EQUITY RESEARCH – COMMISSIONED RESEARCH
Research report prepared by DNB Markets, a division of DNB Bank ASA
Health Care
Q3 results review
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26 October 2020

ESG insight

DNB MARKETS

EPISURF MEDICAL

Clinical data strengthens the case

In our view, the most important events in Q3 were the presentation of long-term clinical data from the Swedish trial and very strong 2-year follow-up data from the large European (80 patients) multi-centre trial. Q3 was largely in line with our expectations, and we note that the number of procedures is increasing despite a negative Covid-19 impact. We reiterate our fair value of SEK1.9–6.5.

Q3 operating loss in line with our forecast. Q3 sales of SEK1.5m were up 36% YOY and 150% QOQ. However, Q2 was severely affected by the Covid-19 pandemic (with sales hit by postponed elective surgical procedures). The number of planned Episealer procedures increased by 57% YOY and 76% QOQ. The operating loss amounted to SEK15.4m in Q3 (an improvement of cSEK2.1m YOY and more or less in line with our forecast).

Clinical data on the longer-term outcome expanded further. The most important events during the quarter, in our view, were the publication of the long-term follow-up data (5–7 years) for the first Swedish patients and the 2-year follow-up data from the European multi-centre study, which both showed excellent outcomes and long-term performances. In the European trial, 80 patients have now been followed for at least two years, and all outcome variables (KOOS and VAS Pain) showed a statistically significant improvement over baseline values. At the same time, the revision rate for the implants was low at only 2.5% after two years.

Ambitious sales targets at CMD in September. Among other things, Episurf Medical stated that it expects the Episealer implant system to capture a c30% market share in its niche over time and that a 15% market share in the US market in its niche should be realistic three years after launch. As we have said before, the sales success of Episealer depends to a large extent on its clinical data as well as the company's sales and marketing efforts. In the US, we expect the company to find a marketing partner, with its potential market share dependent on who the partner is.

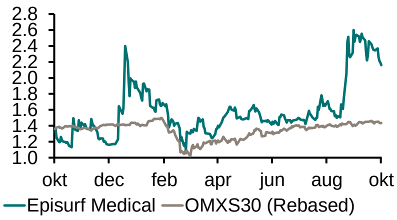
The US IND trial has started, and the first patients have now been included and received their implants. The Covid-19 pandemic continues to affect recruitment to the trial, but the company reiterated that it is hopeful it will be able to conclude recruitment by end-2021 as planned.

Fair value of SEK1.9–6.5 reiterated. We believe the market share targets are ambitious but achievable, especially with the strong clinical outcome data seen lately. We have made only marginal changes to our forecasts following the Q3 report.

Year-end Dec	2016	2017	2018	2019	2020e	2021e	2022e
Revenue (SEKm)	3	3	4	5	6	11	21
EBITDA adj (SEKm)	-58	-57	-53	-61	-68	-66	-55
EBIT adj (SEKm)	-62	-61	-58	-69	-75	-73	-63
PTP (SEKm)	-62	-61	-58	-70	-75	-73	-62
EPS rep (SEK)	-3.87	-2.18	-1.87	-1.04	-0.40	-0.39	-0.33
EPS adj (SEK)	-3.87	-2.18	-1.87	-1.04	-0.40	-0.39	-0.33
Revenue growth (%)	-60.0	16.3	39.0	25.6	10.9	81.9	94.5
EV/Sales adj (x)	68.89	60.95	23.38	19.92	82.68	43.16	26.22
P/Book (x)	2.89	1.37	1.55	1.90	4.00	5.16	2.43
FCF yield (%)	-39.9	-52.4	-76.2	-75.8	-17.2	-16.7	-14.2

Source: Company (historical figures), DNB Markets (estimates)

EPISB versus OMXS30 (12m)



Source: Factset

SUMMARY	
Share price (SEK)	2.16
Tickers	EPISB SS
CAPITAL STRUCTURE	
No. of shares (m)	187.0
No. of shares fully dil. (m)	187.0
Market cap. (SEKm)	404
NIBD adj end-2020e (SEKm)	91
Enterprise value adj (SEKm)	495
Net debt/EBITDA adj (x)	-1.36
Free float (%)	100

Source: Company, DNB Markets (estimates)

Note: Unless otherwise stated, the share prices in this note are the last closing price.

