

Date de première diffusion / Publication date : 24 juillet 2019 / July 24<sup>th</sup> 2019**Jean Pierre LOZA**

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

**Implanet****Tous les voyants sont au vert**

Au S1 2019, Implanet publie un CA de 3,818 M€ en progression de 5 %, soutenu par un T2 en progression de 8 %. C'est la franchise JAZZ qui assure l'essentiel de cette croissance, avec un second trimestre très fort aux USA. Opinion Achat Fort avec un objectif de cours de 0,70 €.

**All lights are green**

In H1 2019, Implanet posted sales of € 3,818 million, up 5%, supported by an 8% increase of sales in Q2. The JAZZ franchise accounts for most of this overall growth, with a very strong second quarter in the US. Strong Buy Opinion with an updated price target of € 0.70.

<b>Recommendation</b>	<b>1. Strong Buy</b>
<b>Closing price on 23 July 2019</b>	<b>0,09 €</b>
<b>Target price</b>	<b>0,70 € (+719,2 %)</b>

**Implanet : hausse du CA de 8% pour le T2**

Les chiffres du T2 2019 communiqués par Implanet montrent que le CA s'est accru de 8% à 1,915 M€. Ce deuxième trimestre augure d'un cru 2019 qui renouerait avec la croissance puisque le CA global du S1 2019 à 3,818 M€ affiche +5%, par rapport au S1 2018 (3,63 M€). Une nouvelle fois, c'est la dynamique de JAZZ qui soutient cette progression avec + 11% aux USA et + 52% en Europe (hors France). C'est une véritable année charnière pour Implanet avec notamment l'accélération de l'implantation européenne de la société sur ses marchés à fort potentiel (Allemagne, UK, France). La montée en puissance des deux partenariats structurants avec SeaSpine et KICO devraient commencer à se voir à partir du T3 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 inchangé à 0,70 €.

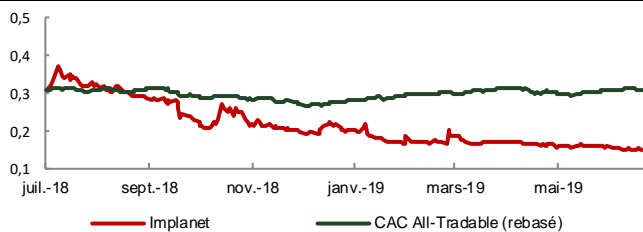
**Implanet: sales up 8% for Q2**

The figures for Q2 2019 provided by Implanet show that sales increased by 8% to € 1,915 million. This second quarter bodes well for a 2019 vintage, which will return to growth, as overall H1 turnover is at € 3.818 million ie + 5% compared to H1 2018 (€3.63 millions). Once again, the dynamic of JAZZ supports this growth with + 11% in the US and + 52% in Europe (excluding France). This is a pivotal year for Implanet, with the company's European presence accelerating in its high-potential markets (Germany, UK, France). The rise of the two structuring partnerships with SeaSpine and KICO should begin to be seen from Q3 2019.

In addition, the improvement in 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 unchanged at 0.70 €.

**Performances**

Absolute perf.	1 mois	6 mois	12 mois
	-16 %	-41,1 %	-65,3 %

**Market data**

Reuters / Bloomberg ticker	ALIMP.PA / ALIMP:FP
Market capitalisation (€m)	4,1 €
Enterprise value (€m)	4,3 M€
Free Float	3,2 M€ (77 %)
Number of shares	42 537 000
Daily volume	37 570 €
Capital turnover rate (1 year)	239,0%
High (52 weeks)	0,32 €
Low (52 weeks)	0,10 €

**Agenda**

Assemblée générale mixte le 11 juin 2019  
 CAS1 2019 le 10 juillet 2019

**Ratios**

	2017	2018	2019E	2020E	2021E
VE / CA	1,8	1,4	1,0	0,9	0,7
VE / EBE	NS	NS	NS	NS	NS
VE / REX	NS	NS	NS	NS	NS
P / E	-2,1	-0,7	-1,4	-2,0	-37,0
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

Genesta is registered as a Financial Investment Advisor and is a member of CNCIF (ORIAS Number: 13000591).

Refer to important warnings at the end of the document. For additional information on Genesta and its internal procedures, please consult the website [www.genesta-finance.com](http://www.genesta-finance.com).

