



## OxySure Systems, Inc.

(OTCQB: OXYS, Target Price: \$1.27)

We initiate coverage on OxySure Systems, Inc. (OXYS) with a price target of \$1.27 per share. OxySure provides short duration / emergency medical oxygen and respiratory solutions for mass market use. Using patented technology that combines two dry, inert powders to create medical oxygen, the company manufactures and markets the OxySure Model 615, a portable emergency oxygen system that has been approved by the FDA for sale over the counter without a prescription.

### INVESTMENT HIGHLIGHTS

#### Competitive Product

The OxySure Model 615 offers several competitive advantages versus other respiratory products currently in use. It poses little-to-no risk of explosion, fire, environmental damage or toxicity, requires no prior training, has low maintenance needs, costs less and does not require a prescription. The company can sustain these advantages via its patents and registered trademarks, both in the U.S. and abroad. We believe the Model 615 is a compelling product that can gain wider market acceptance beyond OxySure's current customer base.

#### Large Addressable Market

Relative to the OxySure's current core K-12 education market, the growth opportunities are tremendous and include such other verticals as colleges, churches / places of worship, manufacturing / commercial facilities, municipalities, aviation, mining, military, wound care, skin care, automotive, and sports and recreation. International expansion is another avenue for growth, with management focusing on expanding its existing footprint in 12 countries while holding ongoing discussions to enter other geographies.

#### Additional Catalysts

In addition to entering new markets, there are two catalysts that have the potential to increase demand for OxySure's products. First, the company plans to pursue legislative and regulatory efforts that could mandate the placement of one or more on-demand oxygen supply sources at school campuses, manufacturing facilities, recreational vehicles and other properties. Second, management is planning to have buyers of its products qualify for insurance benefits, including reimbursement by insurance plans and underwriting discounts. Although still in the early stages, any positive development on these fronts could accelerate OxySure's already strong top-line growth.

#### Initiate coverage with a price target of \$1.27

Based on our valuation analysis, we estimate the fair value of OxySure to be \$1.27 per share, implying upside of 63% from its recent price of \$0.78. We view the stock as a speculative investment in the medical equipment industry that is dependent on increased market acceptance of its Model 615, a unique product with several competitive advantages but also one that requires significant investment in sales and marketing to penetrate new verticals and geographies.

#### Stock Details (05/06/2014)

OTCQB	OXYS
Sector / Industry	Healthcare / Medical Equipment
<b>Price Target</b>	<b>\$1.27</b>
Recent share price	\$0.78
Basic Shares (mn)	25.9
Market Cap (in \$mn)	20.2
52-Week High/Low	0.90 / 0.59

Source: SeeThruEquity Research

#### Key Financials (\$mn unless specified)

Key Financials	FY12	FY13	FY14E
Revenues	0.3	1.8	3.4
EBITDA	(1.0)	(0.4)	0.2
EBIT	(1.1)	(0.5)	0.0
Net Income	(1.1)	(0.7)	(0.7)
EPS (\$)	(0.06)	(0.03)	(0.03)

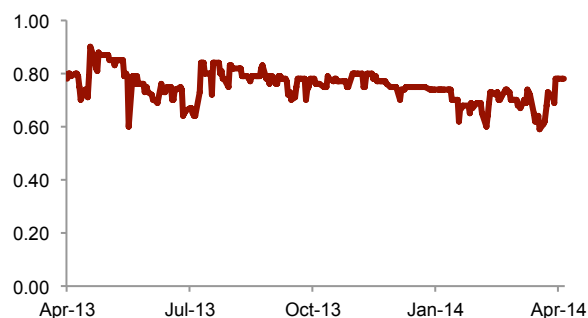
Source: SeeThruEquity Research

#### Key Ratios

	FY12	FY13	FY14E
Gross margin (%)	46.8	72.8	74.0
Operating Margin (%)	(420.9)	(27.1)	0.9
EBITDA margin (%)	(359.5)	(24.2)	5.0
Net margin (%)	(423.4)	(39.6)	(21.0)
P/Revenue (x)	66.6	10.0	5.9
EV/EBITDA (x)	(20.8)	(46.6)	119.6
EV/Revenue (x)	74.9	11.3	5.9

Source: SeeThruEquity Research

#### Share Price Performance (\$, LTM)



Source: SeeThruEquity Research

## SUMMARY TABLE

**Figure 1. Summary Table (As of May 6, 2014)**

Share data		B/S data (As of 4Q13)		Key personnel:	
Recent price:	\$0.78	Total assets:	2.4mn	Chairman, CEO:	Julian T. Ross
Price target:	\$1.27	Total debt:	0.7mn	Director:	Jeremy M. Jones
52-week range:	0.90 / 0.59	Equity:	1.4mn	Director:	Vicki Jones
Average volume:*	18,818	W/C:	0.7mn		
Market cap:	\$20.2mn	ROE '12:	-125%		
Book value/share:	\$0.06	ROA '12:	-130%		
Cash/share	\$0.03	Current ratio:	1.9		
Dividend yield:	0.00%	Asset turnover:	0.9		
Risk profile:	High / Speculative	Debt/Cap:	0.3		