NEXT EVENT	
Q4 report 2020	19/02/2021

ESTIMATE CHANGES (SEK)

Year-end Dec	2020e	2021e	2022e
Sales (old)	6.26	11.21	21.81
Sales (new)	5.99	10.90	21.20
Change (%)	-4.3	-2.7	-2.8
EPS (old)	-0.40	-0.39	-0.33
EPS (new)	-0.40	-0.39	-0.33
Change (%)	nm	nm	nm

Source: DNB Markets, SME Direkt

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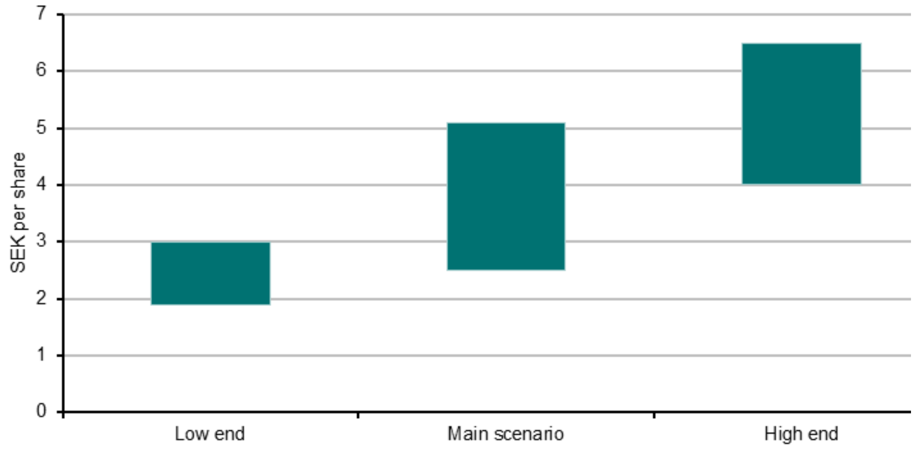
ANALYSTS
Patrik Ling

Overview

Valuation (SEK)



Source: DNB Markets

Valuation methodology

- We continue to primarily use a DCF, with a long-term growth rate of 1%, a terminal EBIT margin of 50%, and a WACC of 11%.
- At the high end of our fair value range, we assume 25% higher sales growth than in our main scenario.
- At the low end of our fair value range, we use 25% lower sales growth than in our main scenario.

Source: DNB Markets

Downside risks to our fair value

- We believe the largest risk relates to Episealer® sales growth. Hence, at the low end of our fair value range, we assume weaker sales than in our main scenario. Even weaker sales would be a negative.
- We believe the company will need additional financing to reach our forecasts, and this might not be available at acceptable terms.
- The US IDE trial might take longer than expected to complete and be more expensive than estimated.
- The Covid-19 pandemic might negatively affect short-term demand.

Source: DNB Markets

DNB Markets estimates

- We believe our main scenario includes reasonable sales growth, even though the market has been disappointed by historical sales.
- The company has significantly more clinical data now than at the time of the IPO, which supports the case.
- We assume the company will complete the US IDE trial and out-license the Episealer® system to a US partner. We have not factored in an upfront payment but instead have estimated that the company receives a c30% royalty on sales.