### Un T2 2019 de bonne facture : + 8% sur les ventes de JAZZ

Avec un accroissement de +8% de son chiffre d'affaires sur le trimestre, la franchise JAZZ démontre une nouvelle fois que la focalisation sur des marchés avides d'innovation peut permettre à Implanet de prendre des parts de marchés significatives. Elle passe donc de 1,148 M€ en T2 2018 à 1,244 M€ au T2 2019. C'est ce qui est en passe d'être réalisé avec le recentrage stratégique d'Implanet sur quelques pays en propres (USA, France, UK, Allemagne...).

Le chiffre d'affaires total du T2 2019 s'établit à 1,915 M€ (+8 % par rapport au T2 2018) en ligne avec le T1 2019. De plus, l'activité genou d'Implanet avec la gamme MADISON a elle aussi progressé durant le T2 2019 à 0,67 M€, soit +9% par rapport au T2 2018 (0,62 M€).

### JAZZ au S1 : +8 % de ventes aux Etats-Unis

Comme nous l'évoquions dans une note précédente, la franchise JAZZ progresse de trimestre en trimestre, avec 4 561 unités JAZZ vendues au S1 2019 contre 4 270 unités au S1 2018, soit une augmentation de +7%. Une croissance portée principalement par les Etats-Unis et l'Europe (hors France) qui progresse respectivement de 8% et de 52%. Si toutefois la France demeure le premier marché d'Implanet en termes d'unités vendues, les ventes ont reculé de 7% sur le 1<sup>er</sup> 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.

### Des partenaires impatients de commercialiser

A la suite de l'enregistrement par la FDA de JAZZ Cap, cette solution de stabilisation des vis, les premières chirurgies réalisées se sont bien déroulées. Par ailleurs, les premières commandes dans le cadre des partenariats avec KICO et SeaSpine ont été concrétisées. Aussi, les deux partenaires d'Implanet sont-ils impatients pour l'un de commercialiser JAZZ sous sa propre marque (cf. SeaSpine) et pour l'autre de distribuer les prothèses de genou MADISON sous sa propre marque (cf. KICO) sur des marchés à fort potentiel comme l'Australie et les USA.

### Maintien de notre opinion

Nous maintenons notre recommandation d'achat sur le titre avec un objectif de cours ajusté à 0,70 € / action. Notre TP est maintenu malgré la légère hausse du WACC à 12,59%. La prime de risque de marché et le taux sans risque se sont appréciés dans un contexte de marché tendu.

Toutefois, nous confirmons notre opinion positive sur la valeur compte tenu 1) de la réorganisation des ventes sur les pays les plus porteurs (USA, France, UK, Allemagne...), 2) des partenariats structurants mis en place (SeaSpine, KICO), 3) de la politique de contrôle des coûts implémentée, 4) du marché des implants rachidiens et des pathologies dégénératives du rachis qui sont en croissance, 5) du fait que les acteurs de ce secteur sont toujours à la recherche d'innovation (nous en voulons pour preuve le partenariat SeaSpine / Implanet ou encore le rachat de K2M par Stryker en Août dernier).

### A good-looking T2 2019: + 8% on JAZZ sales

With an increase of + 8% in sales over the quarter, the JAZZ franchise once again demonstrates that focusing on markets that are eager for innovation can enable Implanet to gain significant market shares. It thus goes from € 1.148 million in Q2 2018 to € 1.244 million in Q2 2019. It is that which is about to be realized with the strategic refocusing of Implanet on a few countries in its own right (USA, France, UK, Germany ...).

Q2 2019 total revenue was € 1,915 million (+ 8% compared to Q2 2018) in line with Q1 2019. In addition, Implanet's knee business with the MADISON range also rose in Q2 2019 to € 0.67 million, ie + 9% compared to Q2 2018 (€ 0.62 million).

### JAZZ S1: + 8% of sales in the USA

As mentioned in a previous note, the JAZZ franchise is increasing quarter on quarter, with 4,561 JAZZ units sold in H1 2019 compared to 4,270 in H1 2018, an increase of + 7%. Growth mainly driven by the United States and Europe (excluding France) which grew by 8% and 52% respectively. 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 in the management of workload management in various structures and which should not jeopardize development in France, where adoption and posture recurrence rates remain high among orthopedic surgeons.