\* Three month average volume (number of shares)

FY December	Estimates				Valuation	
	Rev (\$mn)	EBITDA (\$mn)	EPS (\$)	P/Rev (x)	EV/Rev (x)	P/E (x)
2011A	0.2	(0.9)	(0.10)	109.4x	109.4x	NM
2012A	0.3	(1.0)	(0.06)	74.9x	74.9x	NM
2013A	1.8	(0.4)	(0.03)	2.8x	2.8x	NM
1Q14E	0.5	(0.1)	(0.01)	11.1x	11.1x	NM
2Q14E	0.9	0.1	(0.00)	5.6x	5.6x	NM
3Q14E	1.0	0.1	(0.01)	4.9x	4.9x	NM
4Q14E	1.0	0.1	(0.01)	19.8x	5.0x	NM
2014E	3.4	0.2	(0.03)	5.9x	5.9x	NM
2015E	5.4	0.9	(0.00)	3.7x	3.7x	NM

Source: SeeThruEquity Research

## INVESTMENT THESIS

OxySure Systems, Inc. (OXYS) provides short duration / emergency duration medical oxygen and respiratory solutions for mass market use. It developed a patented technology that combines two dry, inert powders to generate medically pure oxygen. The company was founded in January 2004 by Julian Ross, its Chairman and CEO who developed the technology. OxySure began commercial shipment of its product in 2008 after moving into a new production facility and went public at \$1.00 per share in late 2011.

The company's primary product is the OxySure Model 615, a lightweight, portable emergency oxygen system that bridges the gap between the onset of an emergency situation and the arrival of medical personnel; this gap has averaged 6-15 minutes in the U.S. The Model 615, which received FDA approval for over-the-counter sale without prescription in 2005, is sold in the U.S. and other countries. The company also provides backup cartridges, wall boxes, signage and other accessories (some of which are sourced from third parties) that complement the Model 615.

To reach its customers, OxySure utilizes more than 40 independent third party distributors in the U.S. that focus on selling Automated External Defibrillators (AEDs), first aid kits and safety supplies. It also has a limited number of distributors internationally.

**OxySure Model 615 highly competitive product**

Relative to other emergency oxygen systems such as compressed cylinders or chemical generators, the OxySure Model 615 enjoys several competitive advantages:

- Safety: the product poses little to no risk of explosion, fire, environmental damage or toxicity
- Ease of use: no training or licensing is required to operate
- Low maintenance: the product is shipped ready-to-use (no setup required), while its disposable cartridge has a two year shelf life
- Pricing: it costs \$349 vs. \$369-899 for competing products
- Lack of prescription requirements

OxySure can maintain these advantages through patents it has in various jurisdictions (six in the U.S., two in Australia and one in South Africa, with additional applications in the pipeline) covering the design and operation of its products. The U.S. patents are valid for 14 to 20 years from filing, with the earliest one expiring in 2022. The company also has four registered trademarks in the U.S.



We believe the Model 615 is a compelling product that can appeal to customers, not only in its core K-12 education market in the U.S. but in other verticals and geographies as well.

**Addressable market potential, significantly underpenetrated**

OxySure’s customers can be divided into two segments:

- **Emergency placement markets:** K-12 schools (where OXYS initially launched the product), colleges and various types of commercial facilities, including office buildings, apartments, swimming pools, restaurants, factories and churches. Management’s near-term goal is to increase the installed base of the Model 615 to three million worldwide as a companion product to Automated External Defibrillators (AEDs). Long-term, it sees the opportunity in this market to be more than 100 million units, similar to fire extinguishers.

**Where is OxySure Needed?**

**“Placement” Markets**

- 20,000,000 OSHA Compliant Buildings
- 116,000,000 Homes and Apartments
- 7,000+ MRI Centers
- POC Markets, Alternate Sites
- 100,000 K-12 Schools
- 6,000,000 Residential Swimming Pools
- 925,000 Restaurants
- 350,000 Manufacturing Facilities
- 325,000 Places of Worship
- 16,000 Golf Courses
- Airports, Public Use Facilities, Sports Facilities

Source: Company filings

- **“At risk” markets**, or individuals with certain medical conditions (such as cardiovascular disease, chronic obstructive pulmonary disease (COPD) and asthma), those operating in higher altitudes (travelers and pilots) and seniors over 50. Over the long-term, this market represents more than 100 million people in the U.S. alone.

