



# Ikonisys

Med Tech / France

## Soft H1, but on track to achieve mid-term targets

Earnings/sales releases - 08/11/2021

**Ikonisys reported soft H1 21 results. However, the firm has recently hired a new sales director in the US, who should help in expediting commercialisation plans. Add on top the aggressive vaccination rate in the US and intact potential for oncology markets, our positive stock recommendation is reinforced.**

### Fact

Ikonisys released soft H1 21 results. Sales were down 24% to €239k due to a lower number of tests due to COVID-19. H1 sales largely comprised maintenance contracts with respect to the first-generation instrument. Although the group reported a €109k operating loss (vs. €153k profit in H1 20), net losses narrowed to €113k (vs. €764k in H1 20) – with the IPO-driven restructuring resulting in negligible interest expenses (€4k vs. €917k in H1 20).

Ikonisys will publish its next set of results on 22 April 2022.

### Analysis

#### On track to achieve mid-term targets

Despite soft half-year results, the firm is now tapping the US markets at a faster pace, with the recent hiring of a new sales director in the region. According to management, the firm is on track with respect to the commercialisation of Ikoniscope20 (lynchpin offering) in the US and Europe by building a stronger sales force and enhancing its relationship/partnership with existing and potential clinical, academic and private laboratories. Remember, the Ikoniscope20 platform is capable of detecting rare cells with high reliability and, given its strong technological features, it positions the firm to be able to tap the promising market of circulating tumour cells analysis through liquid biopsy. Interestingly, the firm's R&D efforts towards the integration of advanced AI technologies in the platform, which is expected to hit the markets in FY23, could be an added advantage.

#### Recovery in MedTechs

With the gradually reversing pandemic effect, recently, even Elekta and Philips have witnessed a rebound in their respective order books. Considering the aggressive vaccination in the US (c.58% of US population are already fully-vaccinated) – which is also Ikonisys' major near-term growth catalyst, business should gather momentum in the following quarters. Fortunately, the expected rebound in the oncology/cancer markets – also reflecting in the recent revival of share price sentiment for oncology-heavy big pharmas – is an added shot in the arm. Although, near-term issues such as the shortage of electronic components and increased shipping disruption could pose a threat.

### Impact

Given that the commercial uptick of Ikoniscope20 is yet to gather momentum, our assumption of medium-term net losses should be maintained. However, considering the sacrosanct potential of focus markets and Ikonisys gradually managing to get its commercialisation strategy on track, the stock recommendation should be maintained.



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This research has been commissioned and paid for by the company and is deemed to constitute an acceptable minor non-monetary benefit as defined in MiFID II

### Buy Upside: 254%

Target Price (6 months)	€ 9.99
Share Price	€ 2.82
Market Cap. €M	26.7

Price Momentum	
Extremes 12Months	2.75 ▶ 4.59
Sustainability score	5.6 /10
Credit Risk	DDD →
Bloomberg	ALIKO FP Equity
Reuters	ALIKO.PA


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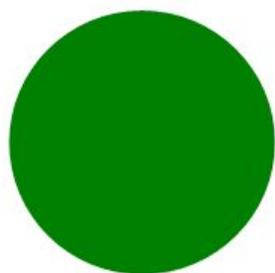

PERF	1w	1m	3m	12m
Ikonisys	2.55%	-3.75%	-29.5%	n/a
Health	1.88%	8.02%	0.64%	28.9%
STOXX 600	1.67%	7.11%	2.87%	31.7%

Last updated: 22/10/2021	12/20A	12/21E	12/22E	12/23E
Adjusted P/E (x)	-15.8	ns	-9.45	-49.9
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	ns	ns	-10.2	-80.5
Adjusted EPS (€)	-0.18	-0.02	-0.30	-0.06
Growth in EPS (%)	n/a	n/a	n/a	n/a
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€M)	0.39	0.35	4.14	7.99
Other margin (%)	97.9	75.0	47.1	57.3
Attributable net profit (€M)	-1.57	-0.18	-2.83	-0.54
ROE (after tax) (%)	-27.7	-2.40	-36.3	-8.76
Gearing (%)	16.1	-2.75	2.17	44.1

[Company Valuation](#) - [Company Financials](#)



## Sales by Geography



■ North America (100.0%)

## Consolidated P&L Accounts

		12/20A	12/21E	12/22E
Sales	€M	0.39	0.35	4.14
Change in sales	%	-37.6	-8.52	1,074
Change in staff costs	%	1.01	50.0	90.0
EBITDA	€M	0.17	-0.23	-2.81
<b>EBITDA(R) margin</b>	<b>%</b>	<b>44.9</b>	<b>-65.0</b>	<b>-67.9</b>
Depreciation	€M	-0.07	0.00	0.00
Underlying operating profit	€M	0.10	-0.23	-2.81
<b>Operating profit (EBIT)</b>	<b>€M</b>	<b>0.20</b>	<b>-0.13</b>	<b>-2.81</b>
Net financial expense	€M	-1.77	-0.04	-0.01
of which related to pensions	€M	0.00	0.00	0.00
Exceptional items & other	€M			
Corporate tax	€M	-0.01	0.00	-0.01
Equity associates	€M			
Minority interests	€M			
<b>Adjusted attributable net profit</b>	<b>€M</b>	<b>-1.57</b>	<b>-0.18</b>	<b>-2.83</b>
NOPAT	€M	0.07	-0.16	-1.97

