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**Jean Pierre LOZA**

Analyste Financier / Equity Analyst  
jploza@genesta-finance.com  
+ 33 1.45.63.68.87

**Implanet****Au T3, la croissance au rendez-vous (+12%)**

Implanet a présenté un T3 2019 en nette croissance, +12% à 1,7 M€. C'est le troisième trimestre de croissance pour la société. Pour les neuf premiers mois de l'exercice 2019, le CA s'établit à 5,6 M€, soit + 7%. Opinion Achat Fort avec un objectif de cours de 0,55 €.

**In Q3, growth at the rendezvous (+ 12%)**

Implanet presented a Q3 2019 in net growth, + 12% to € 1.7 million. This is the third quarter of growth for the company. For the first nine months of the 2019 financial year, sales amounted to € 5.6 million, i.e. + 7%. Strong Buy Opinion with a price target of 0.55 €.

<b>Recommendation</b>	<b>1. Strong Buy</b>
<b>Closing price on 18 October 2019</b>	<b>0,06 €</b>
<b>Target price</b>	<b>0,55 € (+779,2 %)</b>

**Implanet : Un T3 2019 très encourageant**

Après un S1 2019 qui, avec une progression de 5%, indiquait la voie d'une croissance soutenue pour 2019, Implanet s'adjuge un T3 à +12% par rapport à la même période en 2018. De fait, les neuf premiers mois de l'année 2019, s'établissent à 5.6 M€ soit + 7% de croissance.

Porté par une réelle dynamique aux USA avec +13% (faut-il y voir l'effet du partenariat SeaSpine) et en Europe (hors France) avec +31%, Implanet devrait réaliser une bonne année 2019. En effet, les deux partenariats avec SeaSpine et Kico sont en passe de monter en puissance durant le dernier trimestre 2019. 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 0,55 €.

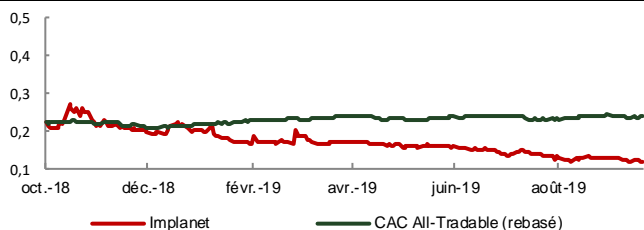
**Implanet: A very encouraging Q3 2019**

After a H1 2019 which, with a 5% increase, indicated the path of sustained growth for 2019, Implanet has a T3 + 12% compared to the same period in 2018. As a result, the first nine months in 2019, stood at € 5.6 million, representing growth of 7%.

Driven by a real dynamic in the US with + 13% (should we see the effect of the SeaSpine partnership) and in Europe (excluding France) with + 31%, Implanet should achieve a good year 2019. Indeed, the two partnerships SeaSpine and Kico are in the process of gaining momentum during the last quarter of 2019. Moreover, the improvement in the financial situation and the control of operating costs are all elements that lead us to maintain our opinion. the value, with a TP at € 0.55.

**Performances**

Absolute perf.	1 mois	6 mois	12 mois
	-20,6 %	-48,3 %	-64,1 %

**Market data**

Reuters / Bloomberg ticker	ALIMP.PA / ALIMP:FP
Market capitalisation (€m)	3,5 €
Enterprise value (€m)	3,7 M€
Free Float	2,7 M€ (77 %)
Number of shares	55 507 441
Daily volume	23 660 €
Capital turnover rate (1 year)	177,6%
High (52 weeks)	0,22 €
Low (52 weeks)	0,07 €

**Agenda**

Nov 19: SOFCOT in Paris & DWG in Munich;  
Jan 20: Q4 & Annual Sales 2019

**Ratios**

	2017	2018	2019E	2020E	2021E
VE / CA	1,8	1,3	0,9	0,9	0,6
VE / EBE	NS	NS	NS	NS	NS
VE / REX	NS	NS	NS	NS	NS
P / E	-2,1	-0,6	-1,2	-1,7	-31,2
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**

Free float : 77 % ; Financial Investors : 18 % ; Management : 4 % ; Auto control: 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. (t)	-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 T3 2019 : troisième trimestre de croissance en 2019

