.4	13.6
<i>Including cash & cash equivalent</i>	<i>2.1</i>	<i>1.2</i>	<i>6.1</i>	<i>0.4</i>	<i>1.1</i>	<i>2.7</i>
Total Assets	14.6	16.3	16.5	10.5	13.4	18.2
Total Equity	7.2	10.3	9.7	5.8	8.7	5.2
Total Debt	7.3	6.6	6.8	4.8	4.8	13.0
Total Liabilities and Shareholder's Equity	14.6	16.3	16.5	10.5	13.4	18.2

CASH FLOW STATEMENT (€M)	2014	2015	2016	2017e	2018e	2019e
Cash Flow from operating activities	-5.3	-6.8	-5.9	-5.3	-5.0	-3.0
Cash Flow from investment activities	7.5	-3.2	4.0	-0.7	-1.2	-1.5
Cash Flow from financing activities	-3.0	9.3	6.8	0.3	6.8	6.2
Net change in cash	-0.9	-1.0	4.9	-5.6	0.7	1.6

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