## Who Needs OxySure?

### “At Risk” Markets

- Cardiovascular Disease
  - 40 Million Diagnosed
  - 40 Million Undiagnosed
- Chronic Obstructive Pulmonary Disease (COPD)
  - 16 Million Diagnosed
  - 14 Million Undiagnosed
  - 1.6 Million on Long Term Oxygen Therapy (Back-up)
- Asthma – 22.3 million
- General medical & civil emergencies
- Travelers to higher altitudes
- Private pilots – 400,000
- Over 50

*Source: Company filings*

We believe the Model 615 has tremendous growth potential outside its current base of the K-12 market in the U.S. In addition to the school districts in the more than 40 states where it has successfully placed its product, the company has begun expanding into colleges, churches / places of worship, manufacturing / commercial facilities and municipalities. Management is also developing new products for use in aviation, mining, military, wound care, skin care, automotive, and sports and recreation. As the company expands its sales network / distribution channels and strengthens its marketing activities, we expect its strong growth to continue.

Internationally, the company's strategy is to expand its footprint within the 12 countries that it serves currently: Brazil, Turkey, South Africa, Australia, New Zealand, UK, Netherlands, Belgium, Luxembourg, Hong Kong, Macau and Chile, with a near-term focus on Europe. Additional markets that management views as attractive include Canada, South Korea, India and China. Non-U.S. revenue comprised 28% of OxySure's total revenue in 2013.

### Additional catalysts

In addition to penetrating new markets, there are some catalysts that have the potential to dramatically increase market acceptance of OxySure's products.

First, the company is planning to pursue legislative and regulatory efforts, both inside and outside the U.S., to have governments and regulatory agencies / boards mandate the placement of one or more on-demand oxygen supply sources at school campuses, manufacturing facilities, recreational vehicles and other properties. Any success on this front would have a major impact near-term, as it would greatly expand the placement markets that OxySure is currently targeting.

Second, OxySure intends to have its products qualify for reimbursement by insurance plans. In addition, management is seeking to obtain insurance underwriting benefits and discounts for policyholders who purchase its product. These discussions seem to be aimed at laying the foundation for the company's entry into at risk markets, where its penetration has not been significant thus far. However, if users can obtain any economic benefits from insurers for using OxySure's products, management is likely accelerate plans to enter these markets meaningfully.

Clearly, these efforts are only in the beginning stages and their ultimate outcomes are uncertain. However, any positive developments would serve to accelerate OxySure's already strong growth trajectory.