Avec un CA de 1,74 M€, Implanet engrange près de 12% de croissance pour le T3 2019 signant ainsi son troisième trimestre de croissance. Cette croissance résulte du dynamisme de la franchise JAZZ, qui a progressé au T3 de 13% à 1,19 M€, mais aussi de la vitalité de la franchise MADISON. JAZZ se positionne favorablement sur ses marchés de prédilection (USA, Europe de l'Ouest). Ainsi, aux USA, l'activité JAZZ s'arroge +8% de croissance par rapport à la même période en 2018, alors qu'en Europe de l'Ouest (hors France), elle affiche +52% d'augmentation. Ensuite, l'activité est également portée par la commercialisation de la prothèse MADISON, qui s'est octroyé + 12% de croissance à 0,55 M€ au T3. Deux facteurs permettent d'expliquer ces taux de croissance. Tout d'abord, la commercialisation en direct sur quelques pays comme les USA, la France, l'UK, l'Allemagne, qui permet d'expliquer l'effet amplificateur (+52%). C'est là l'une des premières conséquences du recentrage stratégique de 2017-18. Ensuite, les deux partenariats signés respectivement avec SeaSpine et KICO Knee, qui apportent contractuellement un certain nombre de commandes, sont un autre élément confortant le CA.

Ainsi après neuf mois, le CA d'Implanet est de 5,57 M€ en progression de 7% par rapport au CA 9 Mois de 2018 à 5,18 M€.

### Un contrôle accru des coûts améliore le résultat

Pour mémoire, les résultats du S1 2019 avaient déjà mis en exergue l'influence du recentrage stratégique, ainsi que la dynamique de reconquête concernant les indicateurs de rentabilité, conséquence d'une politique de contrôles des coûts. En effet, la marge brute s'était appréciée de près de 8% au cours du S1 2019, avec un taux de marge brute en augmentation de 1,3 point, (cf. nouveau mix produits). De même, les coûts d'exploitation ont été réduits de 18% conduisant ultimement à une amélioration (+34%) du résultat net pour le 4<sup>ème</sup> semestre consécutif. Ces résultats démontrent clairement que l'objectif de la rentabilité pour Implanet n'est finalement pas si éloigné.

### Opinion Achat Fort : un titre qui est sous-valorisé

A la suite de cette publication, nous maintenons nos prévisions de CA pour 2019 et 2020 qui s'élèvent respectivement à 7,84 M€ (+16,7%) et 11,2 M€ (+43,1%). Cette croissance du CA traduit la montée en puissance des deux accords de partenariats signés avec SeaSpine et KICO Knee, pour lesquels Implanet doit fournir un certain nombre d'unités JAZZ et MADISON.

Par ailleurs, Implanet devrait notamment optimiser sa marge brute ainsi que son niveau de charges d'exploitations afin de satisfaire ses objectifs de rentabilité.

Toutefois, nous modifions notre TP à 0,55 € contre 0,71 € afin de rendre compte 1/ de la hausse du WACC à 12,05%. La prime de risque de marché (-0,25%) et le taux sans risque (7,86%) se sont appréciés dans un contexte de marché tendu ; 2/ notre approche de valorisation repose sur 2 méthodes les DCF pondérés à 80% et un ratio moyen issu des comparables pondéré à 20%.

L'objectif de cours par DCF ressort à 0,63 € et la valeur prospective issue des comparables à 0,21 €.

**Notre TP est donc de 0,55 €, avec un potentiel de +779%.**

### Q3 2019: third quarter of growth in 2019

With a turnover of € 1.74 million, Implanet garnered nearly 12% growth for Q3 2019, thus signaling its third quarter of growth. Not only did this growth result from the dynamism of the JAZZ franchise, which grew in Q3 by 13% to € 1.19 million, but is also supported by the MADISON franchise. JAZZ is favorably positioned on its favorite markets (USA, Western Europe). In the United States, the JAZZ business grew + 8% growth compared to the same period in 2018, while in Western Europe (excluding France), it posted + 52% increase. Then, the other activity is carried now by the commercialization of the prosthesis MADISON, granted + 12% growth to 0.55 M € in Q3. Two factors explain these growth rates. First, the direct marketing on some countries like the USA, France, the UK, Germany which explains the multiplier effect (+ 52%). This is one of the first consequences of the strategic refocusing of 2017-18. Then, the two partnerships signed respectively with SeaSpine and KICO Knee, which contractually bring a certain number of orders, are another element supporting the turnover.

