
Cellnovo 3Q18 - Record sales of €0.7 million up 49% sequentially, 172 pumps shipped; Gen 3 Cellnovo system with Android and Flex manufacturing drives growth - October 31, 2018

Executive Highlights

- **Cellnovo [reported](#) record high revenue of €665,100 (~\$770,000) tripling YOY on a very easy comparison to a 28% decline in [3Q17](#).** Sales increased 49% sequentially and were driven by the start of full-scale insulin cartridge production with Flex ([June](#)) and the launch of Cellnovo's new Gen 3 system with a locked down Android phone handheld ([September](#)). A record 172 pumps were shipped in 3Q18, rising 353% YOY and 142% sequentially from low bases.
- **Cellnovo ended the quarter with just €4.9 million (~\$5.7 million) in cash**, reflecting a sequential cash increase of €0.4 million (~\$0.5 million) from [2Q18](#). The company borrowed €10 million in the quarter and used half to repay a loan, putting estimated cash burn at ~€5 million euros. At the current burn rate, there is one quarter of cash on hand unless more is borrowed/raised.
- **We confirmed with management that Cellnovo plans to file the Gen 3 system with the FDA in early 2019.** There was no update on this front.

Cellnovo announced [3Q18 financial results](#) recently via press release, reporting record high revenue of €665,100 (~\$770,000) tripling YOY on a very easy comparison to a 28% decline in [3Q17](#). Sales were driven by the initiation of full-scale insulin cartridge production with Flex [in June](#) and the launch of Cellnovo's new Gen 3 system with a locked down Android phone handheld [in September](#). Sales increased 49% sequentially from the previous record high of €447,000 (~\$530,000) in [2Q18](#), marking four consecutive quarters of sequential growth - the strongest momentum in the company's young history in this very competitive field.

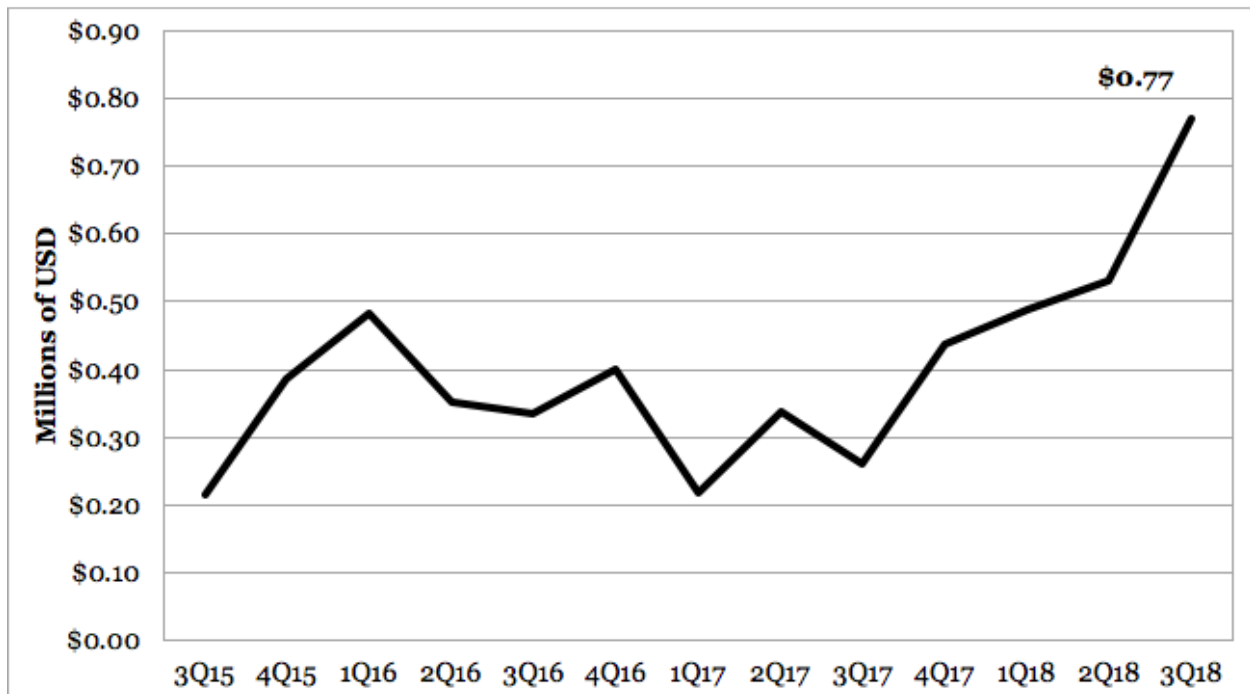
Cellnovo shipped a record 172 pumps in 3Q18, rising 353% YOY and 142% sequentially. This marks three straight quarters of YOY increases, an encouraging sign that the manufacturing scale-up is freeing Cellnovo to serve demand unconstrained. Of course, competitive pressure in Europe continue to rise: Medtronic's just-launched MiniMed 670G, Tandem's fresh EU entry (t:slim X2/G5), Insulet's new direct distribution, Roche's Solo, and Ypsomed.

Cellnovo ended the quarter with just €4.9 million (~\$5.7 million) in cash, reflecting a sequential cash increase of €0.4 million (~\$0.5 million) from [2Q18](#). Cellnovo has drawn the first €10 million tranche from a €20 million financing [agreement](#) with Kreos, and used €5 million to repay a loan. This puts estimated cash burn at ~€5 million euros in the quarter, meaning there is one quarter of cash on hand until more money is borrowed/raised. It sounds like the financing agreement has €10 million left, meaning two quarters of cash could still come in. Still, there is not much breathing room here, and continued increases in sales will certainly help on the fundraising front.

- **Yesterday, Cellnovo [announced](#) a distribution agreement with Diabetrics for the commercialization of the Cellnovo System in Colombia, marking an ambitious planned entry into South America.** According to the [press release](#), Diabetrics is the national leader for BGM commercialization and post-sales technical support. The regulatory process is currently underway, and Cellnovo expects the first sales in Colombia in 2Q19. Per the [press release](#), Columbia is the largest insulin pump market in South America with an advanced healthcare system. This is the first we can recall a diabetes tech company targeting this country - we'll be interested to see what impact it can have on Cellnovo's sales/uptake.

- **We confirmed with management that Cellnovo plans to file the Gen 3 system with the FDA in early 2019 - a booth representative at [EASD](#) mistakenly shared that the system had already been filed.** No other updates were provided in this update. Given the US competition Cellnovo will face from more established pump companies and AID offerings, we're glad it modified the submission to the latest handheld with a touchscreen and Android software.
- **Also at [EASD](#), we learned that Cellnovo is "getting ready for a trial" with TypeZero (now [owned by Dexcom](#)) - we wonder if this is the three-day trial previously planned for June or a subsequent study.** The first arm of the [Diabeloop study](#) was completed with the Cellnovo pump, but the second arm is reportedly ongoing with the Kaleido pump. Lastly, a feasibility trial from the EU-funded [PEPPER project](#) is "ending" in Spain and the UK, and the system is about to go into a pre-CE Mark validation study.

Cellnovo Quarterly Sales (3Q15-3Q18)



-- by Maeve Serino, Adam Brown, and Kelly Close