EDISON

Allium Medical Solutions

Business outlook

Continuing to execute on an ambitious plan

Medical devices

Following broad FDA approval for Gardia, Allium anticipates the publication of clinical study results in a leading cardiology journal. Allium believes this will further increase Gardia's attractiveness for both physicians and potential partners. Allium has secured approval for most of its urology stents and soft tissue fixation products in its main markets. We expect additional product approvals during 2018 and sales growth from its distribution deals in new and established markets. Allium's business model is based on distribution agreements with regional partners, with a minimum purchase commitment. New agreements are worth at least NIS192m in total over approximately five years, which supports our 2017–20e revenue CAGR of 57%. Our updated valuation is NIS1.91/share.

Year end	Revenue (NISm)	PBT* (NISm)	EPS* (NIS)	DPS (NIS)	P/E (x)	Yield (%)
12/16	7.4	(22.0)	(0.49)	0.0	N/A	N/A
12/17	7.7	(21.4)	(0.37)	0.0	N/A	N/A
12/18e	14.0	(13.7)	(0.19)	0.0	N/A	N/A
12/19e	21.0	(9.6)	(0.13)	0.0	N/A	N/A

Note: *Normalised, excluding amortisation of acquired intangibles and exceptionals.

Wirion is FDA approved with all atherectomy devices

Gardia Medical's Wirion system has recently gained FDA approval for leg artery catheterisation, becoming the only embolic protection system cleared by the FDA with all atherectomy devices. The product is CE mark approved and marketed in selected US and European centres. We model Gardia as part of the revenue stream and include all approved regions in our model. Allium looks to monetise this opportunity in the form of a strategic agreement with an industry leader. Results from the WISE-LE study will be published in a leading cardiology journal.

Approvals and first orders in China, Mexico & Russia

The CFDA recently approved Allium's complete portfolio of urological stents before a first order worth NIS200k was placed. Furthermore, the first order from its Mexican distributor valued at NIS300k was paid upfront in Q417. In addition, the urethral stents and EndoFast fixation product have been approved in Russia, and Allium expects approval of its ureteral stents and marketing this year. We expect approvals of the ureteral stents and EndoFast in Mexico this year. Our total sales forecasts are unchanged at c NIS14m in FY18 growing to NIS30m in 2020.

Making progress with Allevetix and TruLeaf

Allevetix is Allium's indwelling gastroduodenal sleeve, currently undergoing a first-in-man (FIM) clinical trial in 10 patients with obesity and diabetes for three months. Allium expects to complete the study by year-end; a pivotal trial will commence in 2019. TruLeaf is a mitral valve replacement device currently in preclinical studies.

Valuation: DCF value of NIS1.91/share

We value Allium at NIS1.91/share (NIS1.64 before) using a DCF approach. The upgrade is due to Allevetix, which we now value based on the last funding round. Our overall valuation of Allium remains driven by sales of stents, EndoFast and Wirion in China, Russia and Mexico.

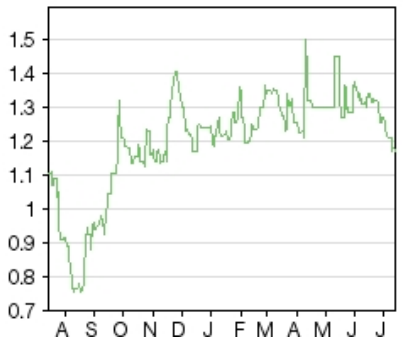
17 July 2018

Price*	**NIS1.17**
Market cap	**NIS84m**

*Priced at 12July 2018

Net cash (NISm) at end 2017	22.95
Shares in issue	71.4m
Free float	60%
Code	ALMD
Primary exchange	TASE
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	(9.9)	(11.4)	4.8
Rel (local)	(9.5)	(15.1)	(1.4)

52-week high/low	NIS1.5	NIS0.8

Business description

Allium Medical Solutions is a company focused on developing and marketing minimally invasive devices in various areas: cardiovascular, metabolic, genitourinary and gastrointestinal. The company has three selling product lines: Allium Stents, IBI (EndoFast) and Gardia Medical. Allium markets its products mainly through distribution agreements.

Next events

Potential strategic agreements for Gardia	2018
Regulatory approval in additional markets for Allium and IBI	2018
Complete Allevetix first-in-human trial	Q418

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Edison profile page

Investment summary

Company description: Minimally invasive products

Allium Medical Solutions is a medical technology company that develops, manufactures and markets minimally invasive products grouped under four medical fields: urology, obesity/diabetes, cardiovascular and urogynecology. Allium has products in different stages, from in-house development to products marketed through its group of companies. In particular, the company offers fully covered urology and biliary stents in different countries, through Allium Stents. Allium provides soft tissue fixation devices sold through IBI and embolic protection devices through its subsidiary, Gardia Medical. Additionally, the company is developing a gastroduodenal sleeve to treat obesity and Type 2 diabetes through Allevetix in a clinical study. Lastly, TruLeaf is a transcatheter mitral valve replacement (TMVR) device in preclinical development. The company is listed on the Tel Aviv Stock Exchange (TASE) and is headquartered in Caesarea, Israel.