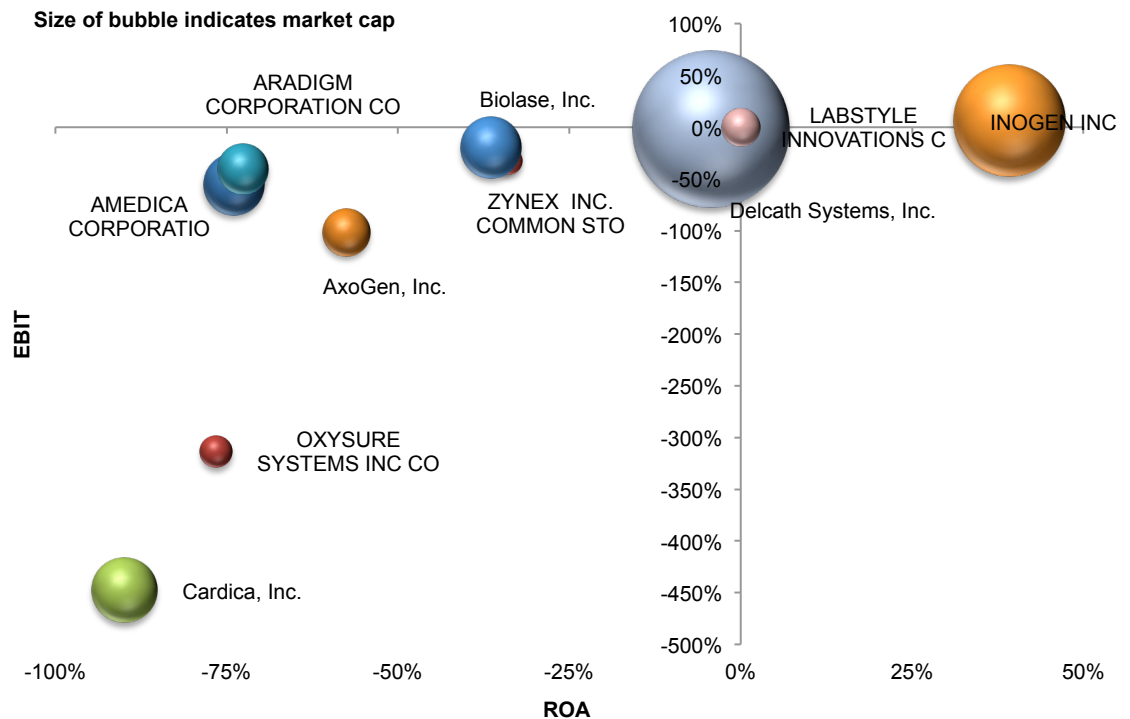
## COMPETITIVE LANDSCAPE

OxySure operates in a fragmented niche of the medical device industry that is served by alternative products from several players. While its powder-based oxygen offering is unique, the company faces competition from more conventional oxygen, respiratory and therapy products, many of which are sold by larger competitors with greater brand recognition. We see OxySure's Model 615 as having several competitive advantages over peers from a pure product quality and pricing perspective. However, we are also mindful of the investments in sales and marketing the company will need to make in order gain acceptance from customers, many of whom are likely to have existing relationships with its competitors.

OxySure's peer group consists of several micro-cap medical equipment companies: Amedica (AMDA), Aradigm (ARDM), AxoGen (AXGN), Biolase (BIOL), Cardica (CRDC), Cytosorbents (CTSO), Delcath Systems (DCTH), Echo Therapeutics (ECTE), Ingen Technologies (IGNT), Inogen (INGN), Invacare (IVC), Labstyle Innovations (DRIO) and Zynex (ZYXI). Within the group, Ingen Technologies, Inogen and Invacare are the closest comparables to OxySure, given their focus on respiratory devices.

Relative to the group, OxySure ranks in the lower end in terms of market capitalization, revenue and profitability. In addition, the company is less diversified, as many of its peers manufacture and sell more than just one product.

Figure 2. ROA vs. EBIT - OXYS Peers



Source: SeeThruEquity Research (outliers excluded)

## FINANCIALS AND FUTURE OUTLOOK

### Revenues / Drivers

OxySure reported revenue growth of 566% in 2013, an acceleration from the 46% increase it experienced in 2012, aided by further market penetration, significantly higher sales to the military and increased license revenue. In addition, the company's unit cartridge shipments exceeded unit shipments of the Model 615 for the first time during the year, indicating a sticky customer base that is becoming more accustomed to its products. As more of its revenue becomes recurring in nature, the multiple investors are willing to assign to OxySure's earnings stream should increase as well.

Management expects higher sales going forward due to its continued investments in sales and marketing, regulatory approvals and product costs. Combined with expanded international distribution relationships in Europe, Australia, Hong Kong and Chile as well as the addition of complimentary solution offerings, we forecast the company to generate a 52% compounded annual growth rate (CAGR) in revenue over the next five years. Embedded in our estimates are continued market share gains of roughly 5 bps annually by OxySure within the AED market (which itself is growing at a respectable 10% per annum). Although precise industrywide data is not available, assuming a current installed base of three million AEDs worldwide, we think the Model 615 is placed in less than 0.1% of these locations; by 2018, we believe its share could increase to a little over 0.3%. It is worth noting that we have not modeled any specific impact from any positive development on the legislative / regulatory or insurance reimbursement front, which would be additive to OXYS's top-line.

### Margins / Expenses

OxySure's gross margin improved significantly to 72.8% in 2013 from 46.8% in 2012, due to higher service and license revenues as well as improving product gross margins. In other words, the company was able to translate a six-fold increase in revenue to a more than ten-fold increase in gross profit. At the same time, its operating loss narrowed by 57%, as the company was able to spread out its costs over a larger revenue base. Despite a more than 13-fold increase in research and development costs and an almost tripling of sales and marketing expense, the company was able to leverage its strong top-line growth and a reduction in compensation expense to narrow its operating loss considerably, to -\$101,698 during 2013 from -\$488,298 the previous year. Outside of operating items, interest expense also increased 15% versus the previous year, reflecting OxySure's higher debt balance.

Given its robust top-line growth, operating leverage and continued investments in operational efficiencies, we expect OxySure's margins to improve on both a gross profit and operating income basis going forward. These benefits will be partially offset by higher interest expense due to the company's need to raise additional funds. In addition, its tax rate should remain at 0% through 2018, due to its \$12.1 million in net loss carry forwards that will expire between 2018 and 2028. In sum, we expect OxySure to turn profitable on an EBITDA basis during 2014 and on a net income basis by 2016. Over the long-term, we believe operating margins of 30% or better are achievable (versus -27% in 2013).

