

Tissue Regenix Group PLC

10:51 20 Feb 2019

Tissue Regenix continues regeneration as it targets breaking even by 2020

- Regenerative medical devices maker with two proven technologies
- Full-year revenues more than doubled last year
- Remains on track to hit target of breaking even by 2020
- Jefferies has a 10p share price target

What it does:

Regenerative medical devices maker Tissue Regenix PLC (LON:TRX) has products spanning wound care, orthopaedics and cardiac applications which are based on two proven technologies.

The first, dCELL, removes cellular and DNA material from biological tissues, leaving intact a scaffold upon which the patient's cells can regenerate and repopulate.

The AIM-listed company, which was spun out from the University of Leeds in 2006, uses dCELL Technology its DermaPure product for the healing of chronic wounds.

The other technology, BioRinse does a similar job killing micro-organisms, bacteria and spores as well as removing debris, blood, bone marrow and lipids.

It is key to the process used to create regenerative scaffolds used by surgeons developed by CellRight - the Texas-based biotech Tissue Regenix bought in August 2017.

CellRight provides osteobiologics for use in orthopaedic, spine and foot, and ankle procedures to enhance healing of defects caused by trauma or disease.

How's it doing:

Earlier this month, Tissue Regenix reported full-year results showing revenues more than doubled last year and that it remains on track to hit its target of breaking even by 2020.

The company saw revenue jump to £11.6m in the 12 months ended 31 December 2018, up from £5.2m a year earlier.

The performance left Tissue with £7.8m of cash in the bank - more than it had expected - and bosses expect to see more top-line growth in 2019 which should take Tissue a step closer to profitability.

Tissue said the strong top-line performance was also aided by rising demand for its products across all three of its divisions, while CellRight - the Texas-based biotech it bought in August 2017 - chipped in with its first full year of revenue.

An exclusive distribution agreement with ARMS Medical Revenue - signed in the first-half - helped revenue in its Biosurgery business jump 79% higher to £3.4m (2017: £1.9m).

Price: 4.45p

Market Cap: £52.15M

1 Year Share Price Graph



Share Information

Code: TRX

Listing: AIM

52 week High Low
10.70p 3.10p

Sector: Pharma & Biotech

Website: www.tissuregenix.com

Company Synopsis:

TISSUE REGENIX GROUP is a pioneering, international medical technology company, focusing on the development of regenerative products utilising our two platform technologies, dCELL®, addressing soft tissue needs, and BioRinse™, providing inductive bone allografts. We are helping to transform the treatment of patients in three key areas: BioSurgery, Orthopaedics & Dental and Cardiac.

Author:

Proactive Investors Ltd

+44 (0)207 989 0813

action@proactiveinvestors.com

Orthopaedics & Dental sales climbed by a third on a proforma basis to £6.4mIn (2017: £4.9mIn) reflecting a deal with Arthrex in the US last March, to distribute CellRight's proprietary 'BioRinse' portfolio across Europe, with the initial focus on the UK

A milestone in the first-half was the UK regulatory sign-off for the BioRinse portfolio, while the manufacturing of DermaPure, the company's wound care product, has been successfully transferred to the CellRight facility in Texas ahead of schedule.

To help manage the increasing popularity of its products, Tissue is adding a second shift to the rota at its manufacturing facility in San Antonio.

In the same statement, TRX confirmed Jesus Hernandez, the chief executive of its CellRight business, is to retire from his position later this quarter. Daniel Lee, who joined the group last month, will take over the reins.

In December, Tissue announced that its chief executive Steve Couldwell would temporarily step aside in January in order to undergo medical treatment. The group said Couldwell is expected to be out of action until March.

In his absence, chairman John Samuel took over as Tissue's executive chairman, while chief financial officer Gareth Jones will take on the role of chief operating officer - both on an interim basis

Jones only joined Tissue as its CFO at the end of October, earlier than expected having completed the handover process in his previous position as the chief number cruncher at Applied Graphene Materials PLC (LON:AGM).

What the (interim) boss says - chairman John Samuel:

"The group is now well-placed to deliver further organic growth and expand our commercial footprint, both with new partnerships and into new territories.

"The board is confident that during 2019 we will continue to deliver top-line revenue growth, moving closer to our goal of sustainable profitability."

Blue Sky

In a healthcare sector review in January, analysts at Jefferies International said, in their view, the equity story for Tissue Regenix has further de-risked given recent strategic/commercial milestones.

They added: "We expect recent BioSurgery momentum to continue, supported by distributor agreements and increased account penetration."

In particular, the analysts noted, Tissue Regenix is focusing on the EU launch of Orthopure XT, which may offer a greater long-term opportunity than Dermapure, with the form aiming to submit an application for CE mark approval by the end of 2018 with a potential commercialisation date in the first quarter of 2019.

The Jefferies analysts also said: "We believe the combined technology platforms would strengthen the opportunities for strategic partnerships, as evidenced by the recent deals."

They added: "We also view TRX as an attractive takeover target for its broad innovation platform that addresses needs in various segments."

Jefferies forecasts Tissue Regenix reporting group sales of £18mIn in full-year 2019, up 53.9% year-on-year, advancing to £26mIn in 2020 and £37mIn in 2021.

The broker reiterated a 'buy' rating on Tissue Regenix shares with a price target of 10p per share.

The stock currently trades at 7p a share, giving Tissue Regenix a market capitalisation of around £82mln.

Proactive Investors facilitate the largest global investor network across 4 continents in 4 languages. With a team of analysts, journalists & professional investors Proactive produce independent coverage on 1000's of companies across every sector for private investors, private client brokers, fund managers and international investor communities.

Contact us +44 (0)207 989 0813 action@proactiveinvestors.com

No investment advice

Proactive Investors is a publisher and is not registered with or authorised by the Financial Conduct Authority (FCA). You understand and agree that no content published constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person. You further understand that none of the information providers or their affiliates will advise you personally concerning the nature, potential, advisability, value or suitability of any particular security, portfolio of securities, transaction, investment strategy, or other matter.

You understand that the Site may contain opinions from time to time with regard to securities mentioned in other products, including company related products, and that those opinions may be different from those obtained by using another product related to the Company. You understand and agree that contributors may write about securities in which they or their firms have a position, and that they may trade such securities for their own account. In cases where the position is held at the time of publication and such position is known to the Company, appropriate disclosure is made. However, you understand and agree that at the time of any transaction that you make, one or more contributors may have a position in the securities written about. You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate.

From time to time, reference may be made in our marketing materials to prior articles and opinions we have published. These references may be selective, may reference only a portion of an article or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon.