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**Implanet****Un S1 2019 en ligne**

Si au S1 2019, le CA d'Implanet s'établit à 3,818 M€, marquant une progression de 5 %, le résultat opérationnel est en nette amélioration, la perte opérationnelle ayant été réduite de 44%, soulignant un bien meilleur contrôle des coûts mis en place par le management. Opinion Achat Fort. Objectif de cours de 0,71 €.

An H1 2019 in line

In H1 2019, Implanet's sales amounted to € 3.818 million, up 5%, operating income improved significantly as operating loss was reduced by 44%, highlighting the higher cost control implemented by management. Strong Buy Opinion with a price target of 0.71 €.

Recommandation	1. Strong Buy
Closing price on 9 sept 2019	0,08 €
Target price	0,71 € (+756,9 %)

Implanet : Un S1 en nette amélioration

Les résultats du S1 2019 montrent que le CA s'est accru de 5% à 3,818 M€ contre 3,632 M€ au S1 2018, porté par une croissance globale de 8% de l'activité JAZZ. La dynamique de croissance de JAZZ est toujours forte aux USA avec +11% et devrait l'être encore plus avec le partenariat SeaSpine qui monte en puissance. En outre, Implanet fait la démonstration que sa politique de réduction des coûts porte des fruits, puisque le résultat opérationnel s'améliore de manière significative.

Comme toujours dans ce secteur de l'implantologie médullaire, l'accès à des innovations de rupture est essentiel, c'est pourquoi la dynamique de croissance de la franchise JAZZ est particulièrement soutenue sur des marchés avides d'innovation comme les USA (+ 11%) et l'Europe hors France (+ 52%).

Par ailleurs, l'amélioration de la situation financière et la maîtrise des coûts d'exploitation sont autant d'éléments qui nous conduisent à maintenir notre opinion Achat Fort sur la valeur, avec un TP à 0,71 €.

Implanet: A significantly improved H1

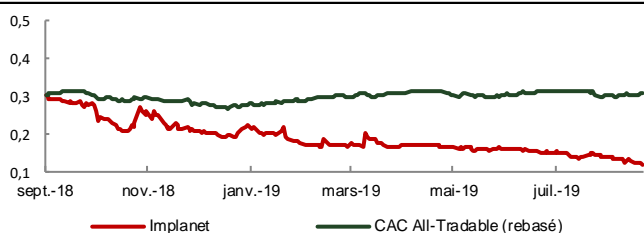
The results for H1 2019 show that sales increased by 5% to € 3.818m compared to € 3.632m in H1 2018, driven by an overall growth of 8% in the JAZZ business. JAZZ's growth momentum is still strong in the US at + 11% and should be even stronger with the growing SeaSpine partnership. In addition, Implanet is demonstrating that its cost reduction policy is paying off, with operating income highly upgraded.

As always in this field of spinal implantology, access to breakthrough innovations is essential, which is why the growth momentum of the JAZZ franchise is particularly strong in innovation-hungry markets such as the USA (+ 11 %) and Europe excluding France (+ 52%).

In addition, the improvement of the financial situation and the control of operating costs are all elements that lead us to maintain our opinion Strong Buy on the value, with a TP at 0.71 €.

Performances

Absolute perf.	1 mois	6 mois	12 mois
	-9,6 %	-34,8 %	-68,2 %

**Market data**

Reuters / Bloomberg ticker	ALIMP.PA / ALIMP:FP
Market capitalisation (€m)	3,8 M€
Enterprise value (€m)	4,0 M€
Free Float	2,9 M€ (77 %)
Number of shares	42 537 000
Daily volume	29 938 €
Capital turnover rate (1 year)	207,5%
High (52 weeks)	0,25 €
Low (52 weeks)	0,07 €

Agenda

Scoliosis Research Society (SRS) 18-20 Sept 2019, Montreal
North American Spine Society (NASS) 25-27 Sept 2019, Chicago

Ratios

	2017	2018	2019E	2020E	2021E
VE / CA	1,8	1,4	1,0	0,9	0,6
VE / EBE	NS	NS	NS	NS	NS
VE / REX	NS	NS	NS	NS	NS
P / E	NS	NS	NS	NS	NS
Gearing (%)	-24,5%	-5,7%	88,1%	60,9%	100,2%
Dette nette / EBE	0,4	0,1	-1,1	-1,6	-4,4
RCE (%)	-118,3%	-119,5%	-109,2%	-52,3%	-32,9%

