

Nemaura Medical Inc

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Nemaura is a red hot medtech stock with a winner in its painless sugarBEAT glucose monitor

Nothing excites inventor and entrepreneur Dr Faz Chowdhury more than a good dare. The pharmaceutical scientist received his PhD in Nanomedicine from the University of Oxford. As a young undergrad, Chowdhury spent a year interning with industrial and healthcare heavyweight 3M where he received a challenge from a star professor.

"In the first week, they gave me a box of powder, a tablet formulation they were trying to fix. Remarkably, there was a note inside the box from a top professor of pharmaceuticals," Chowdhury told Proactive Investors.

"The note said 'This isn't Possible.' Here's the thing, I had to pick up the gauntlet."

Three months later, Chowdhury solved the riddle through lateral thinking and 3M promptly filed for a patent.

Today, Chowdhury holds 50 patents on drug delivery systems and sensors, across 15 technology platforms. He is also the brains behind Loughborough, UK-based medtech company Nemaura Medical Inc (NASDAQ:NMRD) which is bringing disruptive innovation to healthcare.

"Rather than developing a technology and then finding an application for it, I've always concentrated on areas where there's an unmet need," said Chowdhury, who is the CEO of Nemaura Medical.

Breakthrough medical technology

As a result, Nemaura is seeking to change how patients and doctors monitor diseases. Replacing traditional invasive methods of diagnosis, the company's patent-protected BEAT technology allows for remote monitoring of a patient's condition through a disposable skin-patch.

Just by passing a mild, non-perceptible electric current across the skin, the company's new breakthrough BEAT technology draws select molecules, such as glucose, into the disposable skin-patch. These molecules are picked up from the interstitial, or tissue fluid which pools naturally just below the top layer of skin. With the help of a Nano-sensor, the patch then measures the molecules, giving a person a quick clinical read and diagnosis. The technology has broad applications and can help with diabetes management, and measure blood lactate levels in patients in intensive care.

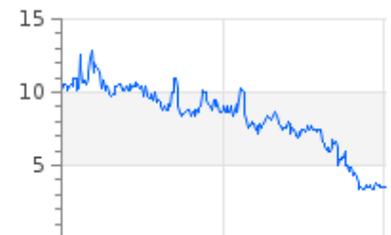
Magnitude of the opportunity

For now, Nemaura is using its BEAT technology to battle diabetes. It's on the cusp of seizing a \$3 billion European market opportunity for continuous glucose monitoring (CGM) devices with its eponymously named sugarBEAT, the world's first painless, non-invasive glucose monitor.

Price: 3.45

Market Cap: \$71.79 m

1 Year Share Price Graph



January 2019 July 2019 January 2020

Share Information

Code: NMRD

Listing: NASDAQ

52 week	High	Low
	19.3	3.22

Sector: Medical technology & services

Website: www.nemauramedical.com

Company Synopsis:

Nemaura Medical Inc. is a medical technology company which has developed sugarBEAT® as a non-invasive, affordable and flexible continuous glucose monitor (CGM) designed to improve glucose management for all people with diabetes and pre-diabetics.

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The advanced device could prove a boon for 3.7 million people aged 18 or older who are living with diabetes in the UK.

Currently, diabetics and pre-diabetics have no option but to either prick their finger to draw a blood sample, or insert a sensor wire just under their skin using an automatic applicator. The insertion of a CGM device is painful, to put it mildly.

"I can't see a scenario where a pre-diabetic would want to stick a sensor inside his arm and keep the device there for a few days," said Chowdhury.

"The key difference between existing technologies and sugarBEAT is that with those you have a sensor which is up to 10 to 12 millimeters long that has to be inserted inside the skin. To insert it you need a needle and once you remove the sensor you can't re-use it as it must be sterile. That's one of the biggest downsides of the technology."

Since sugarBEAT doesn't require needles or insertion it will challenge entrenched players like DexCom Inc (NASDAQ:DXCM) which markets the Dexcom G6 and Abbott Laboratories (NYSE:ABT) Libre System.

