

Orsus

New Light on Glucose Testing for Diabetics

- **Orsus is developing a novel device for measuring blood glucose levels that could significantly improve diabetic testing.** Its non-invasive blood glucose measurement device may increasingly replace the current, invasive use of skin punctures, blood droplets and test strips. The Device is portable, suitable for personal testing and integration with smart devices. The CEO is a microwave electronics and medical technology professional.
- **Direct competition is limited, though with numerous indirect competitors, and market size is substantial.** Diabetes is one of the major non-communicable diseases. It affects 8.3% of the world's population and regular blood glucose testing is key for diabetics. Competitor products in our view, are broadly more invasive or discomfiting or less accurate or considerably more expensive or are yet to come to market.
- **Potential DCF valuation of £150.6m.** A 21-year Discounted Cash Flow valuation, using peak market shares of 5.0% in Europe, 4.0% in the US, and 3.0% in the Rest of the World and a 20.0% WACC produces a £150.6m 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 finalisation of an effective design, performance in clinical trials, regulatory approval, cost and cash management in the initial years, obtaining broad distribution to key customers in a timely fashion, competition (particularly from large medical devices incumbents with strong distribution), and pricing pressure from competitors or customers.

Medical Devices Sector

Medical Electronics

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Orsus Key Financial Forecasts

	2015E	2019E	2024E	2029E	2034E
Devices sold (m)	0.0	0.0	0.2	0.7	0.9
Revenue (£m)	0.0	0.0	105.1	444.0	576.3
Operating margin (%)	-	-	75.0%	78.5%	80.6%
Net profit (£m)	0.0	-4.4	51.6	231.4	316.2
Free cashflow (£m)	0.0	-4.9	42.4	232.1	307.1

Source: Quantum Research & Valuation estimates

Quantum Research & Valuation Ltd.

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