Valuation: NIS1.91/share

We now value Allium at NIS117m, or NIS1.91/share (vs NIS1.64) on an undiluted basis using a DCF approach based on a 12.5% discount rate (10% for terminal value), explicit free cash flow forecast for Allium Stents, IBI and Gardia to 2026 and a 2% terminal growth rate. The upgrade is due to Allevetix, which we now value based on the last funding round (NIS30m for Allium's 85% stake). Overall, our valuation of Allium is driven by the anticipated increase in stents, EndoFast and Gardia sales, which should mainly come from the distribution deals in emerging markets (China, Mexico and Russia) as well as established markets. Our base case forecasts are unchanged and imply overall revenue CAGR of 20% for 2018-26e. Delays or difficulties in executing on this ambitious growth strategy could represent significant downside risk to our valuation and vice versa.

Financials: FY17 results, 57% CAGR forecast in 2017-20e

In FY17, sales were up 5% to NIS7.7m vs NIS7.35m in FY16. We expect sales to continue to increase as the distribution agreements in China, Russia and Mexico start generating revenues. We therefore continue to forecast sales growing at a CAGR of 57% in 2017-20e, from NIS7.7m to NIS30m. We estimate operating expenses associated with these agreements to be small as distributors normally support regulatory and marketing activities in their local markets, while committing to purchasing a minimum amount of products over a certain period of time. We continue to forecast EBITDA break-even in 2020. The company raised c NIS19m net in two equity raises during 2017, which we expect to provide runway into mid-2019.

Sensitivities: Execution risk

We base our forecasts and valuation on the company's ability to execute on its ambitious growth strategy, with revenues expanding at a double-digit rate as it continues to gain share in established and new markets. Allium has signed distribution agreements worth c NIS192m, with the bulk concentrated in three emerging countries: China, Mexico and Russia. Commercial, political or economic stability may have an impact on these deals. Regulatory uncertainty and reimbursement are equally important in obtaining the maximum value from these deals. Relying on the private sector may provide a base level of revenues, but we think reimbursement is critical to increase sales. The company's distributors are actively promoting reimbursement codes for each of Allium's products. IBI's EndoFast products may face challenges as a result of the safety issues seen in the products of other competitors. Gardia Medical has had limited revenue expansion so far and depends on either finding a strategic partner or outlining a more ambitious commercialisation strategy. Allevetix and TruLeaf's challenges are related to achieving successful manufacturing and clinical results, and obtaining approval from regulatory authorities.

Commercialisation remains key

The main revenue generators for the company are Allium Stents and IBI Medical's EndoFast products, which generate the bulk of sales (92% in 2017). Allium markets these products through distribution agreements with regional players. In Allium's model, the partner initially sells to private centres and markets to public centres once reimbursement has been achieved. Allium sells its products to distributors at an agreed transfer price, eg an average of NIS2,330 per stent in 2017. A distributor generates around a 50% margin on the final selling price; distributors are subject to penalties in the case of breaching agreement terms (eg being unable to sell pre-agreed volumes). Allium has the right to terminate the agreement, terminate exclusivity or raise prices.

Contracts valued at NIS192m support revenue growth

Over the past three years, Allium has signed distribution agreements with a purchase commitment of at least c NIS192m in total over approximately five years per contract, as shown in Exhibit 1.

Exhibit 1: Distribution deals

Country	Value (NISm)	Period (years)	Start year
Allium Stents			
China	58.0	8	2018
India	5.6	6	2018
Canada	3.7	5	2015
Allium Stents and EndoFast			
Russia	48.0	5	2018
Central & Eastern Europe (15 countries)*	6.3	5	2018
Kazakhstan	5.0	5	2017
Taiwan	3.0	5	2016
Turkey	9.0	5	2015
Argentina	4.5	5	2015
Spain	8.7	5	2015
Mexico	26.0	5	2017
South Korea	4.5	5	2016
EndoFast			
Italy	6.5	6	2016
Total	**191.8**		

Source: Allium Medical Solutions. Note: *This deal substitutes a 2015 agreement for the Czech Republic and Slovakia worth NIS2m over five years.

