

CollPlant Holdings

FY16 results

Good progress in 2016

2016 was an important year for CollPlant as it completed a clinical study and received its CE approval for VergenixSTR, entered into an exclusive distribution agreement with Arthrex to commercialise VergenixSTR in EMEA and launched VergenixFG in Europe. We expect CollPlant to build on this progress in 2017 by increasing its distribution of VergenixFG and orders from Arthrex, alongside developing its earlier-stage rhCollagen technology Biolnk for 3D printing of organs and tissues. We note that there is a fund raising requirement this year. We have slightly increased our rNPV to \$66m (NIS244m) on FY16 results having also rolled the model forward.

| Year end | Revenue (NISm) | PBT* (NISm) | EPS* (NIS) | DPS (NIS) | P/E (x) | Yield (%) |
|----------|----------------|-------------|------------|-----------|---------|-----------|
| 12/15 | 0.0 | (18.7) | (22.03) | 0.0 | N/A | N/A |
| 12/16 | 0.3 | (27.9) | (27.72) | 0.0 | N/A | N/A |
| 12/17e | 1.3 | (16.3) | (12.72) | 0.0 | N/A | N/A |
| 12/18e | 2.9 | (17.8) | (13.86) | 0.0 | N/A | N/A |

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

2016: A year of progress

CollPlant made good progress in 2016 with its tendinopathy product, VergenixSTR, completing a clinical study, receiving its CE approval and entering into an exclusive distribution agreement with Arthrex to commercialise in EMEA. It also treated its first VergenixFG commercial patients in Europe. CollPlant has a versatile technology, rhCollagen, with potentially broad clinical application and which according to the company offers a number of advantages. For a detailed overview see our recent initiation note [here](#).

A strong 2017 possible if required funds raised

CollPlant recently announced that it had signed additional distribution agreements in Europe (Turkey and Switzerland) for its VergenixFG product (treatment for chronic and acute wounds). Together with the agreement with Arthrex, the announcement demonstrates that CollPlant is starting to deliver on its strategy for both VergenixFG and VergenixSTR respectively to gain traction in Europe and build end-user experience and clinical data. We continue to expect CollPlant to consider a launch in the US (via a partner/distributor) in c 24 months, depending on the rate of commercialisation.

Valuation: Increased slightly to \$66m

Our rNPV-based valuation has increased to \$66m/52c per share (NIS244m or NIS1.92/share) from \$61m/48c/share, following the FY16 results and rolling our model forward by one quarter. Our 2017 and 2018 forecasts remain broadly similar and we continue to forecast a funding requirement this year. We have modelled illustrative long-term debt of NIS16m in 2017, which on our current forecasts would give CollPlant a cash horizon to early 2019. The company has a strong track record of raising capital in Israel and we expect upside potential as it progresses the application of its rhCollagen. Other potential catalysts include finding a partner or raising additional funding to develop its bone void filler and/or additional applications of its technology such as Biolnk for 3D printing of organs and sales traction in Europe.

Pharma & biotech

4 April 2017

Price* **NIS0.42**
Market cap **NIS54m**

* Priced at 31 March 2017

\$1:NIS3.69

Net cash (NISm) at 31 December 2016 3.5

Shares in issue 128.3m

Free float 80.6%

Code CLPT

Primary exchange TASE

Secondary exchange OTCQ

Share price performance



% 1m 3m 12m

Abs 34.3 6.8 (65.9)

Rel (local) 35.6 8.9 (65.9)

52-week high/low NIS1.4 NIS0.3

Business description

CollPlant 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.

Next events

First commercial patients treated with VergenixSTR H117

Earlier stage applications of its technology developments 2017/18

Q1 results May 2017

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[Edison profile page](#)