### Partners eager to market

Following the FDA's registration of JAZZ Cap, this screw stabilization solution, the first surgeries performed went well. In addition, the first orders in the framework of the partnerships with KICO and SeaSpine also went well. Implanet's two partners are eager for one to market JAZZ under its own brand (see SeaSpine) and for the other to distribute MADISON knee prostheses under its own brand (see KICO) in markets with great potential like Australia and the USA.

### Maintaining our opinion

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 and the risk-free rate appreciated in a tense market environment.

However, we confirm our positive opinion on the value given 1) the reorganization of sales on the most buoyant countries (USA, France, UK, Germany ...), 2) structuring partnerships set up (SeaSpine, KICO), 3) the implemented cost control policy, 4) the market for spinal implants and degenerative pathologies of the spine that are growing, 5) the fact that the players in this sector are always looking for innovation (we want the SeaSpine / Implanet partnership or the acquisition of K2M by Stryker last August).

## 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).

### Detection of potential conflicts of interest

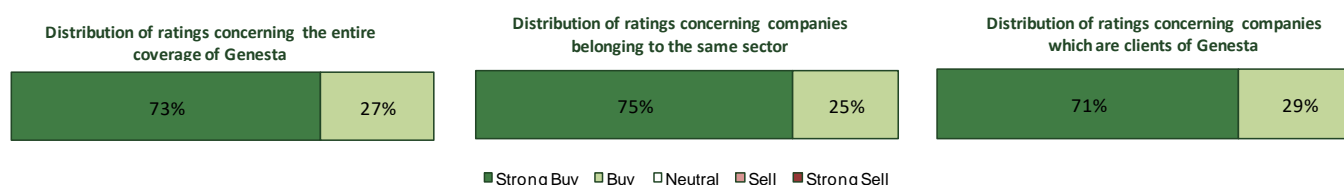
The analyst. Genesta or any of its employees is a shareholder of the issuer	The issuer subject of this report is a shareholder of Genesta	Other financial interest between Genesta and the issuer	Genesta is a market maker or liquidity provider in financial instruments issued by this issuer	Genesta has received compensation for the production of this research report	Genesta has received compensation for another service than the production of this research report	This research report was sent to the issuer before its publication
No	No	No	No	Yes	No	Yes

As a consultant in financial investments and CNCIF member, Genesta refers to the administrative and organizational terms defined by this association for its internal functioning, in compliance with the voluntary code of conduct defined by the CNCIF and with the ground rules in terms of conflict of interests dictated by the CNCIF. Genesta internal procedures define aspects which are complementary to the equity research activity.

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

Date of 1 <sup>st</sup> publication	Rating	Target Price
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
25 <sup>th</sup> October 2018	Equity Flash <b>Strong buy</b>	€ 0.91
25 <sup>th</sup> September 2018	Equity Flash <b>Strong buy</b>	€ 0.91

### Ratings distribution



## Additional disclosures

---

The information herein is not complete and therefore cannot be considered as contractual.

This document is not and should not be construed as an offer to sell or the solicitation of an offer to purchase or subscribe for any investment. Only investors with sufficient knowledge and experience in financial and business matters to evaluate the relevant merits and risks should consider an investment in any issuer or market discussed herein. Neither Genesta nor any officer or employee of Genesta accepts any liability whatsoever for any direct or consequential loss arising from any use of this publication or its contents.

The information herein has been obtained from, and any opinions herein are based upon, sources believed reliable, but Genesta makes no representation as to its accuracy or completeness and it should not be relied upon as such. All opinions and estimates herein reflect the judgment of Genesta on the date of this report and are subject to change without notice.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Genesta to any registration or licensing requirement within such jurisdiction. In particular, in the United Kingdom, Genesta further advises that this Research is solely intended to be delivered persons who qualify as defined in Rule 11 (3) du 'Financial Services Act 1986 (Investment Advertisement) (Exemption) order 1997'. The distribution of this research report in the United States or its distribution to any citizen of the United States is forbidden.

Genesta may have concluded a contract with the issuer subject of this report in order to produce one or several research reports which were previously sent to the issuer. However, Genesta may produce research reports concerning this issuer in an independent way.

Copyright 2010 Genesta. All rights reserved.