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Implanet

Un CA 2021 performant

Le CA 2021 d'Implanet s'établit à 7,7 M€ en progression sensible (+29%) par rapport à 2020. Il s'agit là d'une véritable performance eu égard à la période troublée vécue. Par ailleurs, en normes IFRS, la progression est plus importante (+58% - effet cession périmètre MADISON™). Achat Fort avec un TP : 1,86 €.

A successful 2021 turnover

Implanet's 2021 turnover stands at € 7.7 million, a significant increase (+29%) compared to 2020. This is a real performance considering the troubled period we have been through. Furthermore, under IFRS Standards, the perf. is more impressive (+58% - sale of MADISON™ scope). Strong Buy with a TP: € 1.86.

Recommendation **1. Strong Buy**
Closing Price on 24 Jan. 2022 **0,28 €**
Target price **1,86 € (+563,1 %)**

Malgré un « COVID long » aux USA, un CA 2021 en croissance

Avec une croissance de 29% (7,7 M€) à périmètre constant et de 58% en normes IFRS à 6,1 M€, le CA de l'exercice 2021 d'Implanet, marque un retour à la dynamique pré-COVID. D'ailleurs, cette dynamique a irrigué l'ensemble de l'exercice, puisqu'en octobre dernier, le CA 9 mois d'Implanet se situait déjà à 5,83 M€ en progression de 34% YoY.

Le T4 2021, qui s'établit à 1,7 M€, progresse de 65% par rapport à la même période 2020. Ainsi donc, l'exercice 2021 est particulièrement positif. Le désengagement des activités arthroscopiques est acté avec la vente de MADISON™ à SERF (Groupe MENIX) pour 5,0 M€.

Opinion Achat Fort maintenu sur la valeur avec un TP révisé de 1,96€ à 1,86€.

Despite a "long COVID" in the USA, 2021 sales growth

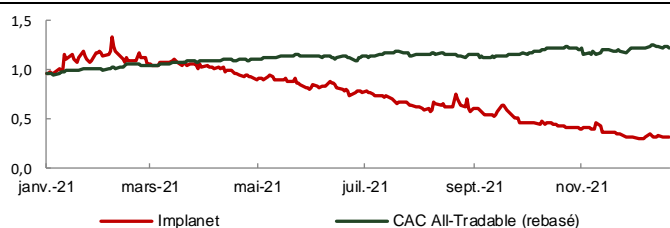
With a 29% growth (€ 7.7 million) on a like-for-like basis and 58% on an IFRS basis to € 6.1 million, Implanet's 2021 turnover marks a return to the pre-Covid dynamics. Moreover, this momentum has permeated the entire fiscal year, since last October, Implanet's 9-month sales were already at € 5.83 million, up 34% YoY.

Q4 2021, which stands at € 1.7 million, is up by 65% compared to the same period in 2020. Thus, fiscal year 2021 is particularly positive. The withdrawal from the arthroscopy business has been completed with the sale of MADISON™ to SERF (MENIX Group) for € 5.0m.

Strong Buy opinion maintained on the stock with a revised TP from €1.96 to € 1.86.

Performances

Absolute perf.	1 month	6 months	12 months
	-11,7 %	-63,6 %	-70,8 %



Current shareholding structure

Free float : 77 % ; Financial Investors : 18 % ; Management : 4 % ;
Auto control: 1 %

Key figures

	2019	2020	2021E	2022E	2023E
Sales (€m)	7,4	6,0	7,7	9,3	11,1
Change (%)	10,2%	-18,8%	28,7%	20,0%	20,0%
EBITDA (€m)	-3,3	-3,0	-2,3	-1,7	-0,6
EBIT (€m)	-3,6	-3,2	-2,5	-1,9	-0,9
EBIT margin (%)	-48,6%	-53,2%	-32,7%	-20,8%	-7,7%
Net profit gp sh. (€m)	-3,6	-4,0	0,1	0,7	-0,4
Net margin (%)	-48,6%	-66,5%	1,4%	7,6%	-3,8%
EPS *	-0,06	-0,28	0,01	0,05	-0,03

* : 1 for 40 reverse stock split executed January 2020 (40 existing shares for one new share)

Market data

Reuters / Bloomberg ticker	ALIMP.PA / ALIMP:FP
Market capitalisation (€m)	3,7 M€
Enterprise value (€m)	3,9 M€
Free Float	2,8 M€ (77 %)
Number of shares	14 084 286
Daily volume	121 013 €
Capital turnover rate (1 year)	863,4%
High (52 weeks)	1,34 €
Low (52 weeks)	0,30 €

Agenda

mar 15, 2022 : Results 2021 ; Apr 19, 2022: Q1 Revenue ; Jul 11, 2022: H1 Revenue

Ratios

	2019	2020	2021E	2022E	2023E
VE / CA	1,0	1,2	0,9	0,8	1,1
VE / EBE	NS	NS	NS	NS	NS
VE / REX	NS	NS	NS	NS	NS
P / E	-1,0	-0,9	34,6	5,2	-8,6
Gearing (%)	NS	NS	NS	NS	NS
Dettes nette / EBE	-1,2	-1,3	-1,4	-2,5	-15,2
RCE (%)	-70,7%	-71,5%	-70,3%	-48,3%	-19,2%

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Un CA 2021 en croissance forte ...

