

Nexstim

Q319 update shows therapy business momentum

16 October 2019

- Nexstim's Q319 trading update confirms growth in both the number of customers and recurring revenues, with rapid expansion of the installed base of NBT (navigated brain therapy) systems and high system utilisation rates.
- At end-September 2019, the installed base of NBT systems was 22. Eight of have been delivered to US for the treatment of major depressive disorder (MDD); while a total of 14 have been placed across Europe (to hospitals and clinics for treatment of MDD as well as chronic neuropathic pain).
- This does not include the NBT system placed at Stanford University Medical Center (announced in a separate [press release](#)), which is being used for the treatment of hospitalised patients suffering from treatment resistant depression. The first patient has completed the treatment series.
- Growth in the installed base has significantly increased therapy revenues for 9M19 to €1.1m (up 200% on 9M18: €0.4m), with total revenues, including NBS system sales, of €2.0m (up 37% on 9M18: €1.4m).
- Recurring revenues (total therapy sales less NBT capital system sales) is also rising, now representing 61% of total therapy revenue for 9M19. Nexstim is targeting annual revenue of c €100k per NBT system in active established customer sites; in the twelve months ending September 30, 2019, average therapy revenue per NBT system of €81,000 was achieved.

Price	€0.14
Market Cap	€5.0m
Primary exchange	Helsinki
Sector	Healthcare
Company Codes	NXTMH/NXTMS
Corporate client	Yes

Company description:

Nexstim is a targeted neuro-modulation company that has developed a proprietary navigated rTMS platform for use in diagnostics (NBS) and therapeutics (NBT). NBS is used in planning brain surgery while NBT is focused on depression and chronic pain. FDA approval for depression was given in 2017, and the focus is on its commercial roll out in the US, Europe and Asia.

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Trinity Delta view: Nexstim's Q319 update provides further evidence of progress with its depression-focused strategy for the commercialisation of its NBT system. The momentum in system placements (including at high profile customers such as the Stanford University Medical Centre) coupled with their usage is contributing to increased recurring revenues, with average annual revenue per NBT system approaching Nexstim's goal.

The company continues to explore options to strengthen its balance sheet and could raise c £2m before end-November from the exercise of warrants issued with the April capital raise.

We value Nexstim at €19.0m or €0.41/share diluted (in the money options or warrants only). We also highlight that should the company secure a licensing deal with the leading Californian institution (discussions ongoing, see [October 2019 Update](#)), we conservatively believe our valuation of Nexstim could increase by €0.23/share diluted.

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