

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 into 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 estimate led us to decrease our TP from EUR5.3 to EUR3.4.

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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.

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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.
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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.

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