

Morning Update



7th January 2021

PIXIUM VISION

- Healthcare
- MedTech

CORPORATE

TARGET PRICE	EUR3.4 VS. EUR5.3 (+171%)
SHARE PRICE	EUR1.25
EPS 3Y CAGR	NM

Combination with Second Sight, a smart way to raise funds

Pixium Vision to become a holding

As a reminder, Pixium Vision announced yesterday a combination deal with Second Sight in the US. With this transaction, Pixium will become a holding company and a major shareholder (60%) of Second Sight with the latter being the owner of former Pixium's assets. At the same time, Second Sight will create a subsidiary, owned at 40%, which will hold the Orion asset from Second Sight. The remaining 60% will be owned by existing Second Sight shareholders. We also understand that this new subsidiary should be a public company which will have to find its own funds to finance the development of the Orion system. That is why we estimate that "industrial" synergies would be minimal as well as cost savings.



If Pixium will hold a majority of Second Sight before the raise of USD25m, it could not be the case after although Pixium will remain a major shareholder of Second Sight. That said, CEO said that Pixium would fully consolidate Second Sight, meaning that the PP could be adjusted in size to maintain Pixium above the 50.01% threshold.

Also, a "global integration" of Second Sight by Pixium means that it will remain attractive for an investor to stay a shareholder in Pixium rather than become a direct shareholder in the daughter and operational company Second Sight, although some might consider making the arbitrage.

A combination to finance Prima system development

We believe this new structure is a good way to have access to NASDAQ and US funds to finalize the development of PRIMA system especially since Pixium was clear that the USD25m to be raised will be mainly directed towards the final development of the PRIMA system. The pivotal trial PRIMavera should start soon in order to get a CE mark by the end of 2022. Pixium estimates the costs of this pivotal study at EUR50m. This means that the company will need to raise new funds sometimes in 2022 which could be easier with the new structure. Pixium Holding will have to follow the raise to keep its stake in Second Sight.

Target Price decreased to EUR3.4 due to lower peak sales

During the conference call, Pixium gave an idea of what could be the sales growth trajectory and the potential peak sales for Prima system. The company estimates that sales should reach about USD450m twelve years after launch. Our previous estimate was a peak sales of EUR720m. The adjustment to our Pixium estimate led us to decrease our TP from EUR5.3 to EUR3.4.

Jean-Jacques Le Fur, PharmD | 33(0) 1.70.36.57.45 | jjlefur@bryangarnier.com

[Click here to download document](#)

Market Data	
Bloomberg / Reuters	PIX FP/PIX.PA
Market Cap.	EUR55m
E.V.	EUR54m
Free Float	65.5%
Avg. Daily volume (6m)	547.4
12m high / low	EUR1.3 / EUR0.5
Ytd Perf.	61.4%

EURM	12/19	12/20e	12/21e	12/22e
Sales	1.8	1.7	1.7	1.7
% Change		-3.6%	0.0%	0.0%
EBITDA	-8.3	-8.6	-13.8	-14.2
% Change		-3.4%	-61.1%	-3.1%
EBIT	-8.8	-9.1	-14.4	-14.8
% Change		-3.5%	-57.7%	-3.1%
Net Income	-9.9	-9.4	-14.4	-14.8
% Change		4.8%	-52.8%	-3.1%
ROE	NM	NM	NM	NM

	12/19	12/20e	12/21e	12/22e
EV/Sales	30.3x	33.4x	41.3x	49.7x
EV/EBITDA	NS	NS	NS	NS
EV/EBIT	NS	NS	NS	NS
EPS	-0.44	-0.21	-0.33	-0.34
% change		51.6%	-52.8%	-3.1%
P/E	NM	NM	NM	NM
Div Yield	NM	NM	NM	NM

Next Catalyst :

19/02/2021: FY 2020 results

Last rating Change:

2019-3-27, Love is No Longer Blind

Last FV Change:

2019-7-25, 1H 19 : Structuring the development and regulatory strategy

Last Reports:

2021-1-6, PIXIUM VISION (CORPORATE, TP U.R.) | Pixium to merge with Second Sight.

