

# Acarix

H119 results

## Patch reordering and an emerging US strategy

CADScor H1 unit sales were to Germany (six), Sweden (three) and Denmark (one). Interestingly, Q219 patch sales were very strong at 1,690 up from 640 in Q119. These 1000 'extra' sales could be an indication that users are starting to run more tests from the installed CADScor base. The process for German public reimbursement is underway. In the UK, NICE has done a technical assessment enabling a dialogue to start. Acarix is now developing a US market entry strategy and the likely FDA trial needs.

Year end	Revenue (SEKm)	PBT* (SEKm)	EPS* (SEK)	DPS (SEK)	P/E (x)	Yield (%)
12/17	0.64	(30.74)	(1.29)	0.0	N/A	N/A
12/18	1.02	(42.25)	(1.83)	0.0	N/A	N/A
12/19e	2.62	(43.33)	(1.88)	0.0	N/A	N/A
12/20e	4.11	(44.75)	(1.94)	0.0	N/A	N/A

Note: \*PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments. The 2016 IPO increased shares in issue.

## Q219 higher patch sales; CADScor sales steady

Getting a wide base of CADScor units being routinely used is key to high-margin patch sales and the key to profit. In Q219, there were five CADScor systems sold worth SEK135k (average SEK27k), but an impressive 1,690 patch sales worth SEK539k, possibly indicating 1,000 repeat sales. If this trend continues, sales could reach over 5,000–6,000 patches in 2019. Despite this upturn, our current sales target of SEK2.6m is starting to look slightly ambitious against SEK963k in H119 (vs SEK465 in H118) but we will wait for Q3 data before reviewing our forecast. In H1, margins varied between 70% and 81% depending on deals offered on CADScor units. Sourcing costs in Q2 for CADScor units may have risen.

## Developing the market

Acarix has stated that a new randomised 2,000-patient clinical trial (FILTER-SCAD) will run in four centres to look at prospective outcomes. The trial is planned by Acarix to formally enrol patients soon; it may end in 2021 or 2022. The study will compare CADScor to standard evaluation over 12 months. A meta-analysis using 2,245 patients was published in [July](#). However, Acarix needs further clinical and economic data to drive growth in CADScor adoption. The UK health service has published an [innovation review of CADScor](#), which is a good basis to enter sales discussions. Acarix has also indicated that it plans to discuss with the US FDA what trials will be required for a US approval. It will also look to recruit US marketing partners to support a future market entry.

## Valuation: Still at SEK16.00 per share

Acarix had SEK39m cash on 30 June 2019, with an H119 cash outflow of SEK18.7m indicating cash till about mid-2020 depending on sales and investment in clinical trials so we assume SEK22m of debt in H220. Our valuation assumes 2020 German reimbursement with strong sales from 2021; no update on German reimbursement was available. Sales could develop in other European countries. We also assume US sales from 2023 so initial development of a US strategy is very encouraging. Our indicative value before any new funding remains SEK369m (SEK16.00 per share). Our forecasts will be reviewed after Q3 sales are reported.

Healthcare equipment &amp; services

27 August 2019

**Price** **SEK4.59**
**Market cap** **SEK106m**

Cash (SEKm) at 30 June 2019 39

Shares in issue 23.0m

Free float 29.7%

Code ACARIX

Primary exchange Nasdaq First North Premier

Secondary exchange N/A

### Share price performance



% 1m 3m 12m

Abs 2.0 2.7 (26.9)

Rel (local) 7.2 3.6 (24.5)

52-week high/low SEK8.4 SEK3.7

### Business description

Acarix, a Swedish company with Danish origins, has developed the CE-marked CADScor to help doctors rule out stable coronary artery disease. About half of patients can be ruled out from further expensive testing. Full EU sales could start from 2020, with US sales possible from 2023.