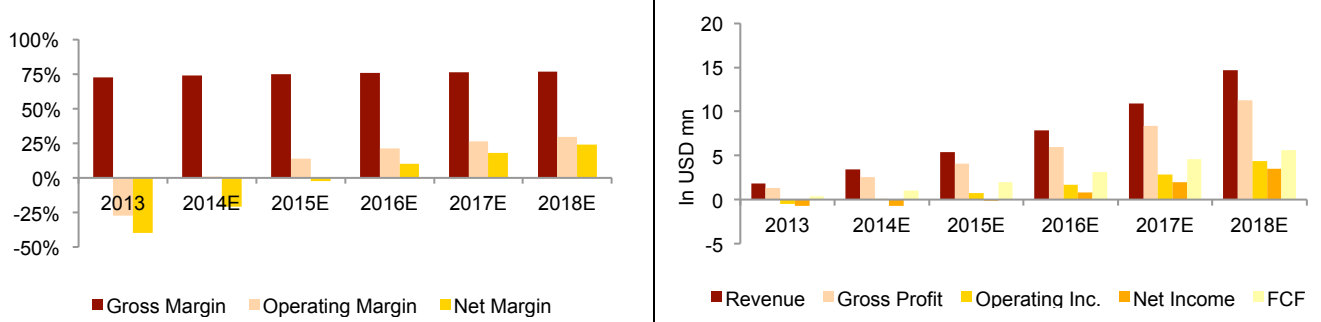
OxySure has been generating losses since its incorporation, given the investments in research and development, regulatory compliance, and sales and marketing required to build-up its operations that are still in their very early stages. Although there is limited visibility into future results, two things are clear: there is a lot of room for top-line growth from its current small base and there is tremendous operating leverage inherent in the business if the company can reach scale in terms of its sales. Hence, as OxySure's strong top-line growth continues, the benefits to its earnings should continue to be magnified.

### Balance Sheet / Liquidity

OxySure's cash position improved markedly during 2013, increasing almost 50-fold to \$657,673 from \$13,513 at the end of 2012, aided by issuances of debt and equity. Following the conversion of \$462,448 in notes to common stock, the company's shareholders' equity turned to a surplus of \$1.4 million from a deficit of \$0.9 million. Its working capital also turned to a surplus of \$0.7 million from a deficit of \$1.4 million.

In 2014, we expect OxySure to raise an additional \$2.4 million of capital, the balance of which will be used to fund general and administrative expenses, working capital needs and debt maturities (including capital leases). Stock option issuances will also continue, aiding cash flow but increasing the share count (currently at 26.0 million shares) in the low-to-mid teens range annually. By 2015, we project the company to be cash flow positive on an operating basis.

Figure 3. Key Performance Indicators of OxySure, FY13–18E



Source: Company filings, SeeThruEquity Research

## VALUATION

We utilize discounted cash flow (DCF) analysis and peer group multiples to value OxySure. Our blended valuation, which combines these two methodologies, yields a fair value of \$1.27 per share. Relative to the current price of \$0.78 per share, this represents upside potential of 63%.

### DCF

We expect OxySure's revenue to grow significantly over the next several years as it expands into new verticals as well as international markets. Combined with bottom-line benefits from operating leverage, we forecast improving profitability and positive free cash flow going forward. By discounting these cash flows at a 13.6% weighted average cost of capital, we derive an enterprise value of \$35.8 million. Adjusting for its cash of \$660 million and debt of \$658 million as of 12/31/13, we derive a fair value of \$1.38 per share.

**Figure 4. Discounted Cash Flow Analysis**

\$' 000	FY14E	FY15E	FY16E	FY17E	FY18E	FY19E
EBIT	29	743	1,672	2,862	4,372	6,277
Less: Tax	0	0	0	0	0	919
<b>NOPLAT</b>	29	743	1,672	2,862	4,372	5,358
Changes in working capital	(12)	(51)	(63)	(76)	(94)	(116)
Depreciation & Amortization	350	350	350	350	350	350
Capex	(12)	(13)	(13)	(14)	(14)	(14)
<b>FCFF</b>	<b>355</b>	<b>1,028</b>	<b>1,946</b>	<b>3,122</b>	<b>4,614</b>	<b>5,578</b>
Discount factor	0.92	0.81	0.71	0.62	0.55	0.48
PV of FCFE	326	830	1,382	1,951	2,536	2,697
Sum of PV of FCFE						9,722
Terminal cash flow						53,896
PV of terminal cash flow						26,065
<b>Enterprise value</b>						<b>35,787</b>
Less: Debt						660
Add: Cash						658
<b>Equity value</b>						<b>35,785</b>
Outstanding shares (mn)						26.0
<b>Fair value per share (\$)</b>						<b>1.38</b>

Summary conclusions		Key assumptions	
DCF FV (\$ per share)	1.38	Beta	1.3
Recent price (\$ per share)	0.78	Cost of equity	13.9%
Upside (downside)	76.7%	Cost of debt (post tax)	7.8%
WACC	13.7%	Terminal Growth Rate	3.0%