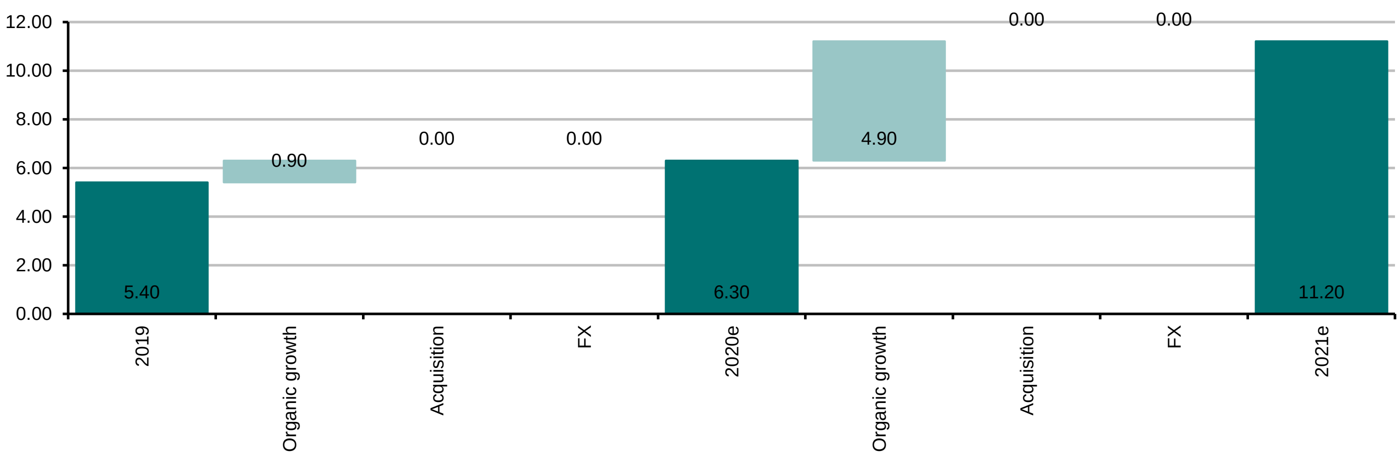
Source: DNB Markets

Upside risks to our fair value

- Sales might be stronger than we forecast, as the company has clearly more clinical documentation than in the past.
- A US partnership might include better terms than we expect.
- The company could become a takeover target for a larger orthopaedic implant company.

Source: DNB Markets

Sales growth bridge 2019–2021e (SEKm)



Source: DNB Markets (forecasts), company (historical data)

ESG overview

Sustainability assessment

	Positive	Negative
Conclusions	■ Episurf Medical's products aim to improve knee health in younger patients with well-defined arthritic injuries. The main drivers for the company are the combination of demographic changes and a lack of suitable alternatives for patients deemed too young for a total knee replacement. ■ The implants are individually designed to the patient's anatomy and injury, increasing the likelihood of a successful treatment outcome. ■ We believe that general ESG trends could benefit Episurf Medical over time.	■ The company is establishing a new treatment paradigm for knee injuries, but this takes time. Despite the poor treatment alternatives for younger patients, it still takes time to educate surgeons about the new treatment. ■ Treatment growth is to a large extent dependent on clinical outcome data, and the company is only now ready with its documentation. This historical lack of data has slowed market uptake.
Actions being taken by company	■ Tailoring implants as well as surgical instruments means a better fit with the patients' needs and a reduced risk of revision surgery. ■ The company mainly addresses the UN sustainability goal number 3 "Good health and well-being".	■ The individualisation leads to a higher degree of single-use products (especially related to the surgical tools). ■ Although the waste increases due to a high degree of single-use products, the high success rate and the low revision rate should compensate for this.
Key ESG drivers		
Short-term	■ All the company's products, in one way or the other, are aimed at improving health among patients. Hence they all address the UN's goal 3 of "Good health" ■ The Episealer implant system offers treatment to a group of patients who lack suitable alternatives. The documentation on clinical efficacy is rapidly increasing, which we believe will make it easier to convince more orthopaedic surgeons to test the products and ultimately offer this solution to more patients. ■ These patients are to a large extent treated with painkillers long-term; a successful Episealer treatment can reduce the need and risks associated with long-term painkiller usage.	■ There has been a lack of clinical documentation regarding the outcome for the Episealer implant system, but over the past year more data has emerged, which looks compelling. ■ As this is a completely new way of treating patients, it takes time to educate orthopaedic surgeons in this method of treatment.
Long-term	■ Getting younger patients (c35–40 years) back to good knee health also means that more can resume work, benefiting the overall economy as well as the patients' well-being. ■ Cost-effectiveness of care should increase in the future as growth in total resources for healthcare is likely to be slower than that in demand.	■ Access to healthcare differs globally, and patient needs vary from market to market. Episurf Medical's products mainly cater to patients in more developed markets. ■ New drugs or alternative treatments could have a negative impact on certain therapies, making some of Episurf Medical's current equipment obsolete.