Bryan Garnier stock rating system

For the purposes of this Report, the Bryan Garnier stock rating system is defined as follows:

Stock rating

CONVICTION BUY	The highest possible rating, based on a very strong conviction in the mid/long-term outlook and strategic choices made by a company, and should therefore be reflected in the extent of upside in the associated target price. There is no reason to limit the number of CONVICTION BUY ratings, however they must also reflect some kind of preference in relative terms within a sector.
BUY	This rating should traditionally be applied to companies for which we expect a positive absolute share price performance over a 6 to 12 month period. The opinion is based not only on the TP (which represents theoretical upside relative to the current share price over a 12-month period) but also takes into consideration a number of other factors that may include a SWOT analysis, momentum, technical aspects or the sector backdrop.
NEUTRAL	This rating is the equivalent of a recommendation not to trade in a stock in the short term, either as a buyer or a seller, for many potential reasons. The view is intended to be temporary since it has been proven that few stocks actually remain within a narrow -5%/+5% range over a long period of time. The rating is particularly valid in exceptional market conditions. Our intention is to limit the total number of NEUTRAL ratings to 20%.
SELL	This rating should traditionally be applied to companies for which we expect a negative absolute share price performance over a 6 to 12 month period. The opinion is based not only on the TP (which represents theoretical downside or overly-low upside from the current share price over a 12-month period) but also takes into consideration a number of other factors that may include a SWOT analysis, momentum, technical aspects or the sector backdrop.
CONVICTION SELL	This is the lowest possible rating reflecting a strong disagreement with the main strategic choices made by a company, pointing to the risk of de-rating and value destruction and which is obviously also reflected in downside potential between the share price and the target price.
NOT RATED	Covered stocks may be "Not rated" when we view them as being interesting for one or several strategic themes in our universe, but consider that we do not have a general enough perspective or overall assessment of them to be able to issue a rating. As such, our comments are limited to topics where we believe we can add value. More specifically, quarterly earnings will not be commented on per se.
TOP PICK	At the start of every calendar quarter, we issue a list of our preferred stocks across the coverage universe and specific to each sector. Top Picks are stocks for which we expect the quarterly performance to be very positive, on the back of short-term catalysts. Unlike recommendations that usually rely on fundamental aspects and reflect mid to long-term opinions, Top Picks must represent a selection of expected strong performers over a short period of time, therefore focusing on momentum. Top Picks must be either BUY or CONVICTION BUY-rated stocks and must show upside potential to their TP. Top Pick is not a recommendation per se but an extra status for a stock.
TARGET PRICE	As of September 2020, we are moving our historical FV (Fair Value) system to share our views on the theoretical valuation of a company, to a TP (Target Price) system. The main reason behind this change is to provide flexibility in reflecting the different scenarios and assumptions we make for each investment case. FV was the theoretical valuation of a company NOW. TP will be the theoretical value of a company over a standard 12-month period. With this new system, it will therefore be possible to include many more scenarios, to make more accurate and precise assumptions and to some extent, to project ourselves at the right time for the purpose of the investment case. With TP instead of FV, we should also be more aligned with our ratings, which is always better for a good global understanding of our opinions.

Distribution of stock ratings

Conviction BUY ratings 9% BUY ratings 54.8% NEUTRAL ratings 19.4% SELL ratings 16.8% Conviction SELL ratings 0%

ESG

E S G	GREEN	The highest possible rating, reflecting a positive overall assessment of the company re pre-defined criteria.
	ORANGE	The rating means that we have identified at least one topic which deserves attention and would require corrective measures.
	RED	This is a red flag. The rating says that there is at least one topic identified that is simply not acceptable at present state.
	GREY	Not rated, mainly because of insufficient data.