After nine months, Implanet's sales amounted to € 5.57 million, up 7% compared with 9 months of 2018 sales, to € 5.18 million.

### Increased cost control improves the result

As a reminder, the results of H1 2019 had already highlighted the influence of strategic refocusing, as well as the recovery dynamics concerning profitability indicators, a consequence of a cost control policy. In fact, the gross margin rose by nearly 8% in H1 2019, with a gross margin rate increasing by 1.3 points (see new product mix). Similarly, operating costs were reduced by 18%, ultimately leading to an improvement (+ 34%) in net income for the fourth consecutive semester. These results clearly demonstrate that the goal of profitability for Implanet is finally not so distant.

### Strong Buy Opinion: a stock that is undervalued

Following this publication, we are maintaining our revenue guidance for 2019 and 2020, which stands at € 7.84 million (+ 16.7%) and € 11.2 million (+ 43.1%) respectively. This growth in revenue reflects the growing strength of the two partnership agreements signed with SeaSpine and KICO Knee, for which Implanet is to supply a certain number of JAZZ and MADISON units.

In addition, Implanet should optimize its gross margin as well as its level of operating expenses in order to meet its profitability objectives.

However, we modify our TP to € 0.55 against € 0.71 to take into account 1 / WACC increase to 12.05%. The market risk premium (-0.25%) and the risk-free rate (7.86%) appreciated in a tense market environment; 2 / our valuation approach is based on two methods: 80% weighted DCF and a weighted average ratio of 20% weighted comparable.

The price target by DCF is € 0.63 and the prospective value from comparable ratios is € 0.21.

**Our TP is therefore € 0.55, with a potential of + 779%.**

## 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).

<b>1. Strong buy</b>	The absolute share price performance is expected to be at least +25 %
<b>2. Buy</b>	The absolute share price performance is expected to be comprised between +10 % and +25 %
<b>3. Neutral</b>	The absolute share price performance is expected to be comprised between +10 % et -10 %
<b>4. Sell</b>	The absolute share price underperformance is expected to be comprised between -10 % et -25 %
<b>5. Strong Sell</b>	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](http://www.genesta-finance.com).

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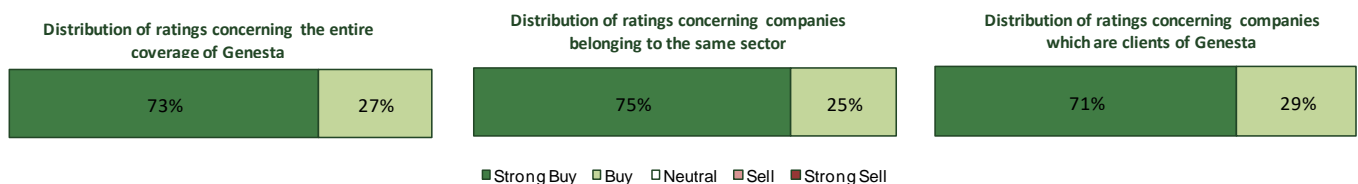
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No	No	No	No	Yes	No	Yes

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### Rating and target price evolution throughout the last 12 months

Date of 1 <sup>st</sup> publication	Rating	Target Price
23 <sup>rd</sup> October 2019	Equity Flash <b>Strong buy</b>	€ 0.55
11 <sup>th</sup> July 2019	Equity Flash <b>Strong buy</b>	€ 0.71
23 <sup>th</sup> July 2019	Equity Flash <b>Strong buy</b>	€ 0.70
23 <sup>rd</sup> May 2019	Equity Flash <b>Strong buy</b>	€ 0.70
14 <sup>th</sup> March 2019	Equity Flash <b>Strong buy</b>	€ 0.93
19 <sup>th</sup> February 2019	Equity Flash <b>Strong buy</b>	€ 0.71

### Ratings distribution



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