"If you want to wear sugarBEAT for eight hours, you can do that. If you choose to wear it three times a week, you can do that whereas with the Libre and Dexcom once you've inserted the sensors you are stuck with wearing the devices for 10 to 14 days," said Chowdhury.

SugarBEAT consists of a daily disposable adhesive skin-patch connected to a rechargeable transmitter, with an app displaying glucose readings every five minutes for periods up to 24 hours. The genius of sugarBEAT lies in its skin-patch technology which allows for better glucose management.

Near term revenue

Since Nemaura is a pre-revenue company you must look at what the competition is doing to figure out revenue potential. Dexcom which has had its device on the market for eight years has roughly 300,000 patients.

On the other hand, it's more nimble competitor Abbott Laboratories which launched the Libre System four years ago is already hitting over a million patients. Most of them are Type II insulin requiring patients.

"It just goes to show that if you've got a device that has form factor, usability, then it opens up a broader market. The sugarBEAT caters to Type I and Type II diabetes patients, and is also expected to be used for screening pre-diabetics," said Chowdhury.

Abbott's Freestyle Libre 14-day system generates strong sales and was expected to net roughly \$1 billion in sales in 2018.

The diabetes market is large enough to support Abbott, Dexcom and Nemaura.

"The market unfortunately is vast. There are literally over 450 million diabetics and over twice as many prediabetics in the world," said Chowdhury.

According to the Centers for Disease Control and Prevention, more than 100 million Americans have diabetes or prediabetes, the precursor to diabetes marked by higher than normal blood sugar levels.

Given the high rate of diabetes, Europe represents a \$3 billion market opportunity, while the United States is a \$4 billion market.

Nemaura is eyeing strong revenue, profitability and cash flow with sugarBEAT on the cusp of launching in the UK, followed by the rest of Europe in 2018. Its price is expected to be comparable to the cost of using glucose meters and strips.

Bullish investment case

Deciding how to value pre-revenue companies is often like deciding how much a one-of-a-kind painting should be

worth. However, with Nemaura its easier because medical technology stocks live and die by regulatory decisions. And, sugarBEAT which has been in the making for seven years is expected to receive CE approval in the UK soon.

"We're anticipating a soft launch in the UK by the end of the year on the assumption that we will achieve that CE mark, followed by launches in multiple territories early next year. It's exciting times for the company," said Chowdhury.

With the UK launch, Nemaura which has a market cap of roughly \$408 million, will get traction and near-term revenue.

Most significantly, the company is still cash-rich with over \$3 million in its kitty and no debt.

"Financially we are in a good position. If you look at Dexcom which has been on the market for eight years, only next year are they going to break even. But our cash projections show that even if we get 20,000 to 30,000 patients in 2019 we will make a profit by the end of the year," said Chowdhury.

Investors are likely to pile into Nemaura stock as it's rare for high-tech companies in the medical device field to swing to profitability so quickly. It will be hard to catch the stock at \$2 once sugarBEAT launches in the UK.

"If you look at Dexcom, it has 300,000 patients and their stock price is \$136 while we are at \$2. Even if we went up to \$20 that's a tenfold increase. That's a phenomenal upside. We are going to be doing everything in our capability to ensure we exploit the technology and launch in as many territories as soon as possible," said Chowdhury.

Early investors are likely to enjoy an upside as the company begins to generate revenues. There's very little investment risk as a predecessor sugarBEAT device based on a wired wrist-watch form factor, received CE Mark approval in 2016.

The little engine that could

Nemaura is like the proverbial "little engine that could." It's working on futuristic sensing technology that has caught the eye of the big boys. In the medical industry two thirds of products come from upstart small companies with big ideas like Nemaura.

"We are looking to the future and we have filed patents for new generation devices. Several multinational corporations have asked us if we would divulge our intellectual property details," said Chowdhury. "We've declined to share specifics. We're not being complacent and have come up with new sensing technologies as we look to where we want to be in five-to-six years with the aim of being market leaders."

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