OxySure Systems, Inc. OTCOB: OXYS

May 20, 2015 Target Price: \$1.90 Recent Price: \$0.65

Market Data

Fiscal Year	December		
Industry	Medtech		
Market Cap	\$19.4M		
Price/Earnings (ttm)	N/A		
Price/Book (mrq)	34.6x		
Price/Sales (ttm)	7.2x		
Insider Ownership	64.3%		
Shares Outstanding	29.8M		
Equity Float	7.7M		
Avg. Volume (3 mo.)	85,137		
As of May 19, 2015			

Income Statement Snapshot

TTM

Revenue	\$2.7M
Gross Profit	\$1.2M
Gross Margin	42.7%
Net Income	(\$3.7M)

Balance Sheet Snapshot

	MRQ
Cash	\$0.1M
Debt	\$0.8M

1Q15 Revenue Up 75% YoY; 11th Straight Qtr of Revenue Growth

1Q15 revenue up 75% YoY; 11th straight quarter of growth. OXYS reported revenue of \$624,514 in 1Q15, a 75% YoY increase as compared to \$356,229 in 1Q14. Gross profit was \$288,658 (gross margin of 46.2%), a 92% increase from \$150,639 in 1Q14 (gross margin of 42.3%). Selling, general and administrative expenses for 1Q15 were \$1.3 million as compared to \$435,247 in 1Q14. The primary reasons for the expense increases were investments in sales and marketing (a 428% YoY increase to \$464,746), and an increase in staffing (sales, regulatory and quality control, manufacturing, and engineering). We expect the Company to continue to invest heavily in sales and marketing (the Company is targeting to have between 25 to 30 territory managers by the end of 2015). Net loss for 1Q15 was \$(1.3 million), or \$(0.05) per share, as compared to \$(376,320) or \$(0.01) per share in 1Q14. EBITDA for 1Q15 was \$(709,494), or \$(0.02) per share, as compared to \$(160,796), or \$(0.01) per share in 1Q14.

Shipments of replacement cartridges for the OxySure Model 615 represented about 45% of the installed base in 1Q15, up from 39% of the installed base in 1Q14. The significant level of replacement cartridges shipped is indicative of the growing nature of the Company's recurring revenue stream. It also indicates the usefulness and stickiness of the OxySure Model 615 in the marketplace, and should provide a strong base of recurring revenue going forward.

Anticipating strong sales growth in FY15 from build out of distribution partners and territory managers, international agreements, and new products. Over the past few months, OXYS has issued a number of releases detailing new distribution agreements (Stop Heart Attack, Team Life, Health Education Services, Chris Gardner & Associates and Cardio Partner Resources) and six new territory manager hires (Michigan, Arizona, Texas, Georgia, Colorado, and Pennsylvania). Each sales manager is expected to generate approximately \$500,000 in revenue per annum, and the Company expects to have between 25-30 territory managers by the end of 2015. The next training class, which should be at 5-6 new territory managers, is scheduled for June. Given a 3-6 month ramp up before territory managers become fully effective, we anticipate a moderate sales increase in 2Q15 followed by significant QoQ revenue increases beginning in 3Q15. OXYS's direct to consumer marketing efforts have also showed traction, providing an additional revenue source. OXYS has landed several significant customers, including Dolese, Lee Lewis Construction and Chatham Worth in the construction industry; Spectrum Resource in the agriculture industry; and Intercontinental Hong Kong in the hospitality industry.

International sales are poised to expand, both from previously announced international agreements and ongoing discussions in countries such as Japan, Singapore, Canada, South Korea, and countries in Latin America.

The Company also stated that it is continuing to work on new products, and anticipates releasing a complementary product to the OxySure Model 615 shortly. Additionally, OXYS has advanced its hand held oxygen unit for military combat use and HALO jumps. We anticipate that new product additions would increase revenue.

Maintaining price target of \$1.90. This price target would represent P/S multiples of 11.1x FY15E revenue, 4.1x FY16E revenue, and 2.2x FY17E revenue.