Research Disclosure Legend

1	Bryan Garnier shareholding in Issuer	Bryan Garnier & Co Limited or another company in its group (together, the "Bryan Garnier Group") has a shareholding that, individually or combined, exceeds 5% of the paid up and issued share capital of a company that is the subject of this Report (the "Issuer").	No
2	Issuer shareholding in Bryan Garnier	The Issuer has a shareholding that exceeds 5% of the paid up and issued share capital of one or more members of the Bryan Garnier Group.	No
3	Financial interest	A member of the Bryan Garnier Group holds one or more financial interests in relation to the Issuer which are significant in relation to this report	No
4	Market maker or liquidity provider	A member of the Bryan Garnier Group is a market maker or liquidity provider in the securities of the Issuer or in any related derivatives.	No
5	Lead/co-lead manager	In the past twelve months, a member of the Bryan Garnier Group has been lead manager or co-lead manager of one or more publicly disclosed offers of securities of the Issuer or in any related derivatives.	No
6	Investment banking agreement	A member of the Bryan Garnier Group is or has in the past twelve months been party to an agreement with the Issuer relating to the provision of investment banking services, or has in that period received payment or been promised payment in respect of such services.	No
7	Research agreement	A member of the Bryan Garnier Group is party to an agreement with the Issuer relating to the production of this Report.	YES
8	Analyst receipt or purchase of shares in Issuer	The investment analyst or another person involved in the preparation of this Report has received or purchased shares of the Issuer prior to a public offering of those shares.	No
9	Remuneration of analyst	The remuneration of the investment analyst or other persons involved in the preparation of this Report is tied to investment banking transactions performed by the Bryan Garnier Group.	No
10	Corporate finance client	In the past twelve months a member of the Bryan Garnier Group has been remunerated for providing corporate finance services to the issuer or may expect to receive or intend to seek remuneration for corporate finance services from the Issuer in the next six months.	YES
11	Analyst has short position	The investment analyst or another person involved in the preparation of this Report has a short position in the securities or derivatives of the Issuer.	No
12	Analyst has long position	The investment analyst or another person involved in the preparation of this Report has a long position in the securities or derivatives of the Issuer.	No
13	Bryan Garnier executive is an officer	A partner, director, officer, employee or agent of the Bryan Garnier Group, or a member of such person's household, is a partner, director, officer or an employee of, or adviser to, the Issuer or one of its parents or subsidiaries. The name of such person or persons is disclosed above.	No
14	Analyst disclosure	The analyst hereby certifies that neither the views expressed in the research, nor the timing of the publication of the research has been influenced by any knowledge of clients positions and that the views expressed in the report accurately reflect his/her personal views about the investment and issuer to which the report relates and that no part of his/her remuneration was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.	Yes
15	Other disclosures	Other specific disclosures: Report sent to Issuer to verify factual accuracy (with the recommendation/rating, price target/spread and summary of conclusions removed).	No

A copy of the Bryan Garnier & Co Limited conflicts policy in relation to the production of research is available at www.bryangarnier.com

London	Paris	Munich	New York
Beaufort House 15 St. Botolph Street London EC3A 7BB United Kingdom +44 207 332 2500	26 Avenue des Champs-Élysées 75008 Paris France +33 1 56 68 75 20	Widenmayerstrasse 29 80538 Munich Germany +49 89 2422 62 11	Bryan Garnier Securities LLC 750 Lexington Avenue 16th floor New York, NY 10022 United States +1 212 337 7000
Oslo	Stockholm	Reykjavik	Palo Alto
Beddingen 8, Aker Brygge Postbox: 0117 Oslo Oslo 0250 Norway +47 908 45 025	Malmskillandsgatan 32, 6th Floor 111 51 Stockholm Sweden +46 722 401 080	Höfðatorg, Katrínartún 2 105 Reykjavík Iceland +354 554 78 00	394 University Avenue Palo Alto California (CA) 94301 USA +1 650 283 18 34

IMPORTANT INFORMATION

This document is classified under the FCA Handbook as being investment research (independent research). Bryan, Garnier & Co Limited has in place the measures and arrangements required for investment research as set out in the FCA's Conduct of Business Sourcebook.

