

Acarix

Annual report

Updated financial position

Acarix's annual report confirms reported 2017 revenues of SEK638k. Gross profit was SEK430k, with a gross margin rise to 75% in Q4. We do not expect any major sales upturn in 2018, as the key factor is German government reimbursement – this is not expected before 2019. There is additional sales potential in other European territories. We do not expect a US launch before 2022, but we have assumed a US trial starts in 2019. The indicative value remains at SEK448m (SEK19.46/share). Mr Lindholm is the interim CEO. Additional clinical studies are ongoing.

Year end	Revenue (SEKm)	PBT* (SEKm)	EPS* (SEK)	DPS (SEK)	P/E (x)	Yield (%)
12/16	0.0	(26.8)	(1.83)	0.0	N/A	N/A
12/17	0.6	(30.7)	(1.29)	0.0	N/A	N/A
12/18e	1.5	(41.8)	(1.77)	0.0	N/A	N/A
12/19e	3.8	(58.8)	(2.51)	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.

CAD-score – a clear indicator of low coronary risk

Acarix's diagnostic device (CADScor) uses a highly sensitive microphone linked to a minimalist, self-contained processing module to record a patient's diastolic heart sounds. There is a single-use patch. The CADScor V3 algorithm (validated by the Dan-NICAD clinical study) calculates a CAD-score rating. A negative test result was correct in 96% of tested patients, according to [Winther et al \(2017\)](#). The ongoing Dan-NICAD II study will enrol 2,000 patients with suspected stable coronary artery disease to add data, evaluate the test in patients aged 30–39 and should aid acceptance of CADScor among key opinion leaders. The planned 'Seismo' study with 200 patients aims to explore the use of CADScor for the early diagnosis of heart failure.

Bundled sales underway with German focus

Acarix sells CADScor devices bundled with 120 single-use patches. In 2017, there were 10 unit sales, one deferred, plus 1,360 patches. This gave revenues of SEK 638k. We have slightly lowered the 2018 sales forecast to SEK1.5m (formerly SEK1.7m), as the level of repeat patch orders is still uncertain. Higher total sales are possible from 2019 if German public reimbursement is gained; we forecast total sales of SEK3.8m but there is a high level of uncertainty. Gross margin in Q417 improved to 75%, up from 65% in Q3, although it is too early to be clear about whether this is a trend. Total 2017 gross profit was SEK430k. Acarix also sells in Denmark and Sweden, and has discussions underway to establish cost-effectiveness in the UK.

Valuation: Unchanged at SEK19.46/share

Our valuation assumes that sales develop more strongly from 2019 on German reimbursement; management has not issued any forward guidance. We assume a US trial, needed to support US sales forecasts from 2022, starts in 2019 with 2018 preparatory work; this increases our estimated 2018 and 2019 costs. Using a discounted cash flow model, a 12.5% discount rate and a terminal valuation, the indicative value remains at SEK448m, implying a fair value of SEK19.46/share. We will reassess our valuation as quarterly sales and cost data is released.

Healthcare equipment & services

8 May 2018

Price SEK9.00
Market cap SEK207m

Cash (SEKm) at December 2017	103.5
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	0.0	(19.6)	(55.0)
Rel (local)	(5.2)	(22.5)	(54.6)
52-week high/low	SEK22.3	SEK7.9	

Business description

Acarix, a Swedish company with Danish origins, has developed the CE-marked CADScor to enable about half of the patients to be ruled out from further, expensive testing. Full EU sales may start from 2019. US sales might start from 2022.

Next events

Q1 results	23 May 2018
Q2 results	21 August 2018
Q3 results	14 November 2018
2018 results	20 February 2019

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Exhibit 1: Financial summary

SEK000s	2016	2017	2018e	2019e
Year end 31 Dec	IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS				
Revenue	-	638	1,466	3,816
Cost of Sales	-	(208)	(379)	(1,164)
Gross Profit	-	430	1,087	2,652
EBITDA	(26,790)	(29,211)	(39,413)	(56,348)
Operating Profit (before GW and except)	(26,790)	(30,743)	(41,768)	(58,703)
Intangible Amortisation	-	(1,261)	(2,084)	(2,084)
Exceptionals	-	-	-	-
Operating Profit	(26,790)	(32,004)	(43,852)	(60,787)
Other	(24,250)	-	-	-
Net Interest	(15)	7	(25)	(50)
Profit Before Tax (norm)	(26,805)	(30,736)	(41,793)	(58,753)
Profit Before Tax (FRS 3)	(51,055)	(30,736)	(41,793)	(58,753)
Tax	2,815	960	960	960
Profit After Tax (norm)	(23,990)	(29,776)	(40,833)	(57,793)
Profit After Tax (FRS 3)	(48,240)	(29,776)	(40,833)	(57,793)
Average Number of Shares Outstanding (m)	13.1	23.0	23.0	23.0
EPS - normalised (öre)	(183)	(129)	(177)	(251)
EPS - FRS 3 (öre)	(368)	(129)	(177)	(251)
Dividend per share (öre)	0.0	0.0	0.0	0.0
Gross Margin (%)	N/A	67.4	74.2	69.5
EBITDA Margin (%)	N/A	N/A	N/A	N/A
Operating Margin (before GW and except.) (%)	N/A	N/A	N/A	N/A
BALANCE SHEET				
Fixed Assets	23,123	25,191	22,836	20,481
Intangible Assets	18,179	20,351	18,267	16,183
Tangible Assets	0	0	0	0
Acquired rights	4,944	4,840	4,569	4,298
Current Assets	150,163	108,865	70,386	14,948
Stocks	0	1,945	1,945	1,945
Debtors	1,643	2,468	2,468	2,468
Cash	145,895	103,457	65,013	9,575
Other	2,625	995	960	960
Current Liabilities	(17,771)	(5,118)	(5,118)	(5,118)
Creditors	(4,404)	(1,464)	(1,464)	(1,464)
Short term borrowings	0	0	0	0
Short term leases	0	0	0	0
Other	(13,365)	(3,653)	(3,653)	(3,653)
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	128,938	88,104	30,311
CASH FLOW				
Operating Cash Flow	(12,042)	(42,960)	(39,404)	(56,398)
Net Interest	(15)	0	0	0
Tax	3,001	2,421	960	960
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)	(38,444)	(55,438)
Opening net debt/(cash)	(2,121)	(145,895)	(103,457)	(65,013)
HP finance leases initiated	-	-	-	-
Other (FX movements)	(620)	(118)	-	-
Closing net debt/(cash)	(145,895)	(103,457)	(65,013)	(9,575)

Source: Acarix reports, Edison Investment Research forecasts

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