

# Acarix

Q318 update

## Sales volume growth in Q3

Acarix's Q3 results showed a marked upturn in the number of systems sold: seven in Q3 vs eight in H1. Disposable patch sales in Q3 were 680 vs 800 in H1. These sales generated Q3 revenues of SEK351k. We have adjusted our sales forecast upwards to SEK1.3m for the full year 2018. Feedback from German and Swedish customers has been very positive. German public reimbursement might occur in 2019. We do not expect a US launch before 2022 and we assume a US trial starts in 2019 to enable this. Per Persson, formerly commercial officer, has been appointed as CEO. The indicative value remains SEK448m (SEK19.46/share).

Year end	Revenue (SEKm)	PBT* (SEKm)	EPS* (SEK)	DPS (SEK)	P/E (x)	Yield (%)
12/16	0.0	(26.81)	(1.83)	0.0	N/A	N/A
12/17	0.64	(30.74)	(1.29)	0.0	N/A	N/A
12/18e	1.29	(42.50)	(1.85)	0.0	N/A	N/A
12/19e	3.82	(59.80)	(2.60)	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.

## Q3 strong volume CADScor sales

At this point in sales development, getting CADScor units into hospitals and clinics is crucial because a large installed base should eventually result in steady, high-value disposable patch sales. The sale of seven units in Q3 vs eight in H1 therefore marks a good upturn. Two more key Swedish hospitals have systems: one of them, Kristianstad Hospital, evaluated CADScor and will start using the system clinically during Q4. The Q3 gross margin was 64% vs 75% in H1. We have raised our 2018 sales forecast to SEK1.3m (formerly SEK1.1m). Higher sales are possible from 2019 if German public reimbursement is gained. Per Persson, who joined in July bringing significant commercial experience in diagnostics, has become CEO.

## CAD-score: A clear indicator of low coronary risk

Acarix's diagnostic device (CADScor) is used to help doctors rule out stable coronary artery disease (CAD). It uses a microphone linked to a self-contained processing module to record a patient's diastolic heart sounds. There is a single-use consumable patch. The CADScor V3 algorithm calculates a CAD-score rating. A negative test result (no CAD) was correct in 96% of tested patients ([Winther et al., 2017](#)). The Dan-NICAD II study ([NCT03481712](#)) is enrolling 2,000 patients with suspected stable CAD to add data and evaluate the test in patients aged 30–39. The observational Seismo study with 200 patients ([NCT03656354](#)) explores the use of CADScor for the early diagnosis of heart failure.

## Valuation: Remains SEK19.46 per share

Our valuation assumes sales develop more strongly from 2019 on German reimbursement. We assume a US trial, needed to support US sales from 2022, starts in 2019. Using a discounted cash flow model, a 12.5% discount rate and a terminal valuation, the indicative value is unchanged at SEK448m; this implies a fair value of SEK19.46 per share. The marginal change in 2018 forecast unit sales does not affect this.

Healthcare equipment &amp; services

28 November 2018

**Price** **SEK7.00**
**Market cap** **SEK161m**

Cash (SEKm) at 30 September 2018 73.9

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 (5.2) 18.2 (50.9)

Rel (local) (5.8) 32.0 (48.5)

52-week high/low SEK15.2 SEK5.4

### 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 2019, with US sales possible from 2022.

### Next events

2018 results 20 February 2019

### Analyst

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**Exhibit 1: Financial summary**

	SEK000s	2016	2017	2018e	2019e
Year end 31 Dec		IFRS	IFRS	IFRS	IFRS
<b>PROFIT &amp; LOSS</b>					
Revenue		-	638	1,285	3,816
Cost of Sales		-	(208)	(320)	(1,164)
Gross Profit		-	430	965	2,652
EBITDA		(26,790)	(29,211)	(40,240)	(57,348)
Operating Profit (before amort. and except.)		(26,790)	(30,743)	(42,640)	(59,748)
Intangible Amortisation		-	(1,261)	(2,400)	(2,400)
Exceptionals		-	-	-	-
Operating Profit		(26,790)	(32,004)	(45,040)	(62,148)
Other		(24,250)	-	-	-
Net Interest		(15)	7	144	(50)
Profit Before Tax (norm)		(26,805)	(30,736)	(42,497)	(59,798)
Profit Before Tax (FRS 3)		(51,055)	(30,736)	(42,497)	(59,798)
Tax		2,815	960	-	-
Profit After Tax (norm)		(23,990)	(29,776)	(42,497)	(59,798)
Profit After Tax (FRS 3)		(48,240)	(29,776)	(42,497)	(59,798)
Average Number of Shares Outstanding (m)		13.1	23.0	23.0	23.0
EPS - normalised (ore)		(183.01)	(129.31)	(184.55)	(259.68)
EPS - FRS 3 (ore)		(368.00)	(129.31)	(184.55)	(259.68)
Dividend per share (ore)		0.0	0.0	0.0	0.0
Gross Margin (%)		N/A	67.4	75.1	69.5
EBITDA Margin (%)		N/A	(4,581)	(3,132)	(1,503)
Operating Margin (before GW and except.) (%)		N/A	(4,822)	(3,318)	(1,566)
<b>BALANCE SHEET</b>					
Fixed Assets		23,123	25,191	24,309	21,909
Intangible Assets		18,179	20,351	19,454	17,054
Tangible Assets		0	0	0	0
Acquired rights		4,944	4,840	4,855	4,855
Current Assets		150,163	108,865	69,346	10,910
Stocks		0	1,945	2,539	2,539
Debtors		1,643	2,468	2,918	2,918
Cash		145,895	103,457	62,851	5,453
Other		2,625	995	1,038	0
Current Liabilities		(17,771)	(5,118)	(4,694)	(4,694)
Creditors		(4,404)	(1,464)	(1,414)	(1,414)
Short term borrowings		0	0	0	0
Short term leases		0	0	0	0
Other		(13,365)	(3,653)	(3,279)	(3,279)
Long Term Liabilities		0	0	0	0
Long term borrowings		0	0	0	0
Long term leases		0	0	0	0
Other long term liabilities		0	0	0	0
Net Assets		155,515	128,939	88,961	28,125
<b>CASH FLOW</b>					
Operating Cash Flow		(11,856)	(41,506)	(40,749)	(57,348)
Net Interest		(15)	7	144	(50)
Tax		2,815	960	0	0
Capex		(12,201)	(2,984)	0	0
Acquisitions/disposals		0	0	0	0
Financing		176,698	1,203	0	0
Dividends		0	0	0	0
Other		(11,046)	0	0	0
Net Cash Flow		144,395	(42,320)	(40,606)	(57,398)
Opening net debt/(cash)		2,121	(145,895)	(103,457)	(62,851)
HP finance leases initiated		-	-	-	-
Other		(620)	(118)	-	-
Closing net debt/(cash)		(145,895)	(103,457)	(62,851)	(5,453)

Source: Acarix reports, Edison Investment Research

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