## Cashflow Statement

		12/20A	12/21E	12/22E
EBITDA	€M	0.17	-0.23	-2.81
Change in WCR	€M	0.15	-1.09	-0.62
Actual div. received from equity holdi...	€M	0.00	0.00	0.00
Paid taxes	€M	-0.01	0.00	-0.01
Exceptional items	€M			
Other operating cash flows	€M	-2.62	0.10	0.00
Total operating cash flows	€M	-2.31	-1.22	-3.45
Capital expenditure	€M	0.00	-0.01	-0.06
Total investment flows	€M	0.00	-0.01	-0.06
Net interest expense	€M	-1.77	-0.04	-0.01
Dividends (parent company)	€M			
Dividends to minorities interests	€M	0.00	0.00	0.00
New shareholders' equity	€M	0.09	4.00	0.00
Total financial flows	€M	2.03	3.01	3.69
Change in cash position	€M	-0.14	1.79	0.19
<b>Free cash flow (pre div.)</b>	<b>€M</b>	<b>-4.08</b>	<b>-1.27</b>	<b>-3.51</b>

## Per Share Data

		12/20A	12/21E	12/22E
No. of shares net of treas. stock (year...	Mio	8.78	9.48	9.48
Number of diluted shares (average)	Mio	8.78	9.13	9.48
<b>Benchmark EPS</b>	<b>€</b>	<b>-0.18</b>	<b>-0.02</b>	<b>-0.30</b>
Restated NAV per share	€			
<b>Net dividend per share</b>	<b>€</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

## Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 8.23	40%	● Qiagen
NAV/SOTP per share	€ 16.1	40%	
P/E	€ 1.41	5%	
EV/Ebitda	€ 0.00	5%	
P/Book	€ 3.71	5%	
Dividend Yield	€ 0.00	5%	
TARGET PRICE	€ 9.99	100%	

### NAV/SOTP Calculation

## Balance Sheet

		12/20A	12/21E	12/22E
Goodwill	€M	4.42	4.42	4.42
Total intangible	€M	7.92	7.92	7.92
Tangible fixed assets	€M	0.00	0.01	0.07
Financial fixed assets	€M			
WCR	€M	-1.03	0.05	0.68
Other assets	€M	0.03	0.03	0.03
Total assets (net of short term liab.)	€M	7.01	8.10	8.79
<b>Ordinary shareholders' equity</b>	<b>€M</b>	<b>5.39</b>	<b>9.21</b>	<b>6.38</b>
Quasi Equity & Preferred	€M	0.27	0.27	0.27
Minority interests	€M			
Provisions for pensions	€M	0.00	0.00	0.00
Other provisions for risks and liabilities	€M			
Total provisions for risks and liabilities	€M	0.00	0.00	0.00
Tax liabilities	€M			
Other liabilities	€M	0.23	0.23	0.23
<b>Net debt (cash)</b>	<b>€M</b>	<b>1.11</b>	<b>-1.62</b>	<b>1.90</b>
Total liab. and shareholders' equity	€M	7.01	8.10	8.79

## Capital Employed

		12/20A	12/21E	12/22E
Capital employed after depreciation	€M	6.89	7.98	8.67

## Profits & Risks Ratios

		12/20A	12/21E	12/22E
<b>ROE (after tax)</b>	<b>%</b>	<b>-27.7</b>	<b>-2.40</b>	<b>-36.3</b>
ROCE	%	1.07	-2.02	-22.7
<b>Gearing (at book value)</b>	<b>%</b>	<b>16.1</b>	<b>-2.75</b>	<b>2.17</b>
Adj. Net debt/EBITDA(R)	x	6.43	7.06	-0.68
Interest cover (x)	x	0.06	-5.17	-4.14

## Valuation Ratios

		12/20A	12/21E	12/22E
<b>Reference P/E (benchmark)</b>	<b>x</b>	<b>-15.8</b>	<b>ns</b>	<b>-9.45</b>
Free cash flow yield	%	-16.5	-4.75	-13.1
P/Book	x	4.60	2.90	4.19
<b>Dividend yield</b>	<b>%</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

## EV Calculation

		12/20A	12/21E	12/22E
Market cap	€M	24.8	26.7	26.7
+ Provisions	€M	0.00	0.00	0.00
+ Unrecognised actuarial losses/(gains)	€M	0.00	0.00	0.00
+ Net debt at year end	€M	1.04	-1.70	1.82
+ Leases debt equivalent	€M	0.00	0.00	0.00
- Financial fixed assets (fair value)	€M	0.01	0.01	0.01
+ Minority interests (fair value)	€M			
= EV	€M	25.8	25.0	28.5
<b>EV/EBITDA(R)</b>	<b>x</b>	<b>ns</b>	<b>ns</b>	<b>-10.2</b>
EV/Sales	x	66.9	71.0	6.90

Analyst : Anas Patel, Changes to Forecasts : 22/10/2021.