### Next events

Q319 results 14 November 2019

### Analyst

Dr John Savin MBA +44 (0)20 3077 5735

[healthcare@edisongroup.com](mailto:healthcare@edisongroup.com)
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**Exhibit 1: Financial summary**

	SEK 000s	2017	2018	2019e	2020e
Year end 31 Dec		IFRS	IFRS	IFRS	IFRS
<b>PROFIT &amp; LOSS</b>					
Revenue		638	1,024	2,623	4,105
Cost of Sales		(208)	(316)	(577)	(874)
Gross Profit		430	708	2,046	3,232
EBITDA		(29,499)	(41,028)	(41,959)	(43,273)
Operating Profit (before amort. and except.)		(30,743)	(42,523)	(43,454)	(44,768)
Intangible Amortisation		(1,261)	(1,430)	(1,430)	(1,430)
Exceptionals		-	-	-	-
Operating Profit		(32,004)	(43,953)	(44,884)	(46,198)
Other		-	-	-	-
Net Interest		7	273	120	20
Profit Before Tax (norm)		(30,736)	(42,250)	(43,334)	(44,748)
Profit Before Tax (FRS 3)		(30,736)	(42,250)	(43,334)	(44,748)
Tax		960	-	-	-
Profit After Tax (norm)		(29,776)	(42,250)	(43,334)	(44,748)
Profit After Tax (FRS 3)		(29,776)	(42,250)	(43,334)	(44,748)
Average Number of Shares Outstanding (m)		23.0	23.0	23.0	23.0
EPS - normalised (ore)		(129.31)	(183.48)	(188.18)	(194.33)
EPS - FRS 3 (ore)		(129.31)	(183.48)	(188.18)	(194.33)
Dividend per share (ore)		0.0	0.0	0.0	0.0
Gross Margin (%)		67.4	69.1	78.0	78.7
EBITDA Margin (%)		(4,624)	(4,007)	(1,600)	(1,054)
Operating Margin (before GW and except.) (%)		(4,819)	(4,153)	(1,657)	(1,091)
<b>BALANCE SHEET</b>					
Fixed Assets		25,191	23,696	22,201	20,706
Intangible Assets		20,351	18,921	17,491	16,061
Tangible Assets		0	0	0	0
Acquired rights		4,840	4,775	4,710	4,645
Current Assets		108,865	71,501	29,662	8,409
Stocks		1,945	2,625	2,625	2,625
Debtors		2,468	3,857	3,857	3,857
Cash		103,457	65,019	23,180	1,927
Other		995	0	0	0
Current Liabilities		(5,118)	(7,321)	(7,321)	(7,321)
Creditors		(1,464)	(2,504)	(2,504)	(2,504)
Short term borrowings		0	0	0	0
Short term leases		0	0	0	0
Other		(3,653)	(4,816)	(4,816)	(4,816)
Long Term Liabilities		0	0	0	(22,000)
Long term borrowings		0	0	0	(22,000)
Long term leases		0	0	0	0
Other long term liabilities		0	0	0	0
Net Assets		128,939	87,876	44,542	(206)
<b>CASH FLOW</b>					
Operating Cash Flow		(41,506)	(39,586)	(41,959)	(43,273)
Net Interest		7	273	120	20
Tax		960	977	0	0
Capex		(2,984)	0	0	0
Acquisitions/disposals		0	0	0	0
Financing		1,203	0	0	0
Dividends		0	0	0	0
Other		0	0	0	22,000
Net Cash Flow		(42,320)	(38,336)	(41,839)	(21,253)
Opening net debt/(cash)		(145,895)	(103,457)	(65,019)	(23,181)
HP finance leases initiated		-	-	-	-
Other		(118)	(102)	-	(22,000)
Closing net debt/(cash)		(103,457)	(65,019)	(23,181)	20,073

Source: Acarix accounts, Edison Investment Research forecasts

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Frankfurt +49 (0)69 78 8076 960

Schumannstrasse 34b

60325 Frankfurt

Germany

London +44 (0)20 3077 5700

280 High Holborn

London, WC1V 7EE

United Kingdom

New York +1 646 653 7026

1,185 Avenue of the Americas

3rd Floor, New York, NY 10036

United States of America

Sydney +61 (0)2 8249 8342

Level 4, Office 1205

95 Pitt Street Sydney

NSW 2000, Australia