We include these deals in our revenue forecast, with a particular focus on Mexico, China and Russia, which represent the majority of the revenues from these distribution agreements (NIS132m). In May 2018, the company announced that all stent products had been approved for marketing by the China Food and Drug Administration (CFDA) and in June 2018 the first order of NIS200k from its distributor was placed. The prostatic stents and EndoFast have been approved in Russia and the company expects approval of the rest of stents and first orders in Russia this year. We also expect approvals of the rest of the stents and EndoFast in Mexico this year. We show the detail of these contracts in Allium's key growth markets and our 2018 forecast in Exhibit 2.

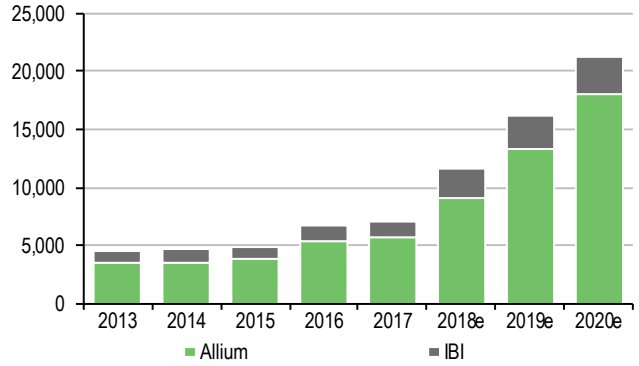
Exhibit 2: Detail of main deals

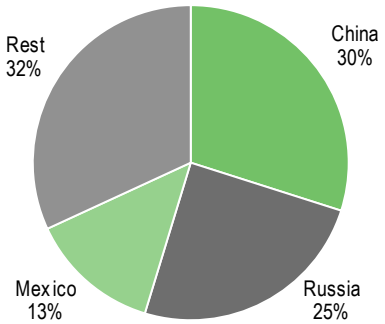
Country	Product approved	Comments	2018 forecast
China	All stent portfolio	First order of NIS200k in June 2018	NIS0.82m
Russia	Prostatic and bulbar urethral stents and EndoFast	Expect approval of rest of stents by end-2018	NIS1.39m
Mexico	Ureteral stents	First order of NIS300k paid in Q417. Expect approval of rest of stents and EndoFast by end-2018	NIS0.38m

Source: Allium Medical Solutions

Additionally, we include revenues in the company's established markets, mainly the EU5, South Africa, Australia and Israel.

Exhibit 3: Allium stents and IBI EndoFast sales forecast, NIS000s





Source: Edison Investment Research

Allium Stents

Ureteral stents are used in pathologies such as kidney stones, urinary incontinence and kidney transplant, to prevent or treat obstruction of the urine flow from the kidney to the bladder. Traditional ureteral stents are 24-30cm long and are called JJ stents or double J stents due to the curl at both ends. Allium's stents are self-expandable, metal stents made of nitinol (nickel titanium), fully covered with a biomaterial that prevents encrustation, tissue ingrowth, stone formation and calcification. Allium's stents are intended to address stenosis in the urethra, ureters, prostate and biliary duct.

Allium Stents products are intended to treat lower urinary tract symptoms (LUTS), which are voiding and storage disturbances that affect the lower urinary tract. LUTS may be caused by a number of conditions such as bladder cancer, nocturnal polyuria prostatitis and, in a significant number of cases, by benign prostatic hyperplasia (BPH). BPH happens when the prostate enlarges and is associated with age. It is estimated that about 40-50% of men between the ages of 51 and 60 and 80-90% of men older than 70 have it. Each year around 150,000 men in the US have transurethral resection of the prostate (TURP), the most common surgery for BPH. However, it is associated with up to 20% morbidity, and risks such as bleeding. Therefore, for patients unfit for TURP or other modalities, minimally invasive solutions such as stenting are needed.

Exhibit 4: Allium Stents product summary

Products	Product description	Status	Comments
Bulbar urethra stent (BUS)	Covered, expandable and retrievable metal stents, anatomically and functionally compatible with specific organs for the treatment of obstructions in the urinary tract and bile duct.	Approved in EU, Israel, Australia, South Africa and South Korea. Approved in China. Prostatic stents approved in Russia and ureteral stents in Mexico. Urological stents approved in Argentina and Canada.	Marketed in Europe, Australia and South Africa. Upcoming marketing activities in Latin America and Asia.
Triangular Prostatic (TPS)			
Round Posterior Stent (RPS)			
Ureteral Stent (URS)			
Ureteral Stent 200			
Biliary Stent (BIS)			

Source: Edison Investment Research, Allium Medical Solutions

Exhibit 5: Selection of stents

Ureteral Stent	Round Posterior Stent	Bulbar Urethra Stent
		

Source: Allium Medical Solutions

EndoFast

IBI (Israel Biomedical Innovations) develops and markets soft tissue fixation products. These products are based on the EndoFast fastening technology, which consists of a device that attaches to soft tissue (ligament, muscle and fascia) and deploys a pull-out force. It is composed of a surgical mesh placed with the Spider Fastener fixation device in the desired anatomic location. Meshes can be retrieved and repositioned, without causing pain or tissue damage.

