



**OxySure
Systems, Inc.**
OTCQB: OXYS

August 20, 2015
Target Price: \$1.90
Recent Price: \$0.44

Market Data

Fiscal Year	December
Industry	Medtech
Market Cap	\$14.1M
Price/Earnings (ttm)	N/A
Price/Book (mrq)	4.6x
Price/Sales (ttm)	4.6x
Insider Ownership	49.3%
Shares Outstanding	32.0M
Equity Float	12.8M
Avg. Volume (3 mo.)	93,680

As of August 19, 2015

Income Statement Snapshot

TTM

Revenue	\$3.1M
Gross Profit	\$1.4M
Gross Margin	44.9%
Net Income	(\$4.7M)

Balance Sheet Snapshot

MRQ

Cash	\$2.9M
Debt	\$1.2M

2Q15 Revenue Up 54% YoY and 67% QoQ; 12th Straight Qtr of Revenue Growth

2Q15 revenue up 54% YoY and 67% QoQ; 12th straight quarter of growth. OXYS reported revenue of \$1.1 million in 2Q15, a 54% YoY increase and 67% QoQ increase as compared to \$678,111 in 2Q14 and \$624,514 in 1Q15. Gross profit was \$636,836 (gross margin of 60.9%), a 54% YoY increase from \$413,255 in 2Q14 (gross margin of 60.9%) and \$288,658 in 1Q15 (gross margin of 46.2%). Selling, general and administrative expenses for 2Q15 were \$1.2 million as compared to \$689,248 in 2Q14. The primary reasons for the expense increases were investments in sales and marketing (a 114% YoY increase to \$329,393), and an increase in staffing, stock based compensation and professional fees. We expect the Company to continue to invest heavily in sales and marketing (the Company is targeting to have 25 territory managers by the end of 2015). Net loss for 2Q15 was \$(1.3 million), or \$(0.04) per share, as compared to \$(319,508) or \$(0.01) per share in 2Q14. EBITDA for 2Q15 was \$(600,044), or \$(0.02) per share, as compared to \$(263,281), or \$(0.01) per share in 2Q14.

Anticipating strong sales growth from build out of distribution partners and territory managers.

Over the past few months, OXYS has issued a number of releases detailing new distribution agreements (Z-Medica LLC and Team Life of New Jersey) and three new territory manager hires (Minneapolis, Philadelphia, and San Antonio). Each sales manager is expected to generate approximately \$500,000 in revenue per annum, and the Company aims to have 25 territory managers by the end of 2015. Given a 3-6 month ramp up before territory managers become fully effective, we anticipate significant sales increases beginning in 4Q15/1Q16.

Additionally, OXYS served as the Official Supplier of Medical Equipment for the Special Olympics World Games Los Angeles 2015. The Company provided the OxySure Model 615 for the event, along with Automated External Defibrillators (AEDs) and OxySure branded pulse oximeters. The Model 615 saved 18 lives during the event. This usage of the OxySure Model 615 at the widely viewed Special Olympics should promote strong awareness for the Model 615 and could help accelerate sales.

Release of new products adds additional potential revenue growth.

OXYS recently announced the release of a medical drone for emergency use. The drone will be used in aerial operations in support of emergency response and services, disaster response and recovery, search and rescue, and humanitarian relief efforts. Cargo carried by the drone can reach a maximum of 55 pounds, but typically will be less than 15 pounds. Its first market for this product is the military, and the Company has begun a relationship with PP Aviation Corporation as its military drone distributor. There are also potential commercial applications for this solution as well, including firefighters and emergency medical services markets. OXYS believes that this solution could eventually generate approximately \$4-\$5 million per year.

OXYS also plans to release one more new product by the end of the year. New products should diversify the Company's revenue mix, allow OXYS to sell multiple different products to its customers, and lead to more growth over the long-term.

Maintaining price target of \$1.90. This price target would represent P/S multiples of 10.9x FY15E revenue, 4.3x FY16E revenue, and 2.3x FY17E revenue.