Current shareholding structure

Flottant : 77 % ; Investisseurs financiers: 18 % ; Dirigeants et Salariés : 4 % ; Autocontrôle: 1 %

Key figures

	2017	2018	2019E	2020E	2021E
Sales (M€)	7,8	6,7	7,8	11,2	15,5
Change (%)	0,2%	-14,3%	16,7%	43,1%	38,2%
EBITDA (M€)	-5,5	-5,2	-2,4	-1,4	0,4
EBIT (M€)	-6,2	-5,4	-2,7	-1,8	0,0
EBIT margin (%)	-79,5%	-79,9%	-33,8%	-16,0%	-0,3%
Net profit gp sh. (€)	-6,6	-5,6	-3,0	-2,1	-0,1
Net margin (%)	-84,3%	-82,6%	-37,6%	-18,7%	-0,7%
EPS	-0,28	-0,17	-0,09	-0,06	0,00

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Un S1 2019 de bon augure : + 5 % sur le CA global

Au-delà de l'accroissement de 5% du CA global de la société, il convient de souligner la bonne santé de la franchise JAZZ qui continue d'afficher des taux de croissance importants sur ses marchés de prédilection (USA, Europe de l'Ouest). Ainsi, aux USA, l'activité JAZZ s'arroge +11% de croissance par rapport à la même période en 2018, alors que l'Europe de l'Ouest (hors France) affiche +52% d'augmentation. Il semble donc que la stratégie de refocaliser la commercialisation en direct sur quelques pays (USA, France, UK, Allemagne...) soit en passe de réussir. En effet, la croissance en volume affichée +7% d'unités JAZZ vendues (de 4 270 unités en 2018 à 4 561 unités en 2019) est corroborée par l'augmentation du CA + 5% de 3,63 M€ en 2018 à 3,81 en 2019. Toutefois, l'activité genou d'Implanet avec la gamme MADISON, qui demeure stable sur le S1 2019 à 1,43 M€, tempère un peu les résultats de ce premier semestre.

Si toutefois la France demeure le premier marché d'Implanet en termes d'unités vendues, les ventes ont reculé de 7% sur le 1^{er} semestre 2019, un recul à mettre sur le compte de gestion de la charge de travail dans différentes structures et qui ne devraient pas remettre en cause le développement en France où les taux d'adoption et de récurrence de poses demeurent importants chez les chirurgiens orthopédiques.

Un contrôle accru des coûts améliore le résultat

En plus du recentrage stratégique, Implanet a mis en place une politique de contrôles des coûts qui semble-t-il porte des fruits. En effet, la marge brute s'est améliorée de près de 8% au cours du S1 2019 à 2,17 M€ contre 2,02 M€ en 2018. Cela représente un taux de marge brute en augmentation de 1,3 point, évolution due au nouveau mix produits (JAZZ et MADISON : produits propriétaires d'Implanet) ainsi qu'à la production pour compte de tiers (Accords avec SeaSpine et Kico).

Par ailleurs, les coûts d'exploitation sont réduits de 18% à -3,89 M€ contre -4,77 M€ en 2018, grâce notamment à la réduction des coûts de structure (-842 k€). Malgré un résultat financier déficitaire à - 275 k€, le résultat net s'apprécie encore fortement (+34%) pour le 4^{ème} semestre consécutif, démontrant s'il en était besoin les efforts consentis par Implanet pour se rapprocher d'une rentabilité finalement pas si éloignée.

Maintien de notre opinion

Notre opinion positive sur la valeur s'appuie ainsi sur plusieurs éléments 1) la réorganisation des ventes sur les pays les plus porteurs (USA, France, UK, Allemagne...), 2) les partenariats structurants mis en place (SeaSpine, KICO), avec des actions commerciales communes notamment lors du meeting de la SRS ou du congrès de la NASS, 3) de la politique de contrôle des coûts implémentée. De plus, les innovations apportées par Implanet offrent des opportunités de différenciation à ses partenaires sur des marchés à fort potentiel de croissance (USA, Europe et Australie) et avides de nouveautés.