Source: DNB Markets

Sustainability assessment

	Risk	Company's risk mitigation
Transition risks		
Policy and legal	■ Changes in reimbursement systems can have a significant impact on its operations from time to time. Other regulations such as MRD and FDA approvals can take time and affect the company's ability to market its products.	■ All products have been recently re-certified in Europe, meaning that certification according to the MDR is not critical until 2024.
Technology	■ The Episealer implant system and surgical instruments are difficult for the competition to copy. There are other implant systems available, but they are not patient-specific.	■ There are no direct technical barriers left; rather the system is now rolled out in the market and also developed for other types of cartilage damage.
Market	■ The company sells direct in Europe, which is a slow process. In the US market the company will most likely enter into an agreement with a partner; this can be difficult to achieve.	■ The company focuses on certain markets and regions in markets to establish the system as a standard treatment. Discussions with potential partners are ongoing.
Reputation	■ A rising revision rate would be a clear negative. We see a potential risk in new surgeons using the system without sufficient training.	■ As cases are scanned and sent to the company for manufacture, this makes it easy for it to detect whether a potential patient is unsuitable.
Physical risk		
Acute	■ Any manufacturing faults in an implant could have serious implications for a patient.	■ Quality control is imperative in the entire manufacturing chain.
Chronic	■ The launch of new biological technology that makes the implant solution outdated.	■ There is the potential for the company to use its technology for other applications.

Source: DNB Markets

Sustainability assessment

	Opportunities	Company's utilisation of opportunity
Resource efficiency	■ By manufacturing patient-specific implants and instruments, there will be only a limited amount of waste. On the other hand, the surgical tools are single-use products and cannot be re-used.	■ The single-use feature limits the risk of an implant being unsuitable in the surgical situation. This reduces the need for revisions.
Products/Services	■ The individualised products result in a precise fit to the patient's injury. The software planning tools also eliminate the risk of carrying out the procedure on unsuitable patients.	■ The company sometimes advises against surgery after it receives the patient's images, thereby increasing the likelihood of a positive outcome.
New markets	■ The company is expanding its market presence in Europe and will seek a marketing partner for the US market.	■ The company is currently conducting a large (c180 patients) IDE trial in the US.
Supply chain resilience	■ The production is still relatively costly but, as volumes expand, economies of scale should kick in. It has capacity to significantly increase volumes without any major investments.	■ The company uses CMOs to help with a large part of the manufacturing process.

Source: DNB Markets

Forecast changes – P&L

(SEKm)	New 2020e	New 2021e	New 2022e	Old 2020e	Old 2021e	Old 2022e	Change 2020e	Change 2021e	Change 2022e
Revenues	6	11	21	6	11	22	0	0	-1
Cost of sales	0	-5	-10	0	-6	-10	0	0	0
Gross profit	6	5	12	6	6	12	0	0	0
Operating expenses	-81	-79	-75	-81	-79	-75	0	0	0
EBITDA	-68	-66	-55	-67	-65	-55	0	0	0
EBITDA adj	-68	-66	-55	-67	-65	-55	0	0	0
EBITDA margin (%)	nm	nm	nm	-1074.5	-583.6	-252.2	nm	nm	nm
Depreciation	-8	-8	-8	-8	-8	-8	0	0	0
EBITA	-75	-73	-63	-75	-73	-63	0	0	0
EBIT	-75	-73	-63	-75	-73	-63	0	0	0
EBIT adj	-75	-73	-63	-75	-73	-63	0	0	0
Net interest	1	1	1	1	1	1	0	0	0
Net financial items	1	1	1	1	1	1	0	0	0
PBT	-75	-73	-62	-74	-72	-62	0	0	0
Taxes	0	0	0			0			0
Net profit	-75	-73	-62	-74	-72	-62	0	0	0
Adjustments to net profit	0	0	0	0	0	0	0	0	0
Net profit adj	-75	-73	-62	-74	-72	-62	0	0	0
Per share data (SEK)									
EPS	-0.40	-0.39	-0.33	-0.40	-0.39	-0.33	0.00	0.00	0.00
EPS adj	-0.40	-0.39	-0.33	-0.40	-0.39	-0.33	0.00	0.00	0.00
Other key metrics (%)									
Revenue growth	10.9	81.9	94.5	15.9	79.1	94.6	-4.9	2.9	-0.2
EBIT adj growth	nm	nm	nm	8.6	-2.5	-14.2	nm	nm	nm
EPS adj growth	nm	nm	nm	-61.7	-2.5	-14.4	nm	nm	nm
Avg. number of shares (m)	187	187	187	187	187	187	0	0	0
Capex	0	0	0	0	0	0	0	0	0
OpFCF	-68	-66	-55	-67	-65	-55	0	0	0
Working capital	-2	1	3	-2	1	3	0	0	0
NIBD adj	91	67	152	92	67	153	0	0	-1