20 1,608,373 53 4,557,056 50 3,029,102 60 6,755,165	0 4 173,064 0 00) (1,342,400) 36) (1,169,336)	66) 5,585,829 () \$0.18	124 31,678,978	6.0% 6.0% 17.0% 11.3%
		(1,301,66		54.8% 9.3% 27.5% 18.9%
373,151 1,044,824 727,645 499,090	0 43,266 0 (335,600) (292,334)	\$0.01		56.7% 8.0% 22.4% 15.6%
349,829 1,026,166 684,111 85,514	0 43,266 0 (335,600) (292,334)	(206,820)		55.2% 9.0% 26.4% 17.6%
323,916 984,705 667,267 (236,459)	0 0 0 (335,600) (292,334)	(528,793)		53.7% 10.0% 30.4% 20.6%
296,923 928,559 664,028 (480,475)	0 43,266 0 (335,600) (292,334)	(\$0.02)	31,189,542	52.2% 11.0% 34.4% 24.6%
1,009,482 2,649,294 2,530,881 (3,665,360)	0 129,915 2,651 (1,337,954)	(4,870,748)	29,939,406	49.3% 19.7% 51.7% 49.4%
292,424 886,270 643,333 (681,573)	0 43,266 0 (335,600) (292,334)	(973,907)	31,034,370	50.7% 13.0% 39.4% 28.6%
269,895 740,712 638,752 (911,645)	0 43,266 0 (335,600) (292,334)	(1,203,979)	30,034,370	49.2% 18.0% 49.4% 42.6%
233,818 557,566 626,512 (1,060,425)	0 43,266 0 (335,600) (292,334)	(1,352,759)	29,737,000	47.7% 31.2% 74.4% 83.6%
213,345 464,746 622,284 (1,011,717)	0 117 2,651 (331,154) (328,386)	(1,340,103)	28,951,882	46.2% 34.2% 74.4% 99.6%
583,435 718,705 1,751,006 (2,034,791)	0 188,843 0 (907,612) (718,769)	(2,753,560)	26,367,254	41.8% 23.9% 29.5% 71.8%
150,051 273,887 618,730 (1,084,731)	0 34,322 0 (544,974) (510,652)	(1,595,383)	27,340,103	-7.2% 25.7% 46.8% 105.8%
155,869 202,825 527,289 (389,459)	0 96,161 0 (169,051) (72,890)	(462,349)	26,120,974	60.7% 19.0% 24.8% 64.4%
275,974 154,044 259,230 (275,993)	0 42,465 0 (85,980) (43,515)	(319,508)	25,996,642	60.9% 40.7% 22.7% 38.2%
1,541 87,949 345,757 (284,608)	16,226 (331) 0 (107,607) (91,712)	(376,320)	25,889,334	42.3% 0.4% 24.7% 97.1%
erating expenses search and development les and marketing ner genetal and administrative rerating income (loss)	her income (expenses) ain on settlement of debt her income (expense) ange in value of derivative liabilities erest expense tal other expenses	stincome (loss) uted netincome (loss) per common share	eighted average com mon shares outstanding uted	Gross Mergin R&D as % of rev S&M as % of rev G&A as % of rev
	275,974 155,869 150,051 583,435 213,345 233,818 269,896 222,424 1,009,482 296,923 323,916 349,829 373,151 1,343,820 154,044 202,825 273,887 718,705 464,746 557,566 740,712 886,270 2,649,294 928,559 984,705 1,026,166 1,044,824 73,984,253 259,205 527,898 618,730 1,751,006 622,284 626,121 633,33 2,550,881 664,028 667,267 684,111 727,645 7,743,050 (275,993) (389,459) (1,064,731) (2,034,791) (1,011,717) (1,060,425) (911,645) (811,573) (3,655,360) (480,475) (236,459) 85,514 499,090 (132,330)	1,541 275,974 155,869 150,051 583,435 213,345 597,869,885 292,424 1,009,482 28,659 94,705 1,026,166 1,044,824 7,3994,223 345,757 25,923 345,757 25,733 34	1.541 275.974 155.869 150.051 383.435 213.345 253.818 289.845 292.424 1.009.482 226.929 323.916 349.829 347.151 1.343.820 345.757 259.230 257.289 618.730 1.751.006 622.284 626.512 638.752 643.333 2.550.881 64.028	1.541 275.974 202.825 27.3867 718,705 424,716 27.5869 27.3867 718,705 27.5867 27.586

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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Company Contact Info:

OxySure Systems, Inc. 10880 John W. Elliott Drive, Suite 600, Frisco, TX 75033 Phone: +1 (972) 294 6461 www.oxysure.com

Investor Contact Info:

RedChip Companies, Inc. 1017 Maitland Center Commons Blvd. Maitland, FL 32751 (407) 644-4256 www.redchip.com