This report is prepared by Bryan, Garnier & Co Limited, registered in England Number 03034095 and its MIFID branch registered in France Number 452 605 512. Bryan, Garnier & Co Limited is authorized and regulated by the Financial Conduct Authority (Firm Reference Number 178733) and is a member of the London Stock Exchange. Registered address: Beaufort House 15 St. Botolph Street, London EC3A 7BB, United Kingdom.

This Report is provided for information purposes only and does not constitute an offer, or a solicitation of an offer, to buy or sell relevant securities, including securities mentioned in this Report and options, warrants or rights to or interests in any such securities. This Report is for general circulation to clients of the Firm and as such is not, and should not be construed as, investment advice or a personal recommendation. No account is taken of the investment objectives, financial situation or particular needs of any person.

The information and opinions contained in this Report have been compiled from and are based upon generally available information which the Firm believes to be reliable but the accuracy of which cannot be guaranteed. All components and estimates given are statements of the Firm, or an associated company's, opinion only and no express representation or warranty is given or should be implied from such statements. All opinions expressed in this Report are subject to change without notice. To the fullest extent permitted by law neither the Firm nor any associated company accept any liability whatsoever for any direct or consequential loss arising from the use of this Report. Information may be available to the Firm and/or associated companies which are not reflected in this Report. The Firm or an associated company may have a consulting relationship with a company which is the subject of this Report.

This Report may not be reproduced, distributed or published by you for any purpose except with the Firm's prior written permission. The Firm reserves all rights in relation to this Report.

Past performance information contained in this Report is not an indication of future performance. The information in this report has not been audited or verified by an independent party and should not be seen as an indication of returns which might be received by investors. Similarly, where projections, forecasts, targeted or illustrative returns or related statements or expressions of opinion are given ("Forward Looking Information") they should not be regarded as a guarantee, prediction or definitive statement of fact or probability. Actual events and circumstances are difficult or impossible to predict and will differ from assumptions. A number of factors, in addition to the risk factors stated in this Report, could cause actual results to differ materially from those in any Forward Looking Information.

Disclosures specific to clients in the United Kingdom This Report has not been approved by Bryan, Garnier & Co Limited for the purposes of section 21 of the Financial Services and Markets Act 2000 because it is being distributed in the United Kingdom only to persons who have been classified by Bryan, Garnier & Co Limited as professional clients or eligible counterparties. Any recipient who is not such a person should return the Report to Bryan Garnier & Co Limited immediately and should not rely on it for any purposes whatsoever.

This Report is based on information obtained from sources that Bryan, Garnier & Co Limited believes to be reliable and, to the best of its knowledge, contains no misleading, untrue or false statements but which it has not independently verified. Neither Bryan, Garnier & Co Limited and/or Bryan Garnier Securities LLC make no guarantee, representation or warranty as to its

accuracy or completeness. Expressions of opinion herein are subject to change without notice. This Report is not an offer to buy or sell any security.

Bryan Garnier Securities, LLC and/or its affiliate, Bryan Garnier & Co Limited may own more than 1% of the securities of the company(ies) which is (are) the subject matter of this Report, may act as a market maker in the securities of the company(ies) discussed herein, may manage or co-manage a public offering of securities for the subject company(ies), may sell such securities to or buy them from customers on a principal basis and may also perform or seek to perform investment banking services for the company(ies).

Bryan Garnier Securities, LLC and/or Bryan, Garnier & Co Limited are unaware of any actual, material conflict of interest of the research analyst who prepared this Report and are also not aware that the research analyst knew or had reason to know of any actual, material conflict of interest at the time this Report is distributed or made available.

Notice to US investors

This research report (the "Report") was prepared by Bryan Garnier & Co Limited for information purposes only. The Report is intended for distribution in the United States to "Major US Institutional Investors" as defined in SEC Rule 15a-6 and may not be furnished to any other person in the United States. Each Major US Institutional Investor which receives a copy of this Report by its acceptance hereof represents and agrees that it shall not distribute or provide this Report to any other person. Any US person that desires to effect transactions in any security discussed in this Report should call or write to our US affiliated broker, Bryan Garnier Securities, LLC, 750 Lexington Avenue, New York NY 10022. Telephone: 1-212-337-7000.