Source: DNB Markets

Annual P&L

(SEKm)	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
Revenues	**2**	**2**	**7**	**3**	**3**	**4**	**5**	**6**	**11**	**21**
Cost of sales	0	0	0	0	0	0	0	0	-5	-10
Gross profit	**2**	**2**	**7**	**3**	**3**	**4**	**5**	**6**	**5**	**12**
Operating expenses	-25	-36	-51	-64	-64	-62	-74	-81	-79	-75
EBITDA	**-22**	**-32**	**-42**	**-58**	**-57**	**-53**	**-61**	**-68**	**-66**	**-55**
Depreciation	-1	-2	-2	-4	-4	-5	-8	-8	-8	-8
EBITA	**-23**	**-33**	**-44**	**-62**	**-61**	**-58**	**-69**	**-75**	**-73**	**-63**
EBIT	**-23**	**-33**	**-44**	**-62**	**-61**	**-58**	**-69**	**-75**	**-73**	**-63**
Net interest	0	0	0	0	0	0	-1	1	1	1
Net financial items	0	0	0	0	0	0	-1	1	1	1
PBT	**-23**	**-33**	**-44**	**-62**	**-61**	**-58**	**-70**	**-75**	**-73**	**-62**
Taxes	0	0	0	0	0	0	0	0	0	0
Effective tax rate (%)	0	0	0	0	0	0	0	0	0	0
Net profit	**-23**	**-33**	**-44**	**-62**	**-61**	**-58**	**-70**	**-75**	**-73**	**-62**
Adjustments to net profit	0	0	0	0	0	0	0	0	0	0
Net profit adj	-23	-33	-44	-62	-61	-58	-70	-75	-73	-62
Avg. number of shares	8	8	13	16	28	31	67	187	187	187
Per share data (SEK)										
EPS	-2.91	-4.14	-3.52	-3.87	-2.18	-1.87	-1.04	-0.40	-0.39	-0.33
EPS adj	**-2.91**	**-4.14**	**-3.52**	**-3.87**	**-2.18**	**-1.87**	**-1.04**	**-0.40**	**-0.39**	**-0.33**
Growth and margins (%)										
Revenue growth	nm	37.9	184.0	-60.0	16.3	39.0	25.6	10.9	81.9	94.5
EPS adj growth	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
Gross margin	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	50.0	55.0
EBITDA margin	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
EBITDA adj margin	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
Depreciation/revenues	-63.4	-75.3	-33.6	-152.5	-135.3	-111.6	-138.9	-126.9	-69.7	-35.9
EBIT margin	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
EBIT adj margin	-1372.7	-1421.7	-662.3	-2319.4	-1978.2	-1337.2	-1275.9	-1253.7	-671.2	-297.0
PBT margin	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
Net profit margin	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm

Source: Company (historical figures), DNB Markets (estimates)