EndoFast products are trocarless (ie do not use a sharp-pointed instrument to puncture), as opposed to most soft tissue fixation products used nowadays, which have trocars that may cause irritation and damage to internal organs as they pass blindly through the pelvis walls.

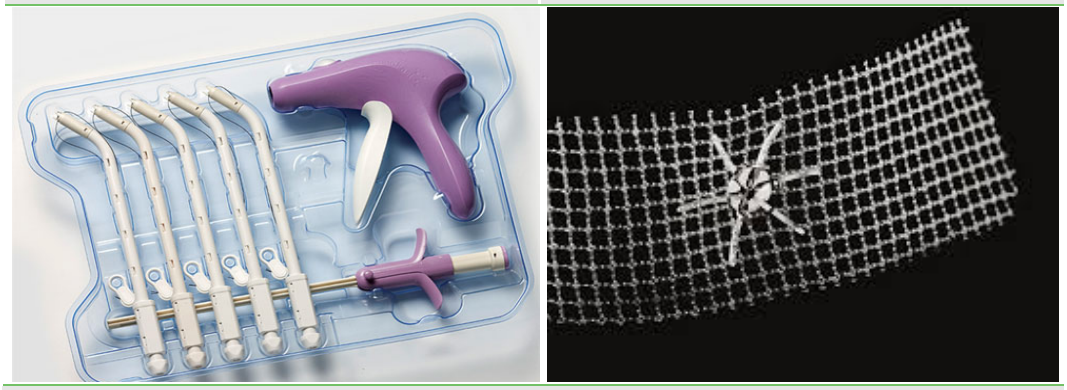
Exhibit 6: EndoFast product summary

Products	Product description	Status	Comments
EndoFast Reliant EndoFast SCP EndoFast MN	Product comprises a mesh and a fixation device for pelvic organ prolapse and urinary incontinence.	Approved in EU and US. Approved in Russia. In regulatory process in Mexico.	Marketed in Europe and Israel. Upcoming marketing activities in Russia and Mexico

Source: Edison Investment Research, Allium Medical Solutions

Exhibit 7: EndoFast system

EndoFast Reliant



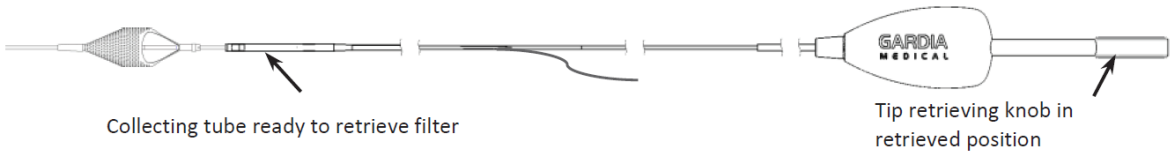
Source: IBI

According to Allium, market research by Millennium Research Group and other sources, the global market is around $1.2bn, with $460m in the US, $345m in Europe and $345 in the rest of the world. This represents about 1m procedures worldwide. The same sources state that the market grew at a 9.5% CAGR from 2008 to 2013.

Wirion

In March 2018 Gardia Medical's Wirion system received FDA approval for leg artery catheterisation. Wirion is an embolic protection device (EPD), which has the competitive advantage of allowing doctors to use any guidewire of their choice and locate the filter anywhere along the guidewire during the procedure. It is approved with all FDA atherectomy devices, as opposed to SpiderFX, which is limited to use with a specific atherectomy device.

Exhibit 8: Wirion retrieval catheter



Source: Gardia Medical

After this FDA approval, Wirion has become the only protection system cleared with all atherectomy devices in the US. It is approved in Australia and New Zealand for embolic protection during carotid artery catheterisation procedures. It is also approved in Israel and Europe for use in all interventional vascular procedures including carotid, coronary, renal and lower extremities.

Clinical data supportive of efficacy and safety

The FDA approval is based on data from the WISE-LE study. In this trial, an independent Clinical Events Committee (CEC) assessed the primary endpoint of freedom from major adverse events (MAEs) 30 days after procedure in patients undergoing LE atherectomy for the treatment of peripheral arterial disease (PAD). The WISE study compared the safety and performance of Wirion to a performance goal based on data from previous studies of SpiderFX, which was the only FDA-approved EPD for the lower extremities. The study met the primary endpoint with a rate of only 1.9% MAEs, vs 12% MAEs in the historical control group.

