

Morning Note – 13th January 2025

SPINEGUARD

Q4 sales: a significant but temporary decline in China

- A quarter of transition
- Towards expanded collaboration with Omnia Medical
- Adjustment of our figures, reassuring long-term outlook

Sales stagnate in Q4

SpineGuard published its Q4 sales figures on Friday evening, down 7% to 1,028 MEUR. On a full year basis, sales amounted to 4.65 MEUR (+8%). After 3 quarters of strong growth (average number of units sold +25% per quarter), the US subsidiary reported a slight downturn (502 units sold, -4%). Outside the US, sales were down more significantly, with 827 units sold (-32%). A strong Q4 2023 partly explains this underperformance, but the main reason is a slower-than-anticipated roll-out in China (no restocking by local partner XingRong Medical). This disappointing performance is the result of an active anti-corruption campaign aimed at limiting relations between companies and doctors/hospitals, and making it more difficult medical education in the use of PediGuard. That said, orders are expected at the beginning of 2025, a reassuring sign of future growth prospects (in addition to pending approval of the XS and Curved references).

The figures published are therefore significantly below our expectations (expected annual sales of 5.39 MEUR).

Omnia Medical: an ally for future growth

The situation in the US is equally complex. Winning contracts with hospitals is tricky for a small company, due to competition from players offering robotic solutions, or implant vendors offering navigation solutions to assist the placement of their devices for spinal surgery (pedicle screws in particular). With PsiFGuard (a device dedicated to sacroiliac fusion surgery), SpineGuard and its partner Omnia Medical are focusing on a population of interventional physicians and radiologists not targeted by the aforementioned players. PsiFGuard thus meets a real need to optimize this delicate ambulatory surgery. The pooling of resources mentioned in the 06/01 press release is therefore excellent news. In addition to sales initiatives, the collaboration is to be expanded. Announcements are therefore likely to be made in the coming months to clarify the ranges and scope of joint actions, a reassuring prospect that gives depth to the dossier (which has yet to be evaluated).

Valuation and rating

Following this publication, we have revised our sales expectations downwards and updated our DCF model (by shifting the discount coefficient by one year). The resulting Fair Value is virtually unchanged. While this publication is disappointing at first sight, we believe that 2025 holds some pleasant surprises in store. We therefore remain positive on this portfolio with real potential.

Next communication: FY results – April 15th

France - Medtech

Buy

Fair value (EUR)	0.75
Price (EUR)	0.2455
Upside/down side	+205.5%

Lionel Labourdette, PhD, MBA

lionel@biostrategic-research.com

+33 617 965 019

Stock data (2025-01-10)

ISIN	FR0011464452
Ticker	ALSGD.PA
Price (EUR)	0.2455
Market capitalisation (EURm)	13.1
Free float (%) est.	95.2
Floating capitalisation (EURm)	12.5
Number of shares (,000)	53,501
Average daily volume (3 m)	307,883

12m performance



Change (%)	1 m	3 m	12m
Absolute	7.4	-3.7	15.8
Rel. to CAC SM190	6.0	-0.5	20.9
Rel. to Next Biotech	2.5	-25.3	-32.4

Financials (31/12)

EURm	2023	2024E	2025E	2026E
Sales	4.3	4.6	6.0	7.4
EBITDA	-3.7	-3.1	-2.2	-1.3
EBIT	-4.0	-3.5	-2.6	-1.7
Net income	-4.2	-3.8	-2.8	-1.8
EPS (EUR)	-0.08	-0.07	-0.05	-0.03
Net debt	-0.8	0.8	2.3	2.6

Key ratios

	2023	2024E	2025E	2026E
EV/Sales	2.0x	2.5x	2.2x	1.8x
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	2.2x	2.6x	2.6x
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	4.65	5.95	7.39
Change n-1	-9.9%	-29.0%	-9.2%	27.1%	-23.0%	7.8%	28.0%	24.2%
Other revenues	-	-	-	-	-	-	-	-
Total revenues	6.83	4.85	4.41	5.60	4.31	4.65	5.95	7.39
Gross margin	5.77	4.04	3.61	4.71	3.38	3.77	4.98	6.27
EBITDA	-0.14	-1.49	-1.04	-1.37	-3.68	-3.12	-2.19	-1.29
Change n-1	84%	-993%	30%	-31%	-169%	15%	30%	41%
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	-3.49	-2.57	-1.68
Change n-1	61%	-326%	27%	-23%	-139%	12%	26%	35%
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	-3.70	-2.70	-1.74
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	-3.77	-2.77	-1.81
Change n-1	71%	-296%	37%	-39%	-75%	10%	27%	35%
EPS	-0.05	-0.12	-0.06	-0.07	-0.09	-0.07	-0.05	-0.03
EPS fully diluted	-0.05	-0.10	-0.05	-0.07	-0.08	-0.07	-0.05	-0.03
Gross margin (% of sales)	84.5%	83.2%	81.9%	84.2%	78.3%	81.0%	83.7%	84.9%
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	-3.77	-2.77	-1.81
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	-0.40	-0.18	-0.29
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	-3.49	-2.34	-1.55
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	-3.57	-2.42	-1.63
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	-2.72	-2.03	-0.70
Opening cash position	1.16	2.12	2.15	6.56	5.12	5.11	2.39	0.37
Closing cash position	2.12	2.15	6.56	5.12	5.11	2.39	0.37	-0.34

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	0.72	0.93	1.15
Account receivables	0.95	0.71	0.62	1.10	0.75	0.91	1.17	1.45
Other receivables	0.55	0.67	0.57	0.63	0.73	0.56	0.61	0.77
Cash and cash equivalents	1.40	1.22	5.21	4.12	3.89	1.18	-0.85	-1.56
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	7.79	5.96	5.62
Equity	0.59	-0.01	5.06	5.14	6.03	4.35	2.62	2.24
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	0.59	0.76	0.94
Other debts	0.62	0.88	1.00	1.00	0.67	0.67	0.82	1.03
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	7.79	5.96	5.62

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Société Anonyme au capital de 37.092.080 €
Code établissement bancaire n°11 238
RCS Paris 382 490 001
7. place Vendôme - F 75041 Paris Cedex 01 – France
Tél. : +33 1 53 29 14 14

BioStrategic Partners SAS

Société par Actions Simplifiée au capital de 30. 000 €
RCS Paris 530 430 487
140 bis. rue de Rennes - F 75006 Paris – France
Tél. : +33 6 17 96 50 19

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