

Jean Pierre LOZA

Analyste Financier / Equity Analyst
jean-pierre.loza@inextenso-finance.fr
 + 33 1.45.63.68.87



Date de première diffusion / Publication date : 27 avril 2022 /
 April 27th 2022

Implanet**2022, un T1 de bon augure**

Le CA du T1 2022 d'Implanet s'établit à 2,016 M€ en progression de 96% YoY. Caractérisé par une forte progression de la France et du reste du monde hors USA, qui est le résultat du rattrapage des chirurgies repoussées lors des crises sanitaires. Achat Fort avec un TP: 2,10 €.

2022, a promising Q1

Implanet's Q1 2022 sales amounted to €2.016 million, up 96% YoY. Characterized by strong growth in France and the rest of the world excluding the USA, which is the result of catching up on surgeries postponed during health crises. Strong buy with a TP: €2.10.

Recommendation **1. Strong Buy**
Closing Price on 25 Apr. 2022 **0,25 €**
Target price **2,10 € (+755,1 %)**

A 2,01 M€, un T1 2022 de très bonne facture

Au titre du T1 2022, Implanet a publié un CA de 2,01 M€ en forte progression +96% yoy au-delà de nos estimations. En France, le CA s'établit à 0,953 M€ en progression de +169% soutenu par la croissance de la franchise JAZZ ainsi que de l'offre OSD. A l'international, on assiste à une croissance aussi forte qu'en France : +164% dans le reste du monde (hors USA). Toutefois, la dynamique aux USA semble toujours en retrait par rapport aux exercices précédents (-10%).

Nous réitérons nos estimations initiales d'un exercice 2022 non seulement de rattrapage mais de référence pour l'activité Rachis d'Implanet grâce notamment à l'accélération de la commercialisation des produits de la gamme JAZZ et ORIGIN dans un marché porteur de manière structurelle et conjoncturelle et toujours avide d'innovation.

Opinion Achat Fort maintenue sur la valeur avec un TP à 2,10 €

At €2.01m, a very good Q1 2022

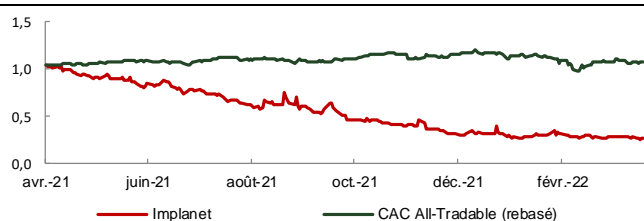
For the first quarter of 2022, Implanet has published a turnover of € 2.01 million, a strong increase of 96% YoY beyond our estimates. In France, sales reached €0.953 million, up 169%, driven by the growth of the JAZZ franchise and the OSD offer. Internationally, growth was as strong as in France: +164% in the rest of the world (excluding the USA). However, the dynamic in the USA still seems to be down compared to previous years (-10%).

We reiterate our initial estimates of a fiscal year 2022 not only of catching up but of setting a benchmark for Implanet's spinal activity, thanks to the acceleration of the marketing of the JAZZ and ORIGIN product lines in a structurally and cyclically buoyant market that is always eager for innovation.

Strong Buy opinion maintained on the stock with a TP of € 2.10

Performances

Absolute perf.	1 month	6 months	12 months
	-10,8 %	-47,1 %	-76,6 %

**Current shareholding structure**

Free float : 77 % ; Financial Investors : 18 % ; Management : 4 % ;
 Auto control: 1 %

Key figures

	2020	2021	2022E	2023E	2024E
Sales (€m)	3,9	6,1	7,9	9,7	11,6
Change (%)	11,2%	-14,5%	57,8%	22,7%	19,5%
EBITDA (€m)	-3,3	-4,3	-1,8	-0,7	0,3
EBIT (€m)	-3,3	-4,3	-2,0	-1,0	0,0
EBIT margin (%)	-85,0%	-70,3%	-25,8%	-10,3%	0,4%
Net profit gp sh. (€m)	-4,0	-3,1	-2,1	-0,6	0,0
Net margin (%)	-102,1%	-50,2%	-26,6%	-5,8%	-0,2%
EPS *	-0,03	-0,01	-0,02	-0,01	-0,01