A sizeable commercial and strategic opportunity

The global EPD market is around $0.5bn at present depending on the source. It was estimated at $200m in 2009, according to Startup Magazine. A Market Wired report pointed to $500m in 2015. In addition to carotid and coronary indications, the large underserved market of PAD could represent a significant opportunity. Med Device Online estimates that there are around 10 million people in the US with PAD, although only 2.5 million are currently diagnosed, leading to 600,000 interventions including stenting, balloon angioplasty, plaque removal and even amputations. Finally, we note that there is strong interest in the market for atherectomy procedures, as demonstrated by the acquisition of the Spectranetics Corporation by Philips in August 2017 for a total enterprise value of €1.9bn. Spectranetics is a medical devices company focused on cardiac devices and PAD. At the time of the acquisition, Spectranetics expected to record revenues of $300m in FY17.

We model Wirion as part of Allium's overall business and valuation, and project revenue of NIS2.4m after launch in 2018, rising to NIS8.6m in 2020. We believe that full FDA approval makes Wirion an attractive product for partnering and there is potential for the company to enter into a strategic transaction for this product as it intends to.

Allevetix: Cash influx to continue development

According to Allium, Allevetix recently raised NIS3.2m from Allium's management, the company's German distributor and additional undisclosed investors. The private placement values the company at NIS35m and leaves Allium owning 85% of Allevetix, vs 100% previously. Allium may consider an IPO for the Allevetix business in the future. Interestingly, one of the clauses for future investment rounds includes a 25% discount in case the valuation is less than NIS72m post-money, giving a hint of the valuation the company may potentially be seeking for the next fund-raise.

The company is developing an indwelling gastroduodenal sleeve as a minimally invasive alternative to gastric bypass surgery for obese Type 2 diabetic patients. The sleeve acts as a barrier to prevent caloric intake in the intestine. Currently it is undergoing a first-in-man clinical trial in 10 patients with obesity and diabetes; Allium expects to complete the study by the end of 2018 and to start a pivotal trial in 2019.

Nearly 13% of the world's adults are obese (body mass index, BMI ≥30) and 39% are overweight (BMI ≥25), according to World Health Organization data from 2014. Furthermore, over 85% of people with Type 2 diabetes are overweight/obese (American Diabetes Association, ADA). The ADA now recommends weight reduction (bariatric) surgery for diabetics with a BMI >35, if glycaemic control by medication/diet is poor (2016 ADA guidelines).

According to Research and Markets, the market for bariatric surgery devices was $2bn in 2017 and is expected to reach $3.2bn in 2026. Bariatric surgery procedures are effective, but require general anaesthesia, have morbidity rates of 3-20% and are irreversible (apart from banding). Although diabetes resolves in a significant amount of cases (completely in 77% of patients), only 1% of the 18 million eligible US adults undergo bariatric surgery, as a result of perceived invasiveness, high morbidity, cost and restricted insurance coverage. Therefore, given these factors, there is room for minimally invasive therapies to expand patient uptake beyond the current 228,000 procedures in the US.

TruLeaf

Allium's TruLeaf device is currently undergoing preclinical trials in large animals. Once preclinical studies are completed, the company will need to run clinical trials in humans for registration in Europe and the US. TruLeaf is a transcatheter mitral valve replacement (TMVR), for the treatment of mitral valve regurgitation. Regurgitation in the heart happens when blood flows backwards and the body does not get the necessary amount of blood. In mitral regurgitation, there is leakage of blood backward through the mitral valve each time the left ventricle contracts. As a result, the heart changes to adapt to pumping more blood, and these changes may lead to heart failure in the long run.

Approximately four million people in the US have significant mitral regurgitation, with an annual incidence of 250,000 newly diagnosed patients. In the EU approximately 20,000 mitral valve repair procedures are performed annually. As no TMVR devices are currently commercialised, the most similar benchmark is Abbott's MitraClip for MV repair, which sells for $30,000. The procedure is not fully reimbursed under Medicare, where the payment is based on a standard, fast coronary angioplasty. MitraClip is limited to patients who are too ill for open-heart surgery. A 2014 report states that 10,000 procedures had used the device and that implantation now takes about 100 minutes.

As we do not usually include preclinical projects in our forecasts or valuation, we are not including TruLeaf until it enters clinical trials and there is more visibility on the development plans.

Sensitivities

Our forecasts and valuation are based on Allium's ability to execute on its business plan. To achieve our financial forecasts, which are broadly based on company's guidance, Allium will need to demonstrate significant growth, which relies heavily on its distribution agreements with local partners. Growth of the Stents and EndoFast business depends largely on obtaining regulatory approvals within reasonable timelines, in particular in Mexico and Russia. The company has achieved a big milestone by securing approval of the stents in China and the first order from its

local partner. Allium has achieved reimbursement in some countries, but in others it relies on the private sector. Furthermore, competition is high in these markets and the ability to maintain certain price levels may prove challenging in sustaining or increasing market share.

