

Morning Note – 11th September 2024

SPINEGUARD

Half-year results: positive signs

- A loss consistent with the current redeployment phase
- H2: good sales momentum expected
- Rebound is on track

First half: recovering

After a difficult year in 2023, SpineGuard is off to a better start in 2024. The return to sales growth (+10%) is a first positive sign of the effects of the commercial reorganization in the United States, where the company was faced with the failure of its commercial partner Wishbone Medical. The gross margin improved slightly (79.5% vs. 79.1%), reflecting a favourable geographical mix (stronger sales growth in the United States, where selling prices are higher). Tight management has led to an improvement in the operating loss (EUR -1.61m vs. EUR -1.88m in H1 2023), as the company continues to invest in R&D to prepare for future growth. The net loss was significantly down (EUR -1.6m vs. EUR -2.0m), slightly worse than our expectations of EUR -1.4m. Cash and cash equivalents at June 30th stood at EUR1.12m (financial visibility to March 2025). Various refinancing options are under consideration, including possible strategic partnerships.

Solid momentum set to continue at the end of the year

While H1 performance varied from one region to another (weak activity in the Middle East and Latin America), the second half of the year should see a confirmation of growth in the United States and orders from various countries in the rest of the world. The recent certification in Europe under the new MDR regulations of PediGuard Threaded for anterior spine surgery is an important step forward. In addition to products already on the market, development projects are well under way (including DSG drill bits for orthopaedic surgery, robotics assisted by DSG technology for bone resection). Every effort is being made to launch these new applications in 2025, with the first sales next year. In China, the company obtained regulatory renewal for its classic range, enabling it to be marketed without interruption. The submission of new applications (notably the XS and Curved versions of PediGuard) raises also hopes of approval in early 2025.

Valuation and rating

The published accounts come as no great surprise, and confirm that resources have been well allocated. It is clear that only sales growth, particularly in the United States, will enable to significantly improve profitability and return to breakeven. This prospect is still some way off (2 financial years according to our expectations), but in our view the momentum is favourable. Our scenario remains realistic. We reaffirm our confidence and reiterate our positive opinion on the dossier.

Next communication : Q3 revenues – October 9th

France - Medtech

Buy

Fair value (EUR)	0.75
Price (EUR)	0.138
Upside/down side	+443.5%

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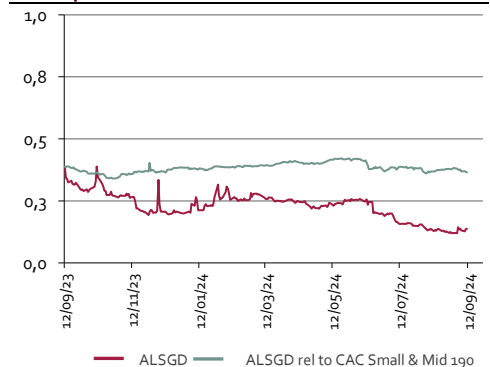
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Stock data (2024-09-11)

ISIN	FR0011464452
Ticker	ALSGD.PA
Price (EUR)	0.138
Market capitalisation (EURm)	7.4
Free float (%) est.	95.2
Floating capitalisation (EURm)	7.0
Number of shares (,000)	53,501
Average daily volume (3 m)	263,899

12m performance



Change (%)	1 m	3 m	12m
Absolute	7.5	-46.2	-64.4
Rel. to CAC SM190	8.3	-36.4	-58.5
Rel. to Next Biotech	7.7	-72.1	-57.3

Financials (31/12)

EURm	2023	2024E	2025E	2026E
Sales	4.3	5.4	7.0	8.5
EBITDA	-3.7	-2.6	-1.5	-0.6
EBIT	-4.0	-2.9	-1.8	-1.0
Net income	-4.2	-3.2	-2.0	-1.1
EPS (EUR)	-0.08	-0.06	-0.03	-0.02
Net debt	-0.8	0.4	1.2	0.8

Key ratios

	2023	2024E	2025E	2026E
EV/Sales	2.0x	1.3x	1.1x	0.9x
EV/EBITDA	na	na	na	na
EV/EBIT	na	na	na	na
PER	na	na	na	na
ROIC	na	na	na	na
ROE	na	na	na	na
EV/IC	1.7x	1.3x	1.5x	1.4x
Gearing	-13%	7%	31%	19%