Le CA 2021 s'établit à 7.7 M€ à périmètre constant avec une progression de près de 30% par rapport au CA de l'exercice 2020 (6,0 M€), marquée par une très forte hausse (+ 62%) de l'activité Rachis à 6,1 M€. Dans le même temps, on assiste à une réduction importante de l'activité Genou/Arthro, qui recule de 27 % sur l'exercice à 1,6 M€ contre 2,2 M€ lors de l'année 2020. La contribution d'OSD est celle attendue à 2,0 M€, suggérant ainsi une croissance purement organique de 7% pour l'ensemble de l'activité Rachis. Toutefois la déception, si déception il devait y avoir, est à mettre au débit des USA qui sont en recul de 20% sur l'exercice avec un CA de 1,4 M€. Ce ralentissement est consécutif à l'effet des différents variants du Sars-Cov (Delta, Omicron) qui ont conduit probablement plus aux Etats-Unis que dans d'autres pays à de nombreuses déprogrammations d'opérations chirurgicales consécutives à la fermeture des blocs et/ou à la réorientation de certains personnels vers les services de réanimation médicale. Toutefois, le partenaire privilégié d'Implanet, SeaSpine, a été lui aussi sous le coup de ces reprogrammations chirurgicales. La question qui demeure : allons-nous assister à un rattrapage sur les chirurgies non réalisées durant les différents confinements ou d'un retour à une situation normalisée ?

...avec un T4 en ligne avec le reste de l'exercice...

En septembre 2021, le CA 9 mois s'établissait à 5,83 M€ (+34% par rapport à 2020) et +5 % par rapport aux neuf premiers mois de 2019 (2019 servant d'année de référence), avec notamment au T3 2021 des ventes de l'activité Rachis en France qui ont doublé par rapport au T3 2020 à 0,75 M€. De plus, la contribution d'OSD au S1 ne représentait que 13,9% du CA total du semestre à 0,52 M€, contribution qui s'est sensiblement accrue. Une progression qui touche aussi l'activité genou et MADISON™ qui augmente de 5% sur le S1 2021.

Le T4 2021 est à l'image des 9 premiers mois, puisque l'activité Rachis progresse, une nouvelle fois, à +65% pour atteindre 1,7 M€ contre 1,0 M€ au T4 2020. La contribution d'OSD est majeure dans cette performance, puisque l'activité a notamment triplé son CA en France à 0,9 M€ de même que sur le reste du monde.

Au 31 décembre 2021, la situation financière de trésorerie d'Implanet s'établissait à 1,9 M€, en amélioration par rapport à la position du 31 décembre 2020 (1,1 M€). Implanet avait anticipé la situation actuelle en bouclant en février 2021 une ligne de financement obligataire avec la société Nice & Green d'un montant maximum de 5,0 M€. Au 31 décembre 2021, il restait disponible 2,1 M€, à souscrire par Nice & Green.

... et un recentrage sur le Rachis

Depuis novembre dernier, la finalisation de la vente de la franchise MADISON™ à la SERF a rendu le recentrage d'Implanet sur l'activité Rachis acté et effectif. Un premier acompte de 2,7 M€ a été réglé le 27 octobre 2021, soit 49% des 5,0 M€ (+ 0,5 M€ d'earn-out) sur lesquels les deux sociétés s'étaient entendues. Ce qui valoriserait cette activité, qui avait réalisé un CA de 2,12 M€, à près de 2,35x le CA.

Malgré un CA 2021 en deçà de nos estimations (7,7 M€ vs 9,8 M€), principalement dû au fort recul de l'activité JAZZ sur les USA, nous avons révisé nos estimations de CA pour les prochaines années (décalage d'une année). Mais nous sommes confiants dans la capacité d'Implanet, ainsi que de ses partenaires (Globus, Ulrich, SeaSpine), de développer la franchise JAZZ tout comme les implants OSD sur leurs différents territoires. En ce qui concerne notre modèle de valorisation, nous révisons le WACC (remontée du taux sans risque) et intégrons un accroissement du nombre d'actions en circulation. **Notre TP est révisé à 1,86 € et notre opinion Achat Fort est maintenue.**

Strong growth in 2021 sales...