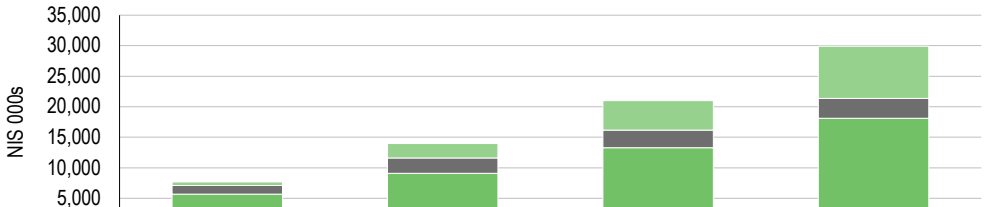
EndoFast devices are advanced soft fixation devices, which are believed to be less invasive than those of competitors, with an enhanced safety profile. However, given previous experience with the first generation of these devices and the fact that certain companies pulled their products from the market, we believe that marketing in the US and other regions may bring challenges in gaining acceptance by doctors and regulators.

With FDA approval for all atherectomy procedures, Gardia Medical's Wirion could attract partnering interest. The company has not provided an update on its negotiations with potential partners or its commercialisation strategy after it won approval in March 2018.

FY17 results and forecast

Allium reported sales of NIS7.7m in FY17, with stents contributing the bulk of revenues (see Exhibit 9). Importantly, the company received its first order for the ureteral stent products in Mexico for NIS300k, paid in Q417. In May 2018, Allium obtained approval of its urological stents in China and received the first order of NIS200k from its distributor in the country. We include this order in our FY18 forecast, which stands at NIS0.82m for stents in China. Our overall sales forecast for Allium is NIS14m in FY18, which implies roughly doubling revenues against the backdrop of anticipated growth in China, Mexico and Russia. We expect further growth in FY19 with forecast revenues of NIS21m.

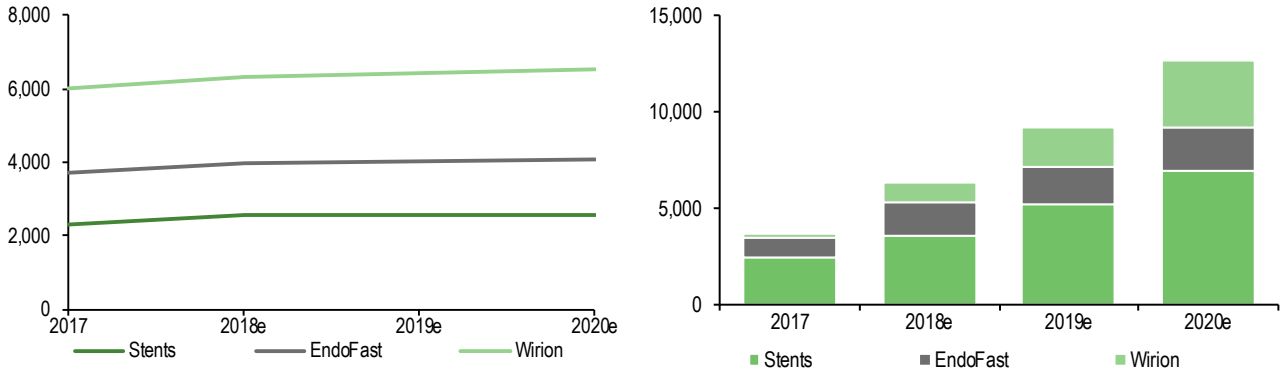
Exhibit 9: Forecast of revenues per product



	2017	2018e	2019e	2020e
Wirion	613	2,359	4,812	8,589
EndoFast	1,371	2,529	2,881	3,248
Stents	5,718	9,084	13,301	18,089

Source: Allium accounts, Edison Investment Research

Exhibit 10: Price per unit and number of units sold



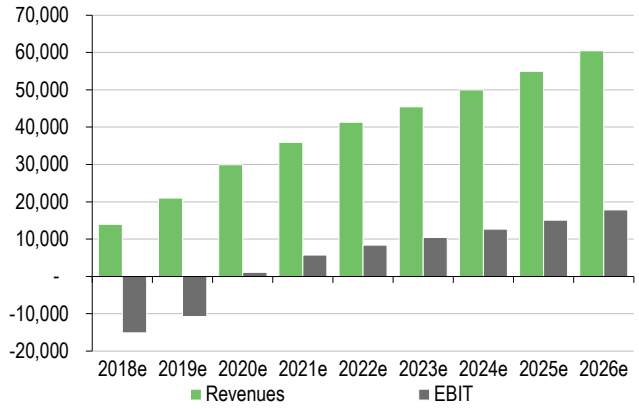
Source: Edison Investment Research

We expect R&D expenses to be NIS10m in FY18, lower than FY17 as the company expects to receive public grants from the Israeli government. R&D expenses in 2018 are mainly associated with the continued clinical development of Allevetix and the preclinical study with TruLeaf. From 2019 onwards we expect a decrease in R&D expenses as the company completes clinical development of Allevetix.