Nous maintenons notre recommandation d'achat sur le titre avec un objectif de cours ajusté à 0,71 €/action. Notre TP est maintenu malgré la légère dégradation du WACC à 12,57%. La prime de risque de marché (-0,12%) et le taux sans risque (8,21%) se sont appréciés dans un contexte de marché tendu.

A promising 2019 H1: + 5% on the global turnover

Beyond the increase of 5% of the overall turnover of the company, it should be noted the good health of the franchise JAZZ which continues to show significant growth rates in its markets of choice (USA, Europe of the Where is). In the United States, the JAZZ business grew + 11% growth compared to the same period in 2018, while Western Europe (excluding France) posted + 52% increase. It seems that the strategy of refocusing live marketing on a few countries (USA, France, UK, Germany ...) is about to succeed. In fact, the growth in volume displayed + 7% of JAZZ units sold (from 4,270 units in 2018 to 4,561 units in 2019) is corroborated by the increase in turnover + 5% from € 3.63 million in 2018 to 3.81 in 2019. However, Implanet's knee business with the MADISON range, which remains stable on the H1 2019 at € 1.43 million, was a bit of a hit for the first half of the year.

If, however, France remains Implanet's largest market in terms of units sold, sales fell 7% in the first half of 2019, a drop to be made to the workload management account in various structures and should not jeopardize development in France where adoption and posture recurrence rates remain high among orthopedic surgeons.

Increased cost control improves the result

In addition to strategic refocusing, Implanet has put in place a cost control policy that seems to be paying off. In fact, the gross margin improved by nearly 8% in H1 2019 to € 2.17 million compared to € 2.02 million in 2018. This represents a gross margin rate, up 1.3 percentage points, which is due to the new product mix (JAZZ and MADISON: proprietary products of Implanet) as well as production for third party accounts (Agreements with SeaSpine and Kico).

In addition, operating costs were reduced by 18% to € -3.89 million against € -4.77 million in 2018, thanks in particular to the reduction in structural costs (€ -842 K). Despite a negative financial result of € -275 K, the net result is still appreciating (+ 34%) for the 4th consecutive semester, demonstrating if it was necessary the efforts made by Implanet to get closer to a profitability finally not so far away.

Maintaining our opinion

Our positive opinion on the value is based on several factors 1) the reorganization of sales on the most buoyant countries (USA, France, UK, Germany), 2) the structuring partnerships set up (SeaSpine, KICO) with joint commercial actions notably at the SRS meeting or the NASS congress, 3) the implemented cost control policy. In addition, the innovation provided by Implanet offer differentiation opportunities to its partners in markets with high growth potentials (USA, Europe, Australia) and eager for new products.

We are maintaining our buy recommendation on the stock with a target price adjusted to € 0.70/share. Our TP is maintained even if the WACC slightly increases to 12.59%. The market risk premium (-0.12%) and the risk-free rate (8.21%) appreciated in a tense market environment.

Important Disclosure

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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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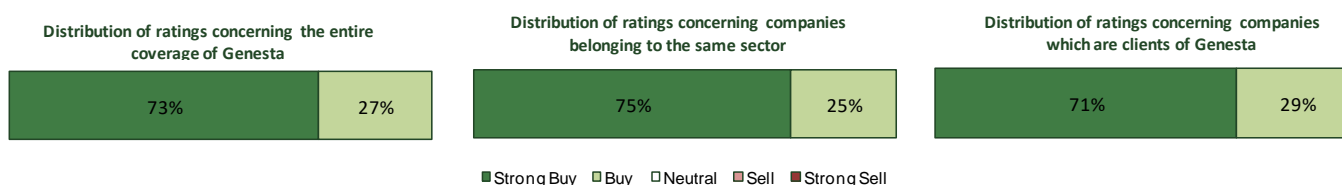
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No	No	No	No	Yes	No	Yes

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Rating and target price evolution throughout the last 12 months

Date of 1 st publication	Rating	Target Price
11 th September 2019	Equity Flash Strong buy	€ 0.71
23 th July 2019	Equity Flash Strong buy	€ 0.70
23 rd May 2019	Equity Flash Strong buy	€ 0.70
14 th March 2019	Equity Flash Strong buy	€ 0.93
19 th February 2019	Equity Flash Strong buy	€ 0.71
25 th October 2018	Equity Flash Strong buy	€ 0.91
25 th September 2018	Equity Flash Strong buy	€ 0.91

Ratings distribution



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