**Figure 5. Sensitivity of Valuation – WACC vs. Terminal Growth Rate**

		WACC (%)				
		12.7%	13.2%	13.7%	14.2%	14.7%
Terminal growth rate (%)	2.00%	1.18	1.35	1.28	1.22	1.16
	2.50%	1.21	1.41	1.33	1.26	1.19
	3.00%	1.26	1.46	<b>1.38</b>	1.30	1.23
	3.50%	1.30	1.52	1.43	1.35	1.28
	4.00%	1.35	1.59	1.49	1.40	1.33
	4.50%	1.40	1.67	1.56	1.46	1.38

Source: SeeThruEquity Research

### Peer Group Relative Valuation

We compared OxySure to other smaller healthcare equipment makers. Given the fact that the company is not yet profitable, we utilized multiples of revenue to derive a fair value range of \$0.98 to \$1.05 per share. Its peers trade at average EV / revenue and price / revenue multiples of 3.8x and 3.5x, respectively, based on 2015 estimates. However, given what we view as OxySure's superior growth profile relative to the group, we believe premium multiples of 5.0x and 4.7x on an EV / revenue and price / revenue basis, respectively, are justified.

**Figure 6. Peer Group Valuation**

Company	Mkt cap (\$ mn)	EV/Revenue(x)		Price/Revenue(x)	
		FY14	FY15	FY14	FY15
AMEDICA CORPORATIO	75.3	9.7x	7.2x	2.9x	2.2x
ARADIGM CORPORATION CO	52.9	3.2x	4.0x	2.0x	2.5x
AxoGen, Inc.	45.3	3.7x	2.1x	3.0x	1.7x
Biolase, Inc.	76.0	1.3x	1.2x	1.2x	1.1x
Cardica, Inc.	87.3	31.0x	18.6x	29.1x	17.5x
CYTOSORBENTS CORPORATI	50.5	16.6x	5.9x	10.1x	3.6x
Delcath Systems, Inc.	32.4	1.0x	0.3x	32.4x	8.1x
Echo Therapeutics, Inc.	38.7	10.3x	1.2x	12.9x	1.5x
INGEN TECHNOLOGIES INC	0.1	NA	NA	NA	NA
INOGEN INC	255.3	4.1x	3.5x	2.8x	2.4x
Invacare Corp	508.7	0.4x	0.4x	0.4x	0.4x
LABSTYLE INNOVATIONS C	29.6	1.5x	0.4x	1.3x	0.3x
ZYNEX INC. COMMON STO	13.7	1.5x	1.3x	1.1x	0.9x
<b>Average</b>		<b>7.0x</b>	<b>3.8x</b>	<b>8.3x</b>	<b>3.5x</b>
OXYSURE SYSTEMS INC CO	20	5.9x	3.7x	5.3x	3.3x
Premium (discount)		(16.7%)	(3.6%)	(36.5%)	(5.6%)

Source: SeeThruEquity Research

## RISK CONSIDERATIONS

### Single Product with Limited Commercial History

To date, OxySure has produced only one product, the Model 615, which was commercialized in 2008. Although sales have been robust in its existing markets, it remains to be seen if there will be wider acceptance of the product within other verticals or countries. In addition, the development of a competing product with better features or prices could curtail OxySure's growth.

### Key Man Risk

To a large extent, OxySure is dependent on its founder Julian Ross, 47, who serves as the company's Chairman, CEO, President and CFO. Given the many hats that he wears and the fact that there are no other named executive officers, the company's growth could be limited by relying on one person, however energetic, for virtually all management functions. Ross is also OxySure's largest shareholder, owning approximately 60% of its shares outstanding, as well as a creditor, providing no-interest loans to OxySure from time to time to fund working capital needs (\$118,627 outstanding loan as of 12/31/13).

### Capital Needs

OxySure anticipates needing additional capital over the next couple of years, including \$2.4 million in 2014, to support its sales and marketing, product development and working capital needs. Given the lack of any funding commitments, the terms of any capital raising agreements could be too onerous, which could cause the company to face liquidity issues and its shareholders to suffer additional dilution.

### Regulatory Risks

Given the Model 615's status as a medical device, it is subject to regulation by the FDA as well as other agencies. The U.S. Department of Transportation (DOT) classified the product as a chemical oxygen generator, which requires OxySure to pay hazardous materials fees when shipping and allows air transport only via cargo aircraft within specific weight limits. The Federal Aviation Administration (FAA) has also determined that the product cannot be carried on board commercial aircraft. OxySure plans to request exemption from these regulations, which have hampered its sales in international markets.

### OTC / Penny Stock Risks

As a stock quoted on the OTC Bulletin Board (OTCQB), OxySure has few market makers, low trading volumes and large bid-ask spreads. Hence, it can be subject to higher price volatility and lower liquidity relative to stocks traded on a major exchange. In addition, stocks trading below \$5 per share (penny stocks) are subject to additional rules to ensure they are suitable investments for potential purchasers, which could magnify their volatility.