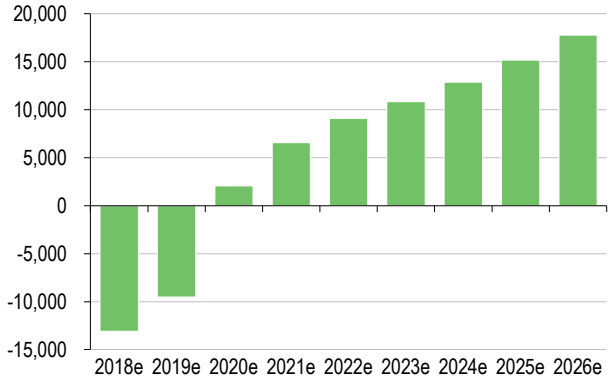
The EBITDA loss in FY17 was NIS20.8m. We forecast an EBITDA loss of NIS13.2m in FY18. The net loss was NIS22.7m. Our net loss forecast is NIS15.2m in FY18, mainly due to the sales increase. We expect Allium to reach EBITDA break-even in 2020.

Exhibit 11: Revenue, EBIT and FCF forecasts

Revenues and EBIT 2018-26e, NIS000s



Free cash flow, NIS000s



Source: Edison Investment Research

In 2017 Allium consumed NIS18.9m in cash (cash flow from operations plus capex) and raised total net proceeds of NIS19.1m. We estimate that net cash, cash equivalents and short-term deposits at end-2017 of c NIS23m provide runway until mid-2019, when we project a cash shortfall that for illustrative purposes we cover with long-term debt of NIS20m. Cash will be spent on the first-in-man study with Allevetix's gastroduodenal sleeve (recently started) and the ongoing animal study with TruLeaf. We keep our capex projections unchanged.

Valuation: NIS1.91/share

Our updated DCF valuation of Allium is NIS1.91 per share (vs NIS1.64 previously), or NIS136.2m, which includes net cash of c NIS23m at end 2017 and an updated valuation of Allevetix. The latter is the main driver of the upgrade. We now value Allevetix based on its last funding round, which resulted in an overall post-money valuation of NIS35m (Allium now owns 85%). Our previous valuation of the company (NIS11m) was based on the estimated book value.

Overall, we maintain our assumptions for revenue CAGR of 20%, margins and earnings growth in the explicit forecast period (2018-26e). We assume approval of the remaining stents and EndoFast in Mexico, as well as approval of all stents in Russia in 2018. Delays to these assumptions, as well as slower than expected execution of the agreements with distributors, would have a pronounced downside impact on the valuation.

Exhibit 12: Allium summary DCF valuation

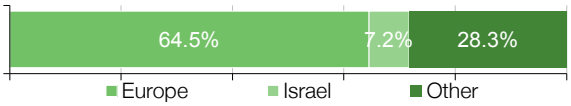
	NIS000s	$000s
PV of explicit FCF forecast (2018-26e)	16,319	4,733
Terminal value (2% TGR)	172,396	49,995
PV of Terminal value	67,190	19,485
Value attributed to Allevetix	29,750	8,033
Total NPV	**113,260**	30,580
Add net cash (end-2017)	22,953	6,656
Implied equity value	**136,213**	**36,777**
Number of shares (m)	71,423	71,42
Per basic share	**NIS1.91**	**$0.51**

Source: Edison Investment Research. Note: US dollar values are based on the spot exchange rate.