Adjustments to annual P&L

(SEKm)	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
EBITDA	**-22**	**-32**	**-42**	**-58**	**-57**	**-53**	**-61**	**-68**	**-66**	**-55**
Gains and losses	0	0	0	0	0	0	0	0	0	0
EBITDA adj	-22	-32	-42	-58	-57	-53	-61	-68	-66	-55
EBITA	**-23**	**-33**	**-44**	**-62**	**-61**	**-58**	**-69**	**-75**	**-73**	**-63**
Gains and losses	0	0	0	0	0	0	0	0	0	0
Other EBITA adjustments	0	0	0	0	0	0	0	0	0	0
EBITA adj	-23	-33	-44	-62	-61	-58	-69	-75	-73	-63
EBIT	**-23**	**-33**	**-44**	**-62**	**-61**	**-58**	**-69**	**-75**	**-73**	**-63**
Gains and losses	0	0	0	0	0	0	0	0	0	0
Other EBIT adjustments	0	0	0	0	0	0	0	0	0	0
EBIT adj	-23	-33	-44	-62	-61	-58	-69	-75	-73	-63
Net profit	**-23**	**-33**	**-44**	**-62**	**-61**	**-58**	**-70**	**-75**	**-73**	**-62**
Gains and losses	0	0	0	0	0	0	0	0	0	0
Other EBIT adjustments	0	0	0	0	0	0	0	0	0	0
Net profit adj	-23	-33	-44	-62	-61	-58	-70	-75	-73	-62
Per share data (SEK)										
EPS	-2.91	-4.14	-3.52	-3.87	-2.18	-1.87	-1.04	-0.40	-0.39	-0.33
Recommended adjustment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EPS adj	-2.91	-4.14	-3.52	-3.87	-2.18	-1.87	-1.04	-0.40	-0.39	-0.33

Source: Company (historical figures), DNB Markets (estimates)

Cash flow

(SEKm)	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
Net profit	-23	-33	-44	-62	-61	-58	-70	-75	-73	-62
Other non-cash adjustments	0	0	0	0	0	0	0	0	0	0
Change in net working capital	1	-1	4	1	-5	0	3	-2	-2	-2
Cash flow from operations (CFO)	**-21**	**-32**	**-38**	**-56**	**-61**	**-53**	**-60**	**-69**	**-67**	**-57**
Capital expenditure	0	0	0	0	0	0	0	0	0	0
Acquisitions/Investments	-3	-3	-7	-5	-7	-10	-6	-7	-7	-8
Divestments	0	0	0	0	0	0	0	0	0	0
Cash flow from investing (CFI)	**-4**	**-3**	**-7**	**-6**	**-7**	**-10**	**-6**	**-7**	**-7**	**-8**
Free cash flow (FCF)	**-24**	**-35**	**-45**	**-62**	**-69**	**-63**	**-65**	**-76**	**-74**	**-65**
Net change in debt	0	0	0	0	0	0	0	0	0	0
Other	0				0	1	1	2	-1	0
Cash flow from financing (CFF)	**70**	**0**	**115**	**0**	**98**	**20**	**62**	**136**	**49**	**150**
Total cash flow (CFO+CFI+CFF)	**46**	**-34**	**69**	**-62**	**29**	**-43**	**-3**	**60**	**-25**	**85**
FCFF calculation										
Free cash flow	-24	-35	-45	-62	-69	-63	-65	-76	-74	-65
Less: net interest	0	0	0	0	0	0	1	-1	-1	-1
Less: acquisitions	3	3	7	5	7	10	6	7	7	8
Less: divestments	0	0	0	0	0	0	0	0	0	0
Growth (%)										
CFO	-37.9	-52.6	-20.2	-47.5	-9.5	13.9	-12.9	-16.1	2.8	15.2
CFI	-143.9	21.2	-157.1	24.6	-34.4	-29.7	43.3	-18.2	-7.7	-7.1
FCF	-47.5	-41.5	-31.5	-35.8	-11.7	9.1	-4.2	-16.3	1.9	13.1
CFF	nm	-99.8	76422.1	-100.0	nm	-80.0	217.3	118.2	-63.6	203.4
FCFF	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm

Source: Company (historical figures), DNB Markets (estimates)