## Management Team

### Julian T. Ross – Chairman, CEO, President and CFO

Mr. Ross is the developer of the OxySure technology and the Founder of OxySure Systems, Inc. He has served as CEO of the company since inception in January 2004, and has raised over \$14 million for the company to date. He also built the company and all its operations and processes, including the manufacturing operations, spearheaded all regulatory approvals (including FDA approval, ANVISA approval, GSA approval, DOT approval and CE Marking approval), set up the distribution channels, and took the company public in late 2011. He brings over 25 years' experience in technology, medical devices and manufacturing, having functioned both in consulting and operational capacities at senior management level. His experience includes at least a decade in corporate finance, including public and private financings, and mergers & acquisitions. He has worked for and with start-ups and established organizations, including Anglo American Corporation, Volt Information Sciences, Tandy Corporation, Merrill Lynch, Ernst & Young, Sun International and Isle of Capri, Inc. Mr. Ross has enjoyed an Academic Scholarship from Shell Petroleum and an Academic Scholarship from the Edwin L. Cox School of Business at Southern Methodist University, where he received an MBA in Finance.

### Jeremy M. Jones, Director

Mr. Jones, with over 35 years of healthcare industry experience, joined OxySure's Board of Directors as an independent director effective April 1, 2013. He founded Homedco Group, Inc., a home healthcare services company, which he took public in 1991. Homedco merged into Apria Healthcare Group, Inc. in 1995 and from 1995 through January 1998, Mr. Jones was Chief Executive Officer and Chairman of Apria, which became the largest homecare service provider in the nation under his leadership through merger, acquisitions and increased market dominance. Apria was sold to the Blackstone Group (BX) for \$1.7 billion in December 1998. Mr. Jones currently serves as Chairman of On Assignment, Inc. (ASGN), a \$1.3 billion leader in the healthcare and life sciences sectors focusing on in-demand, skilled medical and technical staffing. At On Assignment he also serves on the Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee.

### Vicki Jones, Director

Ms. Jones has been on OxySure's Board since November 2008. She is a Senior Vice President for AT&T (T) responsible for an \$11 billion division (TV and Internet) with 15,000 employees. Ms. Jones brings more than three decades experience in P&L management, sales and sales management, marketing, installation, and customer service, with particular experience in mass markets, both B2B and B2C. Ms. Jones has held various positions within AT&T (and SBC Communications, its predecessor company), including President – Business Communications Services, Midwest; Senior Vice President – Product Management and Development; and Vice President – Strategic Marketing. Ms. Jones holds an MBA in E-Commerce Management from Our Lady of the Lake University, San Antonio, Texas.

## Top Institutional and 13F Filer Ownership

Shareholder	Number of Shares	Percent of
Major Holders & Key Insiders	Owned	Shares Outstanding
Julian T. Ross	16,405,805	59.86%
Vicki Jones	607,589	2.35%
Jeremy M. Jones	39,000	0.15%
<b>Total</b>	<b>17,052,394</b>	<b>62.24%</b>

\* Percentages are based on 25,969,363 shares of common stock outstanding as of 4/14/2014.

## FINANCIAL SUMMARY

**Figure 7. Income Statement**

Figures in \$mn unless specified	FY11A	FY12A	FY13A	FY14E	FY15E	FY16E
<b>Revenue</b>	<b>0.2</b>	<b>0.3</b>	<b>1.8</b>	<b>3.4</b>	<b>5.4</b>	<b>7.9</b>
YoY growth		46.0%	565.8%	89.9%	58.3%	45.5%
Cost of sales	0.1	0.1	0.5	0.9	1.4	1.9
<b>Gross Profit</b>	<b>0.1</b>	<b>0.1</b>	<b>1.3</b>	<b>2.5</b>	<b>4.1</b>	<b>6.0</b>
Margin	44.2%	46.8%	72.8%	74.0%	75.0%	75.8%
Operating expenses	1.2	1.3	1.8	2.5	3.3	4.3
EBIT	(1.1)	(1.1)	(0.5)	0.0	0.7	1.7
Margin	(577.2%)	(420.9%)	(27.1%)	0.9%	13.7%	21.2%
<b>EBITDA</b>	<b>(0.9)</b>	<b>(1.0)</b>	<b>(0.4)</b>	<b>0.2</b>	<b>0.9</b>	<b>1.8</b>
Margin	(467.1%)	(359.5%)	(24.2%)	5.0%	16.3%	23.0%
Other income/ (expense)	(0.5)	(0.0)	(0.2)	(0.7)	(0.9)	(0.9)
Profit before tax	(1.5)	(1.1)	(0.7)	(0.7)	(0.1)	0.8
Tax	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>(1.5)</b>	<b>(1.1)</b>	<b>(0.7)</b>	<b>(0.7)</b>	<b>(0.1)</b>	<b>0.8</b>
Margin	(827.4%)	(423.4%)	NM	(21.0%)	(2.4%)	10.2%
<b>EPS (per share)</b>	<b>(0.10)</b>	<b>(0.06)</b>	<b>(0.03)</b>	<b>(0.03)</b>	<b>(0.00)</b>	<b>0.02</b>

