



**Akers  
Biosciences, Inc.**  
NasdaqCM: AKER  
LSE: AKR

**August 13, 2014**  
**Target Price: \$13.85**  
**Recent Price: \$3.58**

**Market Data**

|                          |             |
|--------------------------|-------------|
| Fiscal Year              | December 31 |
| Industry                 | Medtech     |
| Market Cap               | \$17.5M     |
| Price/Earnings (ttm)     | N/A         |
| Price/Book (mrq)         | 1.1x        |
| Price/Sales (ttm)        | 5.1x        |
| Insider Ownership        | 9.4%        |
| Institutional Ownership  | 19.1%       |
| Shares Outstanding       | 4.9M        |
| Float                    | 3.9M        |
| Avg. Daily Vol. (3 mos.) | 13,950      |

*As of August 12, 2014*

**Income Snapshot**

|          |          |
|----------|----------|
|          | TTM      |
| Revenue  | \$3.4M   |
| EBITDA   | (\$2.1M) |
| Net Loss | (\$2.4M) |

**Balance Sheet Snapshot**

2Q14

|      |         |
|------|---------|
| Cash | \$11.8M |
| Debt | \$0.0M  |

**Revenue up 26% YoY; Sales & Marketing Focus to Continue Driving Revenue Growth**

**Revenue increased 26% YoY.** In 2Q14, AKER reported revenue of \$1.4 million, a 26% YoY increase as compared to 2Q13 revenue of \$1.1 million. The Company also reported a robust gross margin of 89% in 2Q14. The primary factor behind the 89% gross margin was the Company's removal of the REA products from inventory in prior periods. As a result, there was no significant cost of inventory associated with the REA product sales in the period. AKER's gross margins are expected to decline back to the 45-55% range going forward, which is in line with historic figures. General and administrative (G&A) expenses were \$1.0 million in 2Q14, as compared to \$271,087 in 2Q13. This is primarily due to a large non-cash share based expense of \$549,600. We expect G&A expenses to decrease in 3Q14. The Company generated a net loss of \$510,788 in 2Q14, as compared to a net loss of \$261,213 in 2Q13.

**We continue to expect the company to reach breakeven in 1Q15/2Q15.**

The Company stated on its earnings call that it could reach breakeven by 4Q14, however, AKER also has many sales and distribution opportunities. We believe the Company may add additional sales and marketing expenses in order to accelerate future revenues. Thus, we maintain our projection of AKER reaching breakeven by early 2015. The Company has a strong capital position, which allows them to comfortably increase sales and marketing expenses. AKER has \$11.8 million in cash and marketable securities and a debt free balance sheet.

**Expanding domestic and international distribution agreements.**

Domestically, the Company's agreements with Typenex (customer base of 2,000 hospitals across the U.S) and Medline, the largest privately held distributor of healthcare supplies in the U.S, is expected to increase market penetration of the Company's flagship PIFA Heparin/PF4 and PIFA PLUS PF4 rapid tests. Internationally, Akers has agreements with 36S to market the PIFA PlusPF4 infectious disease rapid assay test product line and the Tri-Cholesterol rapid test in Australia, Singapore, United Arabs Emirates and Oman, and with Giant Capital to market the PIFA Heparin/PF4, PIFA Dengue Assay, Battlefield Blood Transfusion Card, and Tri-Cholesterol test throughout India. Nicholas Daurel, the Company's new Vice President of International Sales and Marketing for Europe, should help accelerate distribution agreements, particularly in Europe, where AKER already has multiple products CE marked and ready for distribution.

**AKER is entering into a clinical trial for its PIFA chlamydia assay, and is also working on entering into additional clinical trials.** In addition to its clinical trial for its chlamydia assay, AKER is also currently working with the FDA to design clinical trials for its Breath PulmoHealth (Asthma, COPD Assay and lung cancer). We expect AKER to enter into clinical trials for these tests in the coming quarters.

**Reiterating target price of \$13.85.** Our target price offers significant upside from the current price of \$3.58. We believe the company is on track to reach revenue and profitability targets, and we believe the expansion of domestic and international sales will drive an increase in the share price.

### **Additional Information**

Legal: Lucosky Brookman LLP

Auditor: Morison Cogen LLP

Transfer Agent: VStock Transfer, LLC

[Company Information](#)

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