

# NeedleSmart

## Melting Away Needlestick Injuries

- **NeedleSmart has developed innovative devices to render safe hypodermic needles in clinical and other settings.** Its family of products have the potential materially to reduce needlestick injuries (and the consequent anxiety, clinical testing and other associated costs) and to reduce the cost of sharps disposal. The products incorporate a clamp-and-compress technology, are portable and are suitable for use in a spectrum of environments. The CEO is an engineering and product design and development professional.
- **Direct competition is challenged and indirect competitors are costly while market size is substantial.** Competitor products in our view, are considerably more expensive and many directly competing products are less acceptable in clinical environments due to the risk of sparking. We estimate that in the UK alone, circa 300 needlestick injuries occur daily with a per-event cost of circa £1,000.
- **Potential DCF valuation of £57.2m.** A 20-year Discounted Cash Flow valuation, using peak market shares of 7.0% in the UK, 5.0% in Europe, 5.0% in the US, and 3.0% in the Rest of the World and a 20.0% WACC produces a £57.2m Enterprise Value.
- **Risks.** The key risks to the achievement of our estimates and valuation, including the risk that the company fails and is worthless, are performance in clinical trials, regulatory approval, cost and cash management in the initial years, obtaining broad distribution to and traction with key customers in a timely fashion, competition (particularly from substitute products or from large medical devices incumbents with strong distribution), and pricing pressure from competitors or customers.

### Electrical Devices Sector

#### Safety Devices

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	2019E	2024E	2029E	2034E
Devices sold (m)	0.0	0.5	0.7	1.0
Revenue (£m)	0.9	115.7	194.8	313.0
Operating margin (%)	-268.3%	34.1%	46.4%	56.3%
Net profit (£m)	-1.9	25.3	59.5	117.2
Free cashflow to the firm (£m)	-2.2	21.6	57.5	113.2

Source: Quantum Research & Valuation Ltd.

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