Source: SeeThruEquity Research

**Figure 8. Balance Sheet**

Figures in \$mn, unless specified	FY11A	FY12A	FY13A	FY14E	FY15E	FY16E
Current assets	0.3	0.3	1.6	3.1	3.1	4.0
Intangibles	0.4	0.4	0.4	0.4	0.3	0.3
Other assets	0.2	0.2	0.4	0.4	0.3	0.3
<b>Total assets</b>	<b>0.9</b>	<b>0.9</b>	<b>2.4</b>	<b>3.9</b>	<b>3.8</b>	<b>4.6</b>
Current liabilities	2.6	1.7	0.9	0.9	0.9	0.9
Other liabilities	1.2	0.1	0.1	2.2	2.2	2.2
Shareholders' equity	(2.8)	(0.9)	1.4	0.8	0.7	1.6
<b>Total liab and shareholder equity</b>	<b>0.9</b>	<b>0.9</b>	<b>2.4</b>	<b>3.9</b>	<b>3.8</b>	<b>4.6</b>

Source: SeeThruEquity Research

**Figure 9. Cash Flow Statement**

Figures in \$mn, unless specified	FY11A	FY12A	FY13A	FY14E	FY15E	FY16E
Cash from operating activities	(0.7)	(0.4)	(0.9)	(0.2)	0.3	1.2
Cash from investing activities	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Cash from financing activities	0.8	0.4	1.5	2.2	(0.0)	(0.0)
<b>Net inc/(dec) in cash</b>	<b>0.1</b>	<b>(0.1)</b>	<b>0.6</b>	<b>1.9</b>	<b>0.3</b>	<b>1.2</b>
Cash at beginning of the year	0.0	0.1	0.0	0.7	2.6	2.8
<b>Cash at the end of the year</b>	<b>0.1</b>	<b>0.0</b>	<b>0.7</b>	<b>2.6</b>	<b>2.8</b>	<b>4.0</b>

Source: SeeThruEquity Research

### **About OxySure Systems, Inc.**

OxySure Systems, Inc., a medical technology company, engages in the design, manufacture, and distribution of respiratory and emergency medical solutions. It provides OxySure Model 615, a portable emergency oxygen device. The company also offers complimentary products and solutions, including display wall boxes, oxygen wall signage, resuscitation bags, pulse oximeters, and automated external defibrillators, as well as thermal bags and replacement cartridges for its OxySure Model 615. Its products enhance the access to emergency oxygen that affects the survival, recovery, and safety of individuals in various areas of need. The company sells its products to institutional customers through distributors, sub-distributors, and sales agents in the United States and internationally. OxySure Systems, Inc. was founded in 2004 and is based in Frisco, Texas.

For more information, please visit the company's website at [www.oxysure.com](http://www.oxysure.com).



**CONTACT:**

Ajay Tandon  
Director of Research  
SeeThruEquity, LLC  
[www.seethruequity.com](http://www.seethruequity.com)  
(646) 495-0939  
[ajay@seethruequity.com](mailto:ajay@seethruequity.com)

Jason Seo, CFA  
Equity Research Analyst  
SeeThruEquity, LLC  
[www.seethruequity.com](http://www.seethruequity.com)  
(646) 265-3645

**DISCLOSURE:**

This report has been prepared and distributed by SeeThruEquity, LLC. This report is based on sources that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. All information contained herein is subject to change without notice. This report is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any information in this report is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. Statements included in this report may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements involve a number of risks and uncertainties such as competitive factors, technological development, market demand and the company's ability to obtain new contracts and accurately estimate net revenues due to variability in size, scope and duration of projects, and internal issues.

SeeThruEquity has not been compensated for the preparation of this report. SeeThruEquity and/or its affiliates may have a long position with respect to the publicly traded shares of the subject company covered in this report. SeeThruEquity, LLC is not a broker-dealer and does not generate any investment banking or commission-based revenue with respect to the securities of the company described herein.

Our professionals may provide oral or written market commentary that reflects opinions that are contrary to the opinions expressed in this report. The price and value of the investment referred to in this report may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Certain transactions, including those involving futures, options, and other derivatives, give rise to substantial risk and are not suitable for all investors. Our report is disseminated primarily electronically, and, in some cases, in printed form. Electronic report is simultaneously available to all recipients in any form. The information contained in this report is not incorporated into the contents of our website and should be read independently thereof.

Copyright 2011-2014 SeeThruEquity, LLC. No part of this material may be (i) copied, photocopied or duplicated in any for by any means or (ii) redistributed without the prior written consent of SeeThruEquity, LLC.