Market data

Reuters / Bloomberg ticker	ALIMP.PA / ALIMP:FP
Market capitalisation (€m)	3,2 M€
Enterprise value (€m)	3,4 M€
Free Float	2,5 M€ (77 %)
Number of shares	14 084 286
Daily volume	94 676 €
Capital turnover rate (1 year)	768,9%
High (52 weeks)	1,04 €
Low (52 weeks)	0,24 €

Agenda

Jul 11, 2022: H1 Revenue; Sep 20, 2022 : H1 Results

Ratios

	2020	2021	2022E	2023E	2024E
VE / CA	1,8	1,0	1,3	1,6	1,9
VE / EBE	NS	NS	NS	NS	NS
VE / REX	NS	NS	NS	NS	NS
P / E	-0,8	-1,0	-1,5	-5,7	-168,0
Gearing (%)	NS	NS	NS	NS	NS
Dettes nette / EBE	-1,1	-0,7	-3,8	-16,4	54,3
RCE (%)	-64,3%	-135,2%	-56,0%	-24,3%	1,0%

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.

Un CA T1 2022 en forte croissance ...

Implanet vient de publier un T1 2022 d'excellente facture marquée par une croissance forte du CA à 2,01 M€. Cette croissance a été réalisée en France et ainsi qu'à l'international.

- En France, l'activité Rachis s'arroge + de 169% à 0,953 M€ de croissance YoY (0,354 M€ au T1 2021). Cette dynamique est en grande partie portée par le rattrapage des opérations chirurgicales n'ayant pu se dérouler durant les différentes périodes de confinement. Mais pas uniquement, car l'apport d'OSD et de ses implants aussi une part importante de cette progression. Toutefois, l'activité est toujours impactée par le manque des ressources comme on a pu le constater sur les 2 premiers mois de 2022.
- A l'international, et plus précisément, pour les pays hors USA, l'activité Rachis enregistre une progression de + de 164% en passant de 0,256 M€ (T1 2021) à 0,677 M€. Là encore, nous pouvons faire l'hypothèse que cet accroissement est dû au rattrapage des chirurgies dites électives qui avaient le plus pâti de la crise sanitaire et des réorientations hospitalières.
- Cependant, l'activité US est toujours retrait (-10%) par rapport au T1 2021 (0,416 M€ contre 0,372 M€ au T1 2022).

...avec une contribution forte d'OSD.

Les produits d'OSD dont la gamme ORIGIN ont contribué pour 0,77 M€ à la constitution du CA du T1 2022, soit 38,2% du CA. Nous avions dans une note précédente évoqué la probable croissance plus rapide de la gamme rachis d'OSD (contribution 2022 pour OSD 2,5 M€). Il semble qu'en ce T1 2022, ce soit déjà le cas puisqu'on nous basant sur ce T1, la contribution globale d'OSD au CA 2022 serait de 3,08 M€ (0,77x4), pouvant ultimement conduire à CA pour 2022 supérieur à nos estimations à 8,06 M€. D'ailleurs, nous avons tout lieu de le penser, puisque certains hôpitaux US ont débuté leurs premières chirurgies avec les plaques cervicales ORIGIN.

Une croissance conjoncturelle et structurelle

Ainsi donc la croissance du marché des chirurgies de la colonne vertébrale et à la fois conjoncturelle et structurelle. Durant la crise sanitaire, ces chirurgies « dite électives » ont été en majorité reportées, mais pas annulées, car le problème qu'elles devaient solutionner s'est bien souvent aggravé. Dans un article du NYU Langrone Health, accepté en juillet 2021 et publié dans The Spine Journal, près de 33% des interventions reportées au plus fort de la crise n'avaient pas encore été réalisées. Comme nous l'évoquions dans une note précédente, l'arriéré est impressionnant et permet d'expliquer une croissance conjoncturelle de certains chiffres. Selon le cabinet marketing Research and Markets, les procédures liées à la colonne vertébrale devraient connaître un TCAC de 7,9 % entre 2017 et 2022.