The 2021 sales figure is € 7.7 million on a like-for-like basis, with an increase of nearly 30% compared to the 2020 sales figure (€ 6.0 million), marked by a very strong increase (+62%) in the spinal activity to € 6.1 million. At the same time, there was a significant reduction in the Knee/Arthro activity, which fell by 27% over the year to € 1.6 million compared with € 2.2 million in FY 2020. OSD's contribution is as expected at € 2,0 million, thus suggesting purely organic growth of 7% for the entire Spine business. However, the disappointment, if there was to be one, is to be attributed to the USA, which declined by 20% over the year with a turnover of € 1.4 million. This slowdown is because of the different variants of Sars-Cov (Delta, Omicron) which have probably led more in the United States than in other countries to numerous deprogrammings of surgical operations following the closure of the operating rooms and/or the reorientation of certain personnel towards medical intensive care services. However, Implanet's preferred partner, SeaSpine, has also been affected by these surgical rescheduling. The question remains: are we going to see a catch-up on the surgeries not performed during the various confinements or a return to a normalized situation?

...Q4 in line with the rest of the year...

In September 2021, 9-month sales stood at € 5.83 million (+34% compared to 2020) and +5% compared to the first nine months of 2019 (used as a reference year), with Q3 2021 sales from the Spinal business in France doubled compared to Q3 2020 to € 0.75 million. In addition, the contribution of OSD in H1 represented only 13.9% of total sales for the half-year, at € 0.52 million, contribution that increased significantly. This increase also affects the knee activity and MADISON™, which grew by 5% in H1 2021.

Q4 2021 is in the image of the first 9 months, since the spinal activity progresses, once again, at +65% to reach € 1.7 million against € 1.0 million in Q4 2020. The contribution of OSD is a major factor in this performance, since the activity tripled its sales in France to € 0.9 million, as did the rest of the world.

As of December 31, 2021, Implanet's cash situation, at € 1.9 million, is an improvement over the position as of December 31, 2020 (€ 1.1 million). Implanet had anticipated the current situation by closing February 2021 a bond financing line with the company Nice & Green for a maximum amount of € 5.0 million. As of December 31, 2021, € 2.1 million remained available, to be subscribed by Nice & Green.

... and refocusing on the spine

Since last November, the finalization of the sale of the MADISON™ franchise to SERF has made Implanet's refocusing on the Rachis business official and effective. A first payment of € 2.7 million was paid on October 27, 2021, representing 49% of the € 5.0 million (+ € 0.5 million earn-out) on which the two companies had agreed. This would value this activity, which had achieved a turnover of € 2.12 million, at nearly 2.35x the turnover.

Despite a turnover in 2021 below our estimates (€ 7.7 million vs € 9.8 million), mainly due to the decline of the JAZZ activity in the USA, we have revised our turnover estimates for the next years (one year delay). However, we are confident in the ability of Implanet, and its partners (Globus, Ulrich, SeaSpine), to develop the JAZZ franchise and OSD implants in their various territories. With regard to our valuation model, we are revising the WACC (increase in the risk-free rate) and integrate an increase in the number of shares outstanding. **Our TP is revised to € 1.86 and our Strong Buy opinion is maintained.**

Important Disclosure

Genesta Equity Research ratings and target prices definition

Genesta Equity Research stock market recommendations reflect the absolute change expected in the share price from a six to twelve-month perspective (in local currencies).

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

Details of valuation methods used by Genesta Equity Research in target price calculations are available at www.genesta-finance.com.

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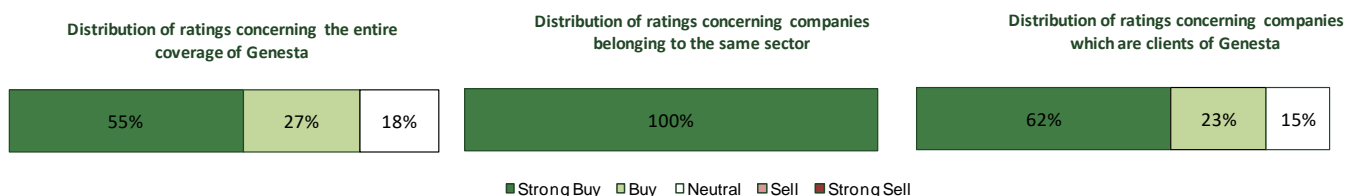
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Rating and target price evolution throughout the last 12 months

Date of 1 st publication	Rating	Target Price
26 th January 2022	Equity Flash Strong Buy	€ 1.86
4 th October 2021	Equity Flash Strong Buy	€ 1.96
19 th July 2021	Equity Flash Strong Buy	€ 1.73
21 st April 2021	Equity Flash Strong Buy	€ 1.53
25 th February 2021	Equity Flash Strong buy	€ 1.50

Ratings distribution



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