

Imricor Medical Systems Inc

Delivering products for new arrhythmia treatment

Imricor Medical Systems is a US based medical device company focused on the design, manufacture and sale of magnetic resonance imaging (MRI)-compatible products for cardiac catheter ablation procedures to treat arrhythmias. Its products include the Advantage-MR EP Recorder/Stimulator, the Vision-MR Ablation Catheter and the Vision-MR Dispersive Electrode. The Vision-MR Ablation Catheter is the company's prime product and aims to displace conventional procedures using x-ray guided catheters by delivering higher success rates and safer and faster treatment for arrhythmias. The company listed on the ASX in August 2019, raising \$12.1m at \$0.83 per CHESS Depository Interest (CDI) to give a market capitalisation of \$77.13m. It has subsequently raised \$20.3m via an institutional placement at \$1.68/CDI in February 2020. Imricor had planned to raise an additional \$2m through a Share Purchase Plane (SPP) and US placement but abandoned this plan in the face of COVID-19. Since listing, Imricor has obtained CE Mark approval for the sale of its products in the European Union and successfully commercially launched at the Dresden Heart Centre in January. COVID-19 has slowed its planned rollout with hospitals banning external personnel and deferring elective procedures but the company's products are now in use at the Haga Hospital and Amsterdam University Medical Centre and it hopes to have another five sites signing contracts or commencing procedures before mid-October.

Business model

Imricor's prime product, the consumable Vision-MR Ablation Catheter, has secured approval in the EU with an indication for treating type 1 atrial flutter. Imricor intends to seek approval for expanded indications in the future. The company has also obtained EU approval for the sale of the Advantage-MR EP Recorder/Stimulator System and its consumable product, the Vision-MR Dispersive Electrode. It is in the early stages of pursuing regulatory approval for its products in Australia and the US. With approvals in place, Imricor is in the process of selling its capital and consumable products to hospitals and clinics for use in Interventional Cardiac Magnetic Resonance (iCMR) labs. An iCMR lab is an interventional lab fitted with MRI equipment for use in cardiac diagnostic and interventional procedures. Installation of these labs is primarily driven by MRI equipment vendors such as Koninklijke Philips N.V. (Philips) and Siemens Healthcare. Imricor has a collaborative sales distribution agreement in place with Philips, enabling Philips to sell Imricor's capital product as part of its total iCMR installation package. Imricor has entered into an agreement with Germany's purchasing organisation, Sana Einkauf & Logistik GmbH (Sana), with Imricor's products included in Sana's catalogue of approved materials.

Recent company commentary

Imricor reported H1 FY20 revenues of US\$0.28m, up 409% and driven by first product sales of US\$0.17m. Net loss for H120 was US\$5.8m, down 14% on pcp. Imricor had US\$11.4m cash at June 30.

Consensus forecasts are for profitability in CY22

Consensus (one analyst) forecasts for IMR have the company reaching profitability in CY22. The analyst is forecasting that in CY20, IMR reports revenue of US\$4.5m, an EBITDA loss of US\$18.2m and Net Loss of US\$20.4m. Revenues are forecast to rise to US\$17.5m in CY21 with analysts forecasting a net loss of US\$18.4m. Consensus forecasts for CY22 are for revenue of US\$54m, EBITDA of US\$3.6m and NPAT of US\$1.7m.

Historical earnings and ratios

Year end	Revenue (US\$m)	Gross Profit (US\$m)	EBITDA (US\$m)	NPAT (US\$m)	EPS (c)	EV/Sales [^] (x)
12/16a	0.52	0.47	(4.84)	(4.95)	na	na
12/17a	0.43	0.43	(5.81)	(5.91)	na	na
12/18a	1.00	1.00	(4.82)	(5.45)	(13.0)	na
12//19a	0.64	0.26	(6.55)	(13.29)	(22.0)	113.6

Source: Company data *EBITDA and NPAT adj for one-time, non-cash items ^year end price

Medical devices

4 September 2020

Share details

ASX Code	IMR
Share price (3-Sep)	\$1.85
Market Capitalisation	\$208.2M
Shares on issue	112.5M
Net cash at 30/06/2020	US\$11.4M
Free float	47.4%

Share performance (12 months)



Upside Case

- Has CE Mark approval for Europe
- Opportunity to secure approvals in other jurisdictions
- Commercial success likely to yield suitors

Downside Case

- COVID-19 has slowed commercialisation
- Did not meet 2019 prospectus forecasts
- Long lead times to commercial success

Catalysts/upcoming events

- Confirmed additional commercial launches in EU
- Regulatory approvals in US and Australia
- Outcome of clinical trials in CY21 to support further indications

Comparable companies (Aust/NZ)

Compumedics (ASX:CPU), Atomo Diagnostics (ASX:AT1), Cyclopharma (ASX:CYC), Truscree (NZX:TRU)

Top 5 shareholders

Siemens Medical Solutions, USA Inc	8.49%
BlackRock Investment Management	7.95%
Warren G Herreid II	7.78%
Regal Funds Management	6.39%
Mark Tibbles	4.64%

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FINANCIAL SERVICES GUIDE

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