Par ailleurs, le vieillissement de la population générale ainsi que l'obésité observée devraient soutenir, de manière structurelle, la croissance du marché des procédures de la colonne vertébrale, +7,13% selon Mordor Intelligence. Une constatation étayée par les travaux de O'Lynnng et al. qui souligne que la population de plus de 65 ans devrait passer de 12% (2000) à 20% d'ici 2030 avec une probabilité accrue de troubles spinaux : un secteur (notamment la dégénérescence spinale) ciblée par Implanet avec sa franchise JAZZ.

Opinion Achat fort maintenue

A la suite à cette publication, nous maintenons nos prévisions de croissance à court et moyen termes, en attente notamment du T2 qui devrait donner une bonne indication de l'exercice. En effet dans notre précédente note en date du 6 avril 2022, nous avions déjà révisé nos estimations. Nous demeurons confiants dans la capacité de la société à capitaliser avec succès sur son recentrage sur le rachis et son activité commerciale aussi bien en France, qu'à l'international et notamment aux USA. Notre TP ressort donc à 2,10€/titre. Opinion Achat fort maintenue.

Strong growth in Q1 2022 revenues...

Implanet has just published an excellent Q1 2022, marked by a strong growth in sales to €2.01 million. This growth was achieved in France and internationally.

- In France, the spinal column activity has achieved a 169% increase in YoY growth to €0.953 million (€0.354 million in Q1 2021). This dynamic is most certainly driven by the catching up of surgeries that could not be performed during the various containment periods. But not only, because the contribution of OSD and its implants is also an important part of this progress. However, the activity is still impacted by the lack of resources as seen in the first two months of 2022.
- Internationally, and more precisely, for countries outside the USA, the spinal activity recorded an increase of +164% from 0.256 M€ (Q1 2021) to 0.677 M€. Here again, we can assume that this increase is due to the catching up of so-called elective surgeries which had suffered the most from the health crisis and hospital reorientations.
- However, US activity is still down (-10%) compared to Q1 2021 (0.416 M€ against 0.372 M€ in Q1 2022).

...with a strong contribution from OSD.

OSD's products, including the ORIGIN range, contributed €0.77m to Q1 2022 sales, i.e., 38.2% of sales. In a previous note, we mentioned the probable faster growth of OSD's spine range (2022 contribution for OSD €2.5m). It seems that in this Q1 2022, this is already the case since, based on this Q1, the overall contribution of OSD to the 2022 sales would be 3.08 M€ (0.77x4), which could ultimately lead to sales for 2022 higher than our estimates at 8.06 M€. Moreover, we have every reason to believe so, as some US hospitals have started their first surgeries with ORIGIN cervical plates.

A cyclical and structural growth

Thus, the growth of the spine surgery market is both cyclical and structural. During the health crisis, these "elective" surgeries were mostly postponed, but not cancelled, because the problem they were intended to solve often worsened. In a NYU Langrone Health paper accepted in July 2021 and published in The Spine Journal, nearly 33% of the procedures postponed at the height of the crisis had not yet been performed. As we discussed in a previous note, the backlog is impressive and helps explain a cyclical growth in some numbers. According to marketing firm Research and Markets, spine-related procedures are expected to grow at a CAGR of 7.9% between 2017 and 2022.

In addition, the aging of the general population as well as the observed obesity should structurally support the growth of the spine procedures market, +7.13% according to Mordor Intelligence. This finding is supported by the work of O'Lynnng et al., who point out that the population over 65 years of age is expected to increase from 12% (2000) to 20% by 2030, with an increased likelihood of spinal disorders: an area (notably spinal degeneration) targeted by Implanet with its JAZZ franchise.

Strong Buy rating maintained

Following this publication, we are maintaining our short- and medium-term growth forecasts, pending Q2, which should give a good indication of the year. Indeed, in our previous note dated April 6, 2022, we had already revised our estimates. We remain confident in the company's ability to successfully capitalize on it refocusing on the buyout and its commercial activity both in France and internationally, particularly in the USA. Our TP is therefore €2.10/share. Strong Buy opinion maintained.

Important Disclosure

In Extenso Financement & Marché ratings and target prices definition

In Extenso Financement & Marché 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. Neutra	The absolute share price performance is expected to be comprised between +10% and -10 %
4. Sell	The absolute share price performance is expected to be comprised between -10% and -25 %
5. Strong Sell	The absolute share price performance is expected to be at least -25 %

Details of valuation methods used by In Extenso Financement & Marché in target price calculations are available at www.genesta-finance.com.

