

Estimated price: € 2.34 Implanet's Jazz sales up 18% in 2016

Share price (€) (As of Jan. 13 th 2017)	0.89
High/Low (€) since Jan. 1 st , 2017	0.93/0.82
Market Cap (€M) (as of Jan. 13 th 2017)	19.0
Estimated Net Cash (€M)	6.4
Estimated Market Cap. (€M)	43.6
Number of shares (M)	21.3
Estimated price (€)	2.34
Volume 3-month average	240,000
Free float	79%

Euronext since Jan. 1st, 2017

Implanet	+11,3%
Alys France*	+4,1%
CAC Healthcare.	+0.6%
CAC 40	+1.2%
CAC Small	+0.3%

Index of French smallcaps (less than €1B market capitalization at time of inclusion) in the healthcare and life sciences sector, listed on Euronext Paris.

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Implanet published its 2016 sales, confirming the good dynamics of its marketing activity (+18% compared to 2015, from €6.7 M to €7.8 M). The company benefits from the growing adoption of its lead product, the Jazz Band, especially in France and the US. Given the company's efforts to further accelerate the adoption of Jazz, we believe that the company has the means to maintain this trend in 2017. Although the reported sales are slightly below our forecast, we remain confident on the company's outlook and maintain our target price at € 2.34 / share.

The Jazz band keeps driving Implanet's sales

Implanet continues to benefit from the good sales performance of its spinal implants, especially its lead product, the Jazz Band, which convinces a growing numbers of surgeons (+55% of active surgeons in France and the US). The company recorded an 18% increase of its 2016 revenues, compared to 2015, from €6.7 M to €7.8 M. For the last quarter of 2016, the company generated revenues of € 2.2 M, a 36% increase compared to Q4-2015. Interestingly, sales were supported by the strong sales performance in France (+55% to € 0.34 M) and the US (+163% to € 0.50 M), which are the company's two strategic markets, having the highest commercial potential. Interestingly, sales in the rest of the world also jumped by 164% to €0.4 M. Spinal implants now account for 53% of the company's revenues, compared to 42% in 2015. Since the company initiated a strategic program to accelerate Jazz Band adoption, especially in France and the US to support the adoption of Jazz, this proportion is expected to gradually increase.

For instance, in late 2015, Implanet launched the Jazz Academy, a training program to educate surgeons and business partners about the use and benefits of the Jazz technology. In addition, Implanet plans to perform a number of clinical and medico-economics studies in order to demonstrate the advantages of using Jazz implants, both in terms of clinical efficacy and cost reduction. These measures could help convincing additional opinion leaders, practitioners and hospitals, to rely on the Jazz technology. As of December 31st, 2016, the company had 127 active users of its Jazz technology in France and the United States, compared to 82 users as of December 31st, 2015.

On the other hand, the company recorded a slight decrease (-3%) of sales of its knee implants (€ 3.7 M) in 2016. Although sales in France which represent 70% of the knee implant revenues has jumped by 37%, difficult market conditions in emerging markets, and especially in Brazil, continue to negatively impact Implanet's sales. Knee implants currently represent 47% of Implanet's revenue and we believe they will become marginal, as the company generates more sales from the Jazz implants.

Upcoming News flow

March 28th 2017: 2016 annual results

April 18th 2017: Q1-2017 sales

Financial data

INCOME STATEMENT (€M)	2014	2015	2016e	2017e	2018e
Revenue	7,0	6,7	8,4	10,9	14,8
EBIT	-5,9	-6,9	-6,2	-5,2	-3,8
Net Income	-6,1	-7,3	-6,4	-5,5	-4,0

EARNINGS PER SHARE (€)	2014	2015	2016e	2017e	2018e
EPS	-1,1	-0,7	-0,3	-0,2	-0,2
<i>Diluted EPS</i>	-	-	-	-	-

BALANCE SHEET (€M)	2014	2015	2016e	2017e	2018e
Non Current Assets	5,8	3,0	2,6	2,5	2,6
Current assets	8,8	13,2	14,2	10,5	6,8
<i>Including cash & cash equivalent</i>	<i>2,1</i>	<i>1,2</i>	<i>7,4</i>	<i>3,5</i>	<i>-2,1</i>
Total Assets	14,6	16,3	16,8	13,1	9,4

LIABILITIES AND SHAREHOLDER'S EQUITY

Total Equity	7,2	10,3	11,3	8,2	4,1
Total Debt	3,1	2,7	2,7	3,0	3,5
Total Liabilities and Shareholder's Equity	14,6	16,3	16,8	13,1	9,4

CASH FLOW STATEMENT (€M)	2014	2015	2016e	2017e	2018e
Cash Flow from operating activities	-5,3	-7,5	-4,4	-5,2	-3,9
Cash Flow from investment activities	7,5	0,0	3,9	0,5	-0,8
Cash Flow from financing activities	-3,0	0,0	6,7	0,8	-1,0
Net change in cash	-0,9	-7,5	6,2	-3,9	-5,6

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