Balance sheet

(SEKm)	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
Assets	**76**	**43**	**118**	**60**	**93**	**55**	**58**	**122**	**101**	**190**
Inventories	1	1	1	1	2	2	2	2	3	3
Trade receivables	0	0	0	1	1	1	1	4	8	11
Other receivables	2	1	1	3	3	3	2	2	2	2
Cash and cash equivalents	69	34	104	42	71	28	25	85	60	145
Current assets	**71**	**37**	**107**	**47**	**77**	**34**	**30**	**94**	**73**	**162**
Property, plant and equipment	1	0	0	0	0	0	6	6	6	6
Other intangible assets	5	6	11	13	16	21	22	22	22	22
Non-current assets	**5**	**6**	**11**	**13**	**16**	**21**	**28**	**28**	**28**	**28**
Total assets	**76**	**43**	**118**	**60**	**93**	**55**	**58**	**122**	**101**	**190**
Equity and liabilities	**76**	**43**	**118**	**60**	**93**	**55**	**58**	**122**	**101**	**190**
Total equity to the parent	72	39	110	49	86	45	41	101	78	166
Total equity	**72**	**39**	**110**	**49**	**86**	**45**	**41**	**101**	**78**	**166**
Trade payables	2	1	2	6	3	2	6	7	8	9
Other payables and accruals	0	1	2	2	1	2	4	4	4	5
Short-term debt	0	0	0	0	0	3	0	3	3	3
Total current liabilities	**2**	**2**	**4**	**8**	**4**	**6**	**10**	**14**	**15**	**16**
Long-term debt	0	0	0	0	0	0	4	4	4	4
Other non-current liabilities	2	3	5	4	4	4	3	4	4	4
Total non-current liabilities	**2**	**3**	**5**	**4**	**4**	**4**	**7**	**7**	**7**	**8**
Total liabilities	**5**	**4**	**8**	**12**	**8**	**10**	**16**	**21**	**22**	**24**
Total equity and liabilities	**76**	**43**	**118**	**60**	**93**	**55**	**58**	**122**	**101**	**190**
Key metrics										
Net interest bearing debt	69	34	104	42	71	31	29	91	67	152

Source: Company (historical figures), DNB Markets (estimates)

Valuation ratios

(SEKm)	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
Enterprise value										
Share price (SEK)	27.91	15.21	10.35	8.84	4.19	2.25	1.17	2.16	2.16	2.16
Number of shares (m)	7.86	7.96	12.50	15.95	27.99	30.87	67.34	187.0	187.0	187.0
Market capitalisation	219	121	129	141	117	69	79	404	404	404
Net interest bearing debt	69	34	104	42	71	31	29	91	67	152
Adjustments to NIBD	0	0	0	0	0	0	0	0	0	0
Net interest bearing debt adj	69	34	104	42	71	31	29	91	67	152
EV	288	156	233	183	189	101	108	495	470	556
EV adj	288	156	233	183	189	101	108	495	470	556
Valuation										
EPS	-2.91	-4.14	-3.52	-3.87	-2.18	-1.87	-1.04	-0.40	-0.39	-0.33
EPS adj	**-2.91**	**-4.14**	**-3.52**	**-3.87**	**-2.18**	**-1.87**	**-1.04**	**-0.40**	**-0.39**	**-0.33**
P/E	-9.6	-3.7	-2.9	-2.3	-1.9	-1.2	-1.1	-5.4	-5.6	-6.5
P/E adj	-9.6	-3.7	-2.9	-2.3	-1.9	-1.2	-1.1	-5.4	-5.6	-6.5
P/B	3.06	3.11	1.18	2.89	1.37	1.55	1.90	4.00	5.16	2.43
Average ROE	-47.6%	-59.6%	-59.1%	-77.7%	-91.0%	-88.7%	-161.9%	-104.7%	-81.0%	-51.0%
Earnings yield adj	-10.4%	-27.2%	-34.0%	-43.7%	-52.1%	-83.2%	-88.6%	-18.5%	-18.0%	-15.4%
EV/SALES	169.87	66.47	35.12	68.89	60.95	23.38	19.92	82.68	43.16	26.22
EV/SALES adj	169.87	66.47	35.12	68.89	60.95	23.38	19.92	82.68	43.16	26.22
EV/EBITDA	-13.0	-4.9	-5.6	-3.2	-3.3	-1.9	-1.8	-7.3	-7.2	-10.0
EV/EBITDA adj	-13.0	-4.9	-5.6	-3.2	-3.3	-1.9	-1.8	-7.3	-7.2	-10.0
EV/EBIT	-12.4	-4.7	-5.3	-3.0	-3.1	-1.7	-1.6	-6.6	-6.4	-8.8
EV/EBIT adj	-12.4	-4.7	-5.3	-3.0	-3.1	-1.7	-1.6	-6.6	-6.4	-8.8
EV/NOPLAT	-12.4	-4.7	-5.3	-3.0	-3.1	-1.7	-1.6	-6.6	-6.4	-8.8
EV/OpFCF (taxed)	-12.7	-4.9	-5.6	-3.2	-3.3	-1.9	-1.8	-7.3	-7.2	-10.0

