

# ColiPlant Holdings

Earnings update

A productive year to date

Pharma &amp; biotech

The year to date has been highly productive for ColiPlant. It has completed a new production facility in Rehovot to support its increased commercial efforts. These include both its Biolnk product for 3D bioprinting of organs and tissue, as well as VergenixFG and VergenixSTR for wound care and tendinopathy respectively, which are expanding operations in Europe. In addition, the company has announced its intention to de-list from TASE to trade exclusively on NASDAQ.

Year end	Revenue (NISm)	PBT* (NISm)	EPS* (NIS)	DPS (NIS)	P/E (x)	Yield (%)
12/16	0.3	(27.9)	(0.28)	0.0	N/A	N/A
12/17	1.7	(20.9)	(0.16)	0.0	N/A	N/A
12/18e	3.3	(21.3)	(0.12)	0.0	N/A	N/A
12/19e	7.3	(19.6)	(0.10)	0.0	N/A	N/A

Note: \*PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

## New rhCollagen production facility built

To meet future commercial and research needs, ColiPlant opened a new 6,000 sq ft production facility for rhCollagen in Rehovot, Israel, in April 2018. The new facility is certified for good manufacturing practices (cGMP), and is focused on the purification and formulation of rhCollagen. The first production runs in the facility have been completed, and at the last report are in quality testing.

## Additional Biolnk delivered

The company previously announced that it had received multiple orders of its Biolnk product from a biotechnology and medical device company. The orders were intended for research into the development of bioprinted organs and orthopaedic implants respectively. One of the clients placed a repeat order, which was delivered in Q118. The company recorded sales of \$222,000 from this order and sales of its Vergenix brand product in Q118.

## Financing complete, runway into 2019

The company initiated a series of financings starting in September 2017 with a number of investors (Alpha Capital, Meitav Dash and Ami Sagi), totalling approximately \$8m, with up to \$15m available through the exercise of warrants. With the NASDAQ uplisting, the company has completed its obligations under these agreements and received its final tranche, bringing estimated net cash to \$4.9m (\$3.9m at quarter end plus \$1m from the final Alpha tranche in April, not accounting for subsequent cash burn), which we expect to provide a runway into 2019. ColiPlant also announced that it is in proceedings to voluntarily de-list from the TASE.

## Valuation: Increased to \$79m or \$22.96 per ADS (NIS 1.65 per share)

We have slightly increased our valuation to \$79m or \$22.96 per ADS from \$77m or \$22.62 per ADS. This was driven by rolling forward our NPVs, offset by lower net cash. We expect ColiPlant to require \$7m (up from \$5.7m) in additional capital to reach profitability in 2021.

30 May 2018

**Price\*** **NIS0.39**
**Market cap** **NIS66m**

\*Priced at 29 May 2018

NIS3.57/US\$

Net cash (\$m) at March 2018, plus Alpha tranche 4.9

Shares in issue/ADS in issue 171m/3.42m

Free float 49%

Code CLGN

Primary exchange NASDAQ

Secondary exchange TASE

### Share price performance



% 1m 3m 12m

Abs 2.4 (22.9) (10.1)

Rel (local) 0.0 (23.4) (14.9)

52-week high/low NIS0.6 NIS0.3

### Business description

ColiPlant is an Israel-based regenerative medicine company. It is focused on developing and commercialising tissue repair products with its plant-based technology, rhCollagen. It has two products on the market, VergenixSTR and VergenixFG, and has received several orders for its 3D bioprinting product, Biolnk.

### Next events

Continued sales ramp-up 2018

### Analysts

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## Valuation

We have slightly increased our valuation to \$79m or \$22.96 per ADS from \$77m or \$22.62 per ADS. This increase is driven by rolling forward our NPVs, offset by lower net cash. We currently do not include recurring revenue from the BioInk product in our model, although we may add this at a later date if the company continues to receive orders or if the technology is licensed and integrated into a product.

**Exhibit 1: Valuation of CollPlant**

Product	Status	NPV (\$m)	rNPV (\$m)
VergenixFG: Woundcare	Europe market	28.3	28.3
VergenixSTR: Tendonopathy	Europe market	56.7	56.7
Portfolio total		85.0	85.0
R&D			(7.1)
SG&A			(4.2)
Cash (Q118 + Alpha financing)			4.9
Overall valuation			78.6
ADSs			3.42
Value per basic ADS			22.96
Warrants, Options, and Debentures			3.5
Total diluted ADSs			7.0
Diluted value			103.2
Value per diluted ADS			14.83

Source: CollPlant reports, Edison Investment Research

## Financials

Collplant reported revenue of \$222,000 in Q118 from sales of its BioInk as well as Vergenix brands in Europe. Operating expenses were \$2.3m, compared to \$1.5m in Q117. The majority of the increase in costs is attributable to non-cash expenses associated with the Alpha financing agreement and an increase in share-based compensation. We have slightly increased our expected operating loss for 2018 to NIS21.4m (\$6.0m) from NIS18.9m (\$5.4m) to adjust for these and other expenses. The company ended the quarter with \$3.9m in cash and received \$1.0m associated with the closing of the Alpha financing in April, which we expect to provide sufficient capital for 2018. We currently forecast that the company will need \$7m (increased from \$5.7m) in additional capital to reach profitability in 2021, which we record as illustrative debt in 2019.