Detection of potential conflicts of interest

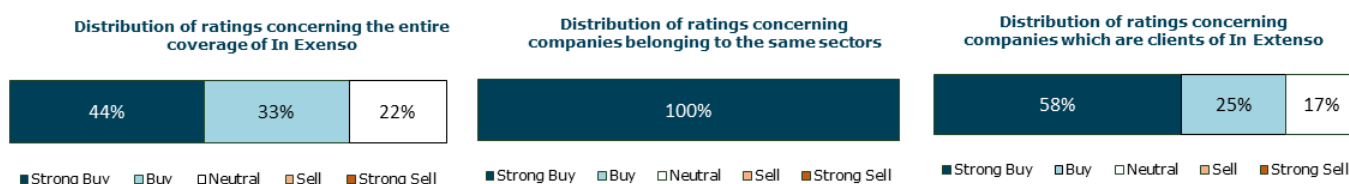
The analyst, In Extenso or any of its employees is a shareholder of the issuer	The issuer subject of this report is a shareholder of In Extenso	Other financial interest between In Extenso and the issuer	In Extenso is a market maker or liquidity provider in financial instruments issued by this issuer	In Extenso has received compensation to produce this research report	In Extenso 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 Independent Equity Research as defined by the AMF within its 'Reglement General', In Extenso refers to the administrative and organizational terms defined by this organisation for its internal functioning, in compliance with the best practices regarding the management of conflicts of interests. In Extenso strict internal procedures define aspects which are applied to its Equity Research activity. Additional information may be obtained upon written request to In Extenso as to these operating rules.

Rating and target price evolution throughout the last 12 months

Date of 1 st publication	Rating	Target Price
27 th April 2022	Equity Flash Strong Buy	€ 2.10
6 th April 2022	Equity Flash Strong Buy	€ 2.10
26 th January 2022	Equity Flash Strong Buy	€ 1.86
4 th October 2021	Equity Flash Strong Buy	€ 1.96
19 th July 2021	Equity Flash Strong Buy	€ 1.73
21 st April 2021	Equity Flash Strong Buy	€ 1.53

Ratings distribution



Additional disclosures

The information presented in the previous pages remains partial. It cannot be considered as having any contractual value.

This publication has been prepared by In Extenso and is provided for information purposes only. It does not constitute an order to buy or sell the security(ies) mentioned in it. It is intended for professional investors and does not constitute an investment decision. Therefore, neither In Extenso Financement & Marché, nor its managers or employees can be held responsible for any investment decision.

The information, estimates and comments expressed in this study have been obtained from sources believed to be reliable. However, In Extenso Financement & Marché does not guarantee its accuracy, completeness or reliability. Therefore, neither In Extenso Financement & Marché, its directors nor its employees may be held liable in any way for the information provided. The opinions, assessments, estimates and forecasts contained in this publication reflect the judgment of In Extenso Financement & Marché as of the date mentioned on the first page of the document and may subsequently be modified or withdrawn without notice.

This publication may not be distributed to persons subject to certain restrictions. In the United Kingdom, this publication may only be accessed by persons who are 'authorised or exempted persons' under the United Kingdom Financial Services Act 1986, or any regulations made thereunder, or persons as described in section 11(3) of the Financial Services Act 1986 (Investment Advertisement) (Exemption) Order 1997. It is not to be distributed or communicated, directly or indirectly, to any other person. Any person who comes into possession of this publication must inform themselves of and comply with such restrictions. Similarly, this publication may not be distributed in the United States or to its nationals. The security (ies) covered by this publication have not been registered with the Securities and Exchange Commission and sending this study to a resident of the United States is prohibited.

In Extenso Financement & Marché may have entered a contract with the issuer on which the financial analysis is based to write and distribute one or more publications, which have been reviewed by the issuer. However, if necessary, this publication may be produced by In Extenso in an independent manner, in accordance with the ethics and rules of the profession.

This publication remains the property of In Extenso Financement & Marché and may not be reproduced or distributed without prior authorization from In Extenso

Copyright 2022 In Extenso Financement & Marché. All rights reserved.