Source: Company (historical figures), DNB Markets (estimates)

Key accounting ratios

	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
Profitability (%)										
ROA	-43.8	-55.0	-54.5	-69.1	-79.6	-78.1	-124.1	-83.1	-65.3	-42.9
Return on invested capital (%)										
Net PPE/revenues	30.6	18.2	6.4	14.4	6.5	2.3	111.1	100.1	55.1	28.3
Working capital/revenues	-2.1	28.1	-11.5	-104.1	58.2	48.8	-87.0	-33.4	6.4	16.0
Cash flow ratios (%)										
FCF/revenues	-1438.4	-1475.9	-683.4	-2317.6	-2227.3	-1455.8	-1207.4	-1265.4	-682.2	-305.0
FCF yield	-9.7	-26.2	-29.5	-39.9	-52.4	-76.2	-75.8	-17.2	-16.7	-14.2
CFO/revenues	-1223.6	-1353.3	-572.4	-2108.4	-1985.6	-1230.2	-1105.6	-1156.9	-618.0	-269.6
CFO/market capitalisation	-9.5	-26.2	-29.4	-39.8	-52.4	-76.2	-75.8	-17.2	-16.7	-14.2
CFO/capex	-4435.2	-81809.4	-29577.0	-35153.6	-187892.4					
CFO/current liabilities	-873.2	-1789.9	-1076.6	-717.5	-1574.9	-881.7	-621.9	-505.9	-449.0	-350.6
Cash conversion ratio	106.7	104.9	103.3	100.0	112.7	108.3	93.4	101.7	102.5	103.7
Capex/revenues	27.6	1.7	1.9	6.0	1.1	0.0	0.0	0.0	0.0	0.0
Capex/depreciation	43.5	2.2	5.8	3.9	0.8	0.0	0.0	0.0	0.0	0.0
OpFCF margin	-1336.8	-1348.1	-630.6	-2172.9	-1843.9	-1225.6	-1137.0	-1126.8	-601.4	-261.1
Leverage and solvency (x)										
Interest cover	nm	nm	nm	nm	nm	-81.57	-45.53	nm	nm	nm
EBIT/interest payable	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
EBITA adj/interest payable	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
Cash coverage	52.49	90.82	1233.82	1396.48	978.12	-175.67	-68.22	113.07	109.79	92.70
Net debt/EBITDA	-3.10	-1.09	-2.49	-0.73	-1.25	-0.59	-0.47	-1.36	-1.02	-2.74
Total debt/total capital (BV)	0.00	0.00	0.00	0.00	0.00	0.05	0.06	0.05	0.06	0.03
LTD / (LTD + equity (MV))	0.00	0.00	0.00	0.00	0.00	0.00	0.04	0.01	0.01	0.01
Cash conversion cycle										
Inventory turnover days	nm	nm	nm	nm	nm	nm	nm	nm	187.5	126.3
Receivables turnover days	387.7	148.7	88.7	541.0	472.0	322.6	209.5	402.1	338.2	234.2
Credit period	nm	nm	nm	nm	nm	nm	nm	nm	535.8	344.4
Cash conversion cycle	nm	nm	nm	nm	nm	nm	nm	nm	-10.0	16.1

Source: Company (historical figures), DNB Markets (estimates)

Important Information

Company:	Episurf Medical
Coverage by Analyst:	Patrik Ling
Date:	26/10/2020

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