Profit and Loss

As of 31/12 (EURm)	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sales	6.83	4.85	4.41	5.60	4.31	5.39	6.99	8.49
Change n-1	-9.9%	-29.0%	-9.2%	27.1%	-23.0%	25.1%	29.6%	21.3%
Other revenues	-	-	-	-	-	-	-	-
Total revenues	6.83	4.85	4.41	5.60	4.31	5.39	6.99	8.49
Gross margin	5.77	4.04	3.61	4.71	3.38	4.37	5.85	7.19
EBITDA	-0.14	-1.49	-1.04	-1.37	-3.68	-2.56	-1.45	-0.59
Change n-1	84%	-993%	30%	-31%	-169%	31%	43%	59%
Depreciation & amortisation	0.30	0.35	0.31	0.43	0.16	0.25	0.25	0.26
Goodwill	-	-	-	-	-	-	-	-
EBIT	-0.43	-1.84	-1.35	-1.66	-3.98	-2.93	-1.83	-0.98
Change n-1	61%	-326%	27%	-23%	-139%	26%	37%	46%
Net financial income	-0.64	-0.84	-0.30	-0.43	-0.23	-0.20	-0.13	-0.06
Minorities	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Net profit before tax	-1.07	-2.68	-1.65	-2.09	-4.20	-3.14	-1.96	-1.05
Tax	0.39	-0.04	-0.08	-0.30	0.02	-0.07	-0.07	-0.07
Net in come	-0.69	-2.72	-1.72	-2.39	-4.18	-3.21	-2.03	-1.12
Change n-1	71%	-296%	37%	-39%	-75%	23%	37%	45%
EPS	-0.05	-0.12	-0.06	-0.07	-0.09	-0.06	-0.03	-0.02
EPS fully diluted	-0.05	-0.10	-0.05	-0.07	-0.08	-0.06	-0.03	-0.02
Gross margin (% of sales)	84.5%	83.2%	81.9%	84.2%	78.3%	81.0%	83.6%	84.8%
EBITDA (% of sales)	na	na	na	na	na	na	na	na
EBIT (% of sales)	na	na	na	na	na	na	na	na
Net margin (% of sales)	na	na	na	na	na	na	na	na

Cash Flow statement

Au 31/12 (MEUR)	2019	2020	2021	2022	2023	2024E	2025E	2026E
Net income	-0.69	-2.72	-1.72	-2.39	-4.18	-3.21	-2.03	-1.12
Depreciation and amortisation	0.30	0.35	0.31	0.43	0.16	0.25	0.25	0.26
Goodwill	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Change in WCR	0.27	0.64	-0.09	-0.51	-0.10	-0.48	-0.28	-0.32
Others	0.71	1.04	0.35	1.07	0.51	0.43	0.36	0.29
Cash-flow from operations	0.60	-0.68	-1.16	-1.40	-3.62	-3.01	-1.70	-0.89
Capex	-0.08	-0.05	-0.04	-0.14	-0.07	-0.08	-0.08	-0.08
Free cash flow	0.52	-0.73	-1.19	-1.54	-3.69	-3.09	-1.78	-0.97
Acquisitions	-	-	-	-	-	-	-	-
Divestments	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-
Capital increase	1.75	1.75	6.51	1.20	4.77	1.50	1.00	1.00
Financing (bank and others)	0.22	0.00	-	-	-	-	-	-
Others	-1.54	-0.99	-0.91	-1.09	-1.09	-0.65	-0.61	-0.08
Change in cash over the period	0.96	0.03	4.41	-1.44	-0.01	-2.24	-1.40	-0.04
Opening cash position	1.16	2.12	2.15	6.56	5.12	5.11	2.87	1.48
Closing cash position	2.12	2.15	6.56	5.12	5.11	2.87	1.48	1.43

Balance sheet

Au 31/12 (MEUR)	2019	2020	2021	2022	2023	2024E	2025E	2026E
Fixed assets	0.63	0.50	0.37	0.28	0.23	0.14	0.05	-0.05
Intangible assets	0.72	0.69	0.89	1.27	1.24	1.03	0.82	0.61
Goodwill	3.08	3.08	3.08	3.08	3.08	3.08	3.08	3.08
Financial assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inventories	0.66	0.66	0.68	0.87	0.95	0.84	1.09	1.32
Account receivables	0.95	0.71	0.62	1.10	0.75	1.06	1.37	1.66
Other receivables	0.55	0.67	0.57	0.63	0.73	0.56	0.70	0.91
Cash and cash equivalents	1.40	1.22	5.21	4.12	3.89	1.65	0.26	0.21
Prepaid expenses	-	-	-	-	-	-	-	-
Other non-current assets	0.50	0.51	0.48	0.17	0.17	0.17	0.17	0.17
Total assets	8.50	8.06	11.90	11.50	11.04	8.53	7.54	7.92
Equity	0.59	-0.01	5.06	5.14	6.03	4.92	3.93	4.24
Others	-	-	-	-	-	-	-	-
Provisions	0.05	0.05	0.05	0.18	0.03	0.16	0.29	0.42
Financial debt	6.08	5.64	4.47	3.83	3.09	2.02	1.47	1.00
Account payables	1.04	1.34	1.00	1.14	1.21	0.68	0.89	1.08
Other debts	0.62	0.88	1.00	1.00	0.67	0.75	0.97	1.19
Deferred income and other liabilities	0.11	0.15	0.32	0.21	-	-	-	-
Total liabilities	8.50	8.06	11.90	11.50	11.04	8.53	7.54	7.92

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