**Exhibit 2: Financial summary**

	NIS'000s	2015	2016	2017	2018e	2019e
Year end 31 Dec		IFRS	IFRS	IFRS	IFRS	IFRS
<b>PROFIT &amp; LOSS</b>						
Revenue		0	292	1,668.00	3,272.56	7,311.60
Cost of Sales		0	0	(52)	(1,333)	(3,656)
Gross Profit		0	292	1,616	1,940	3,656
R&D expenses,net		(11,864)	(16,789)	(14,066)	(14,064)	(14,767)
SG&A expenses		(6,950)	(11,048)	(8,303)	(9,280)	(8,558)
EBITDA		(18,026)	(27,023)	(19,670)	(20,330)	(18,076)
Operating Profit (before amort. and except)		(18,814)	(27,545)	(20,753)	(21,404)	(19,670)
Intangible Amortisation		0	0	0	0	0
Exceptionals		0	0	0	0	0
Operating Profit		(18,814)	(27,545)	(20,753)	(21,404)	(19,670)
Other		0	0	0	0	0
Net Interest		164	(348)	(127)	90	35
Profit Before Tax (norm)		(18,650)	(27,893)	(20,880)	(21,315)	(19,634)
Profit Before Tax (FRS 3)		(18,650)	(27,893)	(20,880)	(21,315)	(19,634)
Tax		0	0	0	0	0
Profit After Tax (norm)		(18,650)	(27,893)	(20,880)	(21,315)	(19,634)
Profit After Tax (FRS 3)		(18,650)	(27,893)	(20,880)	(21,315)	(19,634)
Average Number of Shares Outstanding (m)		84.7	100.6	133.2	179.7	188.7
EPS - normalised (NIS)		(0.22)	(0.28)	(0.16)	(0.12)	(0.10)
EPS - FRS 3 (NIS)		(0.22)	(0.28)	(0.16)	(0.12)	(0.10)
Dividend per share (NIS)		0.0	0.0	0.0	0.0	0.0
<b>BALANCE SHEET</b>						
Fixed Assets		4,971	6,364	5,631	7,385	6,665
Intangible Assets		1,721	1,631	1,454	1,408	1,408
Tangible Assets		2,612	4,008	3,582	5,310	4,590
Other		638	725	595	667	667
Current Assets		8,558	8,069	22,414	10,438	21,692
Stocks		0	487	700	1,038	2,983
Debtors		3,241	3,785	3,897	2,483	3,147
Cash		5,317	3,797	17,817	6,918	15,562
Other		0	0	0	0	0
Current Liabilities		(3,750)	(6,806)	(4,918)	(5,542)	(5,539)
Creditors		(2,496)	(5,189)	(2,922)	(3,837)	(3,834)
Short term borrowings		0	0	0	0	0
Short term leases		0	0	0	0	0
Other		(1,254)	(1,617)	(1,996)	(1,705)	(1,705)
Long Term Liabilities		0	(2,467)	(14,044)	(1,413)	(26,413)
Long term borrowings		0	(286)	(12,700)	0	(25,000)
Long term leases		0	0	0	0	0
Other long term liabilities		0	(2,181)	(1,344)	(1,413)	(1,413)
Net Assets		9,779	5,160	9,083	10,869	(3,595)
<b>CASH FLOW</b>						
Operating Cash Flow		(14,496)	(19,384)	(17,903)	(13,665)	(15,447)
Net Interest		(2)	8	19	(254)	(35)
Tax		1	0	0	0	0
Capex		(1,389)	(492)	(447)	(2,260)	(873)
Acquisitions/disposals		0	0	0	0	0
Financing		10,010	18,219	20,234	17,960	0
Dividends		0	0	0	0	0
Other		27	0	0	0	0
Net Cash Flow		(5,849)	(1,649)	1,903	1,782	(16,355)
Opening net debt/(cash)		(11,062)	(5,317)	(3,511)	(5,117)	(6,918)
HP finance leases initiated		0	0	(253)	0	0
Other		104	(157)	(44)	19	0
Closing net debt/(cash)		(5,317)	(3,511)	(5,117)	(6,918)	9,438

Source: ColliPlant reports, Edison Investment Research

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