Exhibit 1: Financial summary

| | NIS'000s | 2014 | 2015 | 2016 | 2017e | 2018e |
|--|----------|----------|----------|----------|----------|----------|
| Year end 31 Dec | | IFRS | IFRS | IFRS | IFRS | IFRS |
| PROFIT & LOSS | | | | | | |
| Revenue | | 0 | 0 | 292 | 1,260.57 | 2,948.78 |
| Cost of Sales | | 0 | 0 | 0 | (630) | (1,474) |
| Gross Profit | | 0 | 0 | 292 | 630 | 1,474 |
| R&D expenses, net | | (9,734) | (11,864) | (16,789) | (13,431) | (15,446) |
| SG&A expenses | | (3,906) | (6,950) | (11,048) | (3,535) | (3,889) |
| EBITDA | | (12,838) | (18,026) | (27,023) | (15,535) | (17,150) |
| Operating Profit (before GW and except) | | (13,640) | (18,814) | (27,545) | (16,336) | (17,860) |
| Intangible Amortisation | | 0 | 0 | 0 | 0 | 0 |
| Exceptionals | | 0 | 0 | 0 | 0 | 0 |
| Operating Profit | | (13,640) | (18,814) | (27,545) | (16,336) | (17,860) |
| Other | | 0 | 0 | 0 | 0 | 0 |
| Net Interest | | 617 | 164 | (348) | 20 | 76 |
| Profit Before Tax (norm) | | (13,023) | (18,650) | (27,893) | (16,316) | (17,785) |
| Profit Before Tax (FRS 3) | | (13,023) | (18,650) | (27,893) | (16,316) | (17,785) |
| Tax | | 0 | 0 | 0 | 0 | 0 |
| Profit After Tax (norm) | | (13,023) | (18,650) | (27,893) | (16,316) | (17,785) |
| Profit After Tax (FRS 3) | | (13,023) | (18,650) | (27,893) | (16,316) | (17,785) |
| Average Number of Shares Outstanding (m) | | 80.4 | 84.7 | 100.6 | 128.3 | 128.3 |
| EPS - normalised (NIS) | | (16.19) | (22.03) | (27.72) | (12.72) | (13.86) |
| EPS - FRS 3 (NIS) | | (16.19) | (22.03) | (27.72) | (12.72) | (13.86) |
| Dividend per share (NIS) | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| BALANCE SHEET | | | | | | |
| Fixed Assets | | 4,348 | 4,971 | 6,364 | 5,907 | 5,782 |
| Intangible Assets | | 1,725 | 1,721 | 1,631 | 1,631 | 1,631 |
| Tangible Assets | | 2,007 | 2,612 | 4,008 | 3,551 | 3,426 |
| Other | | 616 | 638 | 725 | 725 | 725 |
| Current Assets | | 12,610 | 8,558 | 8,069 | 19,253 | 5,310 |
| Stocks | | 0 | 0 | 487 | 487 | 487 |
| Debtors | | 1,548 | 3,241 | 3,785 | 3,785 | 3,785 |
| Cash | | 11,062 | 5,317 | 3,797 | 14,981 | 1,038 |
| Other | | 0 | 0 | 0 | 0 | 0 |
| Current Liabilities | | (2,647) | (3,750) | (6,806) | (6,806) | (6,806) |
| Creditors | | (1,642) | (2,496) | (5,189) | (5,189) | (5,189) |
| Short term borrowings | | 0 | 0 | 0 | 0 | 0 |
| Short term leases | | 0 | 0 | 0 | 0 | 0 |
| Other | | (1,005) | (1,254) | (1,617) | (1,617) | (1,617) |
| Long Term Liabilities | | 0 | 0 | (2,467) | (18,467) | (18,467) |
| Long term borrowings | | 0 | 0 | (286) | (16,286) | (16,286) |
| Long term leases | | 0 | 0 | 0 | 0 | 0 |
| Other long term liabilities | | 0 | 0 | (2,181) | (2,181) | (2,181) |
| Net Assets | | 14,311 | 9,779 | 5,160 | (113) | (14,181) |
| CASH FLOW | | | | | | |
| Operating Cash Flow | | (12,958) | (14,496) | (19,384) | (11,852) | (13,282) |
| Net Interest | | (35) | (2) | 8 | (20) | (76) |
| Tax | | 35 | 1 | 0 | 0 | 0 |
| Capex | | (336) | (1,389) | (492) | (344) | (585) |
| Acquisitions/disposals | | 0 | 0 | 0 | 0 | 0 |
| Financing | | 0 | 10,010 | 18,505 | 7,400 | 0 |
| Dividends | | 0 | 0 | 0 | 0 | 0 |
| Other | | (16) | 27 | (286) | 0 | 0 |
| Net Cash Flow | | (13,310) | (5,849) | (1,649) | (4,816) | (13,944) |
| Opening net debt/(cash) | | (23,777) | (11,062) | (5,317) | (3,511) | 1,305 |
| HP finance leases initiated | | 0 | 0 | 0 | 0 | 0 |
| Other | | 595 | 104 | (157) | 0 | 0 |
| Closing net debt/(cash) | | (11,062) | (5,317) | (3,511) | 1,305 | 15,248 |

Source: Edison Investment Research and Company accounts

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