Exhibit 11: Financial summary

NIS'000	2016	2017	2018e	2019e
Year end 31 December	IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS				
Revenue	7,353	7,703	13,972	20,993
Cost of Sales	(5,171)	(5,687)	(8,579)	(10,520)
Gross Profit	2,182	2,016	5,392	10,474
EBITDA	(20,377)	(20,826)	(13,174)	(9,014)
Operating Profit (before amort. and except.)	(20,759)	(21,219)	(13,549)	(9,347)
Intangible Amortisation	(1,579)	(1,623)	(1,551)	(1,378)
Exceptionals	(295)	0	0	0
Operating Profit	(22,632)	(22,842)	(15,100)	(10,725)
Net Interest	(1,283)	(163)	(135)	(202)
Exceptionals	0	0	0	0
Other	0	0	0	0
Profit Before Tax (norm)	(22,042)	(21,382)	(13,684)	(9,550)
Profit Before Tax (IFRS)	(23,916)	(22,679)	(15,236)	(10,928)
Tax	0	0	0	0
Profit After Tax (norm)	(22,042)	(21,382)	(13,684)	(9,550)
Profit After Tax (IFRS)	(23,916)	(22,679)	(15,236)	(10,928)
Average Number of Shares Outstanding (m)	44.97	58.19	71.42	71.42
EPS - normalised (NIS)	(0.49)	(0.37)	(0.19)	(0.13)
EPS - IFRS (NIS)	(0.53)	(0.39)	(0.21)	(0.15)
Dividend per share (NIS)	0.00	0.00	0.00	0.00
Gross Margin (%)	30%	26%	39%	50%
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	23,616	22,244	20,417	18,806
Intangible Assets	22,465	20,916	19,364	17,986
Tangible Assets	1,025	1,059	784	550
Restricted cash	126	269	269	269
Current Assets	28,606	29,609	15,815	26,627
Stocks	2,516	2,661	2,278	2,534
Debtors	1,253	1,491	1,531	2,013
Cash, equivalents and short term deposits	23,203	22,953	9,501	19,576
Other	1,634	2,504	2,504	2,504
Current Liabilities	(12,660)	(11,962)	(11,798)	(12,147)
Creditors	(1,890)	(1,987)	(1,823)	(2,172)
Accruals	(936)	(185)	(185)	(185)
Other short term liabilities	(4,124)	(4,373)	(4,373)	(4,373)
Long Term Liabilities	(1,368)	(1,134)	(913)	(20,692)
Long term borrowings	0	0	0	(20,000)
Other long term liabilities	(1,368)	(1,134)	(913)	(692)
Net Assets	38,194	38,757	23,521	12,593
CASH FLOW				
Operating Cash Flow	(17,258)	(18,418)	(13,131)	(9,605)
Net Interest	0	0	0	0
Tax	0	0	0	0
Capex	(220)	(501)	(100)	(100)
Acquisitions/disposals	0	(4,005)	0	0
Financing	13,956	19,125	0	0
Dividends	0	0	0	0
Other	(328)	(456)	(221)	(221)
Net Cash Flow	(3,850)	(4,255)	(13,452)	(9,926)
Opening net debt/(cash)	(27,053)	(23,203)	(22,953)	(9,501)
HP finance leases initiated	0	0	0	0
Other	0	4,005	0	0
Closing net debt/(cash)	(23,203)	(22,953)	(9,501)	424

Source: Company accounts, Edison Investment Research

Contact details	Revenue by geography
2 Ha'Eshel St., PO Box 3081 Caesarea Industrial Park South, 3088900 Israel +972 4 6277166 www.allium-medical.com	

Management team

CEO: Asaf Alperovitz

Mr Alperovitz is a Certified Public Accountant and holds a Bachelor's degree in Accounting and Economics and an MB from Tel Aviv University. He has held C-suite positions at several pharmaceutical and medical devices companies. Before working in the healthcare industry, he was CFO of software company Corigin and later CFO of textile company Tefron. He went on to become CFO of Omrix Biopharmaceuticals, acquired by J&J, and then CFO of Syneron. He held several management positions in the high-tech area of E&Y, both in Israel and in California for eight years. He joined Allium Medical in 2012.

CFO: Ariel Rubashkin

Mr Rubashkin is a Certified Public Accountant and holds a Bachelor's degree in Accounting and Economics from Haifa University and an MBA from Tel Aviv University. Before joining Allium Medical in 2014, he was global VP of finance for medical devices company Syneron and controller at Plastro Gvat.

COO: Shay Arotchas

Mr Arotchas has a BSc in Engineering and Management from Coventry University in London and more than 14 years' experience in IT and operations in the medical device industry. He has been strategic project manager and later head of strategic material planning at Comverse Technologies. He served as the VP of operations in Disc-O-Tech Medical Technologies, which was acquired by Kyphon/Medtronic Corp, before becoming COO of Allium Medical in 2012.

VP of R&D: Ziv Kalfon

Mr Kalfon has over 15 years' experience in developing medical products. He manages the R&D and engineering departments at Allium. Before joining Allium he served five years at GE Healthcare (previously Versamed) in various R&D positions and three years at Mediguide. Ziv holds an MSc in Biomedical Engineering and a BSc in Mechanical Engineering from the Technion Israel Institute of Technology.

Principal shareholders	(%)
Filvest	20.85
The David Milch Family 2010 Trust	9.79
Meitav Dash Investments	9.46
Michael Ilan Management and Investments	8.96

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