

# Analyst Report

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## Implanet

Euronext Paris: IMPL [FR0010458729]

2018/03/2017

<b>Estimated price:</b>	<b>€2.34</b>
Share price (€)*	0.84
Market Cap. (€M)*	18.4
Estimated Market Cap. (€M)	43.6
Number of shares (M)	21.7
YTD High/Low (€)	0.93/0.79
3-month average daily vol.	240.000
Free Float	79.0%
Estimated Net Cash (€M)	7.0

\* as of 2017/03/28

### Implanet on good momentum

Implanet released its annual results for 2016, in line with our estimates, and confirm the company's good sales momentum. The company recorded annual sales of € 7.8M, up to 18% compared to 2015, driven by the growing adoption of its spinal implants Jazz. Jazz sales upped by 46% in 2016, including a strong 70% growth in the US. Thanks to a significant reduction of manufacturing cost (less 10% to € 3.8M) operating loss was improved by 10% (€ -6.8M vs € -7.6M). As of December 31<sup>st</sup>, 2016, Implanet recorded a net loss of € -7.2M and a cash position of € 7.4M. We maintain our target price on Implanet to € 2.34 / share.

### Supporting Jazz's market adoption

Sales of spine implants represented € 4.1 M in 2016, corresponding to 52% of Implanet's revenues. This performance was driven by the strong adoption of the company lead product, the Jazz implant, especially in France (+33%) and in the US (+70%). Also in these 2 territories, the number of surgeons using the Jazz technology, sharply rose from 81 in 2015 to 127 in 2016.

Implanet's spinal implants were initially indicated for corrective surgeries for large spine deformities in adolescents. Interestingly, the company recorded a strong increase (+142%) in the use of Jazz implants for osteo-degenerative spine surgeries (elderly patients). Given the growing prevalence of age-related affections due the increase in elderly populations, Jazz adoption on this market segment could represent a strong revenue driver for Implanet in the coming years. Moreover, should the company maintain this trend, we estimated that Jazz implants sales for degenerative surgeries would become the company's first market, within the next 2-3 years.

The Company intends to pursue commercial efforts it recently initiated to accelerate Jazz products adoption. For this purpose, Implanet is running various validation or follow-up clinical studies in order to demonstrate Jazz's effectiveness for several surgery indications, and the device superiority compared to other implants.

In partnership with






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## Euronext since Jan. 1<sup>st</sup>, 2017

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<b>Implanet!!!</b>	<b>5.0%</b>
Alys France*	-2.2%
Next Biotech	-0.3%
CAC Healthcare.	7,8%
CAC 40	-0,3%
CAC Small	5,6%

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*\* Index of French smallcaps (less than €1B market capitalization at time of inclusion) in the healthcare and life sciences sector, listed on Euronext Paris. See: <http://www.aurgalys.com/aurgalys-indices>*

The company is also managing a training program (Jazz Academy) in order to educate surgeons and business partners about the use of Jazz implants. In addition, the company keeps strengthening its product offering by developing new implants based on the Jazz technology, and recently announced it obtained European and US marketing authorization for 3 additional devices (Jazz Lock, Jazz Claw and Jazz Frame).

We believe that this strategy should support the company's sales, with visible effect in the short term. For instance, Implanet recently signed a distribution agreement with the company Devices Technologies for the distribution of the Jazz implant in Australia and New Zealand. Including the USA and Germany, these two territories are among those with the highest pricing potential for Implanet's devices.

## Upcoming news flow

- **April 18th 2017:** Q1-2017 sales



## Financials

INCOME STATEMENT (€M)	2014	2015	2016e	2017e	2018e	2019e
Revenue	7.04	6.65	7.84	10.29	14.23	20.25
EBIT	-5.86	-7.63	-6.88	-5.91	-4.52	-2.25
<b>Net Income</b>	<b>-6.10</b>	<b>-8.01</b>	<b>-7.29</b>	<b>-6.16</b>	<b>-4.77</b>	<b>-2.25</b>

EARNINGS PER SHARE (€)	2014	2015	2016e	2017e	2018e	2019e
EPS	-1.13	-0.83	-0.34	-0.25	-0.19	-0.09
<i>Diluted EPS</i>	0.00	0.00	0.00	0.00	0.00	0.00

BALANCE SHEET (€M)	2014	2015	2016e	2017e	2018e	2019e
Non Current Assets	5.80	3.05	2.61	2.50	2.59	3.29
Current assets	8.76	13.24	13.33	9.01	4.58	8.34
<i>Including cash &amp; cash equivalent</i>	1.15	7.44	2.31	-4.05	-2.88	-6.20
<b>Total Assets</b>	<b>14.55</b>	<b>16.29</b>	<b>15.93</b>	<b>11.51</b>	<b>7.17</b>	<b>11.62</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>	0.00	0.00	0.00	0.00	0.00	0.00
Total Equity	7.21	10.26	10.40	6.64	1.87	-0.38
Total Debt	3.06	2.71	2.73	3.02	3.51	4.25
<b>Total Liabilities and Shareholder's Equity</b>	<b>14.55</b>	<b>16.29</b>	<b>15.93</b>	<b>11.51</b>	<b>7.17</b>	<b>11.62</b>

CASH FLOW STATEMENT (€M)	2014	2015	2016e	2017e	2018e	2019e
Cash Flow from operating activities	-5.29	-7.52	-4.98	-5.80	-4.59	-1.99
Cash Flow from investment activities	7.49	0.00	4.57	-0.15	-0.77	-1.52
Cash Flow from financing activities	-3.05	0.00	6.71	0.82	-1.01	4.67
<b>Net change in cash</b>	<b>-0.85</b>	<b>-7.52</b>	<b>6.29</b>	<b>-5.13</b>	<b>-6.36</b>	<b>1.17</b>

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