	1Q14	2Q14	3Q14	4Q14	FY14	1Q15	2Q15	3Q15E	4Q15E	FY15E	1Q16E	2Q16E	3Q16E	4Q16E	FY16E	FY17E
Revenues, net	356,229	678,111	818,456	584,606	2,437,402	624,514	1,046,019	1,483,519	2,233,519	5,387,571	2,680,223	3,216,267	3,859,521	4,631,425	14,387,436	26,616,757
Cost of goods sold	205,590	264,856	321,932	626,669	1,419,047	335,856	409,183	753,628	1,101,125	2,599,792	1,281,146	1,499,132	1,729,065	2,005,407	6,504,751	10,779,786
Gross profit	150,639	413,255	496,524	(42,063)	1,018,355	288,658	636,836	729,891	1,132,394	2,787,779	1,399,076	1,727,136	2,130,455	2,626,018	7,882,685	15,836,970
Operating expenses	1,541	275,974	155,869	150,051	583,435	213,345	297,456	267,033	290,357	1,068,192	294,825	321,627	347,357	370,514	1,334,322	1,597,005
Research and development	87,949	154,044	202,825	273,887	718,705	464,746	329,393	393,133	636,553	1,823,824	921,997	977,745	1,018,913	1,037,439	3,956,095	4,524,849
Sales and marketing	345,757	259,230	527,289	618,730	1,751,006	622,284	621,066	528,133	571,781	2,343,264	578,928	598,226	602,085	629,874	2,409,113	2,478,020
Other general and administrative	(284,608)	(275,993)	(389,459)	(1,084,731)	(2,034,791)	(1,011,717)	(611,079)	(458,407)	(366,297)	(2,447,500)	(396,673)	(170,462)	162,100	588,191	183,156	7,237,096
Operating income (loss)	(107,607)	(85,980)	(169,051)	(544,974)	(907,612)	(331,154)	(561,791)	(561,791)	(561,791)	(2,016,527)	(561,791)	(561,791)	(561,791)	(561,791)	(2,247,164)	(2,247,164)
Interest expense	(91,712)	(43,515)	(72,890)	(510,652)	(718,769)	(328,386)	(647,355)	(561,791)	(561,791)	(2,099,323)	(561,791)	(561,791)	(561,791)	(561,791)	(2,247,164)	(2,247,164)
Total other expenses	(376,320)	(319,508)	(462,349)	(1,595,383)	(2,753,560)	(1,340,103)	(1,258,434)	(1,020,198)	(925,088)	(4,546,823)	(958,464)	(732,253)	(399,691)	26,400	(2,064,008)	4,989,932
Net income (loss)	(\$0.01)	(\$0.01)	(\$0.02)	(\$0.06)	(\$0.10)	(\$0.05)	(\$0.04)	(\$0.03)	(\$0.03)	(\$0.15)	(\$0.03)	(\$0.02)	(\$0.01)	\$0.00	(\$0.06)	\$0.15
Diluted net income (loss) per common share	25,889,334	25,996,642	26,120,974	27,340,103	26,367,254	28,951,882	30,215,788	32,003,034	32,003,034	30,793,435	32,323,064	32,323,064	32,323,064	32,323,064	32,323,064	32,646,295
Weighted average common shares outstanding	42.3%	60.9%	60.7%	-7.2%	41.8%	46.2%	60.9%	49.2%	50.7%	51.7%	52.2%	53.7%	55.2%	56.7%	54.8%	59.5%
Gross Margin	0.4%	40.7%	19.0%	25.7%	23.9%	34.2%	26.4%	18.0%	13.0%	19.8%	11.0%	10.0%	9.0%	8.0%	9.3%	6.0%
R&D as % of rev	24.7%	22.7%	24.8%	46.8%	29.5%	74.4%	31.5%	26.5%	28.5%	33.9%	34.4%	30.4%	26.4%	22.4%	27.5%	17.0%
S&M as % of rev	97.1%	38.2%	64.4%	105.8%	71.8%	99.6%	59.4%	35.6%	25.6%	43.5%	21.6%	18.6%	15.6%	13.6%	16.7%	9.3%

Additional Information

Legal: K&L Gates, The Law Firm of Gregory G. Jones, P.C., The Johnson Firm, Horzepa Spiegel & Associates, PC

Auditor: Sadler, Gibb & Associates, LLC

Transfer Agent: Action Stock Transfer

Company Website

Additional Company Information

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