



Akers Biosciences, Inc.

NasdaqCM: AKER
LSE: AKR

January 6, 2015
Target Price: \$11.40
Recent Price: \$3.82

Market Data

Fiscal Year	December 31
Industry	Medtech
Market Cap	\$18.9M
Price/Earnings (ttm)	N/A
Price/Book (mrq)	1.2x
Price/Sales (ttm)	5.3x
Insider Ownership	10.2%
Institutional Ownership	15.5%
Shares Outstanding	5.0M
Float	3.7M
Avg. Daily Vol. (3 mos.)	22,416

As of January 6, 2015

Income Snapshot

	TTM
Revenue	\$3.6M
EBITDA	(\$2.7M)
Net Loss	(\$3.0M)

Balance Sheet Snapshot

	MRQ
Cash	\$10.8M
Debt	\$0.0M

Company Overview

Akers Biosciences develops, manufactures, and supplies rapid, point of care screening and testing products designed to bring healthcare information both rapidly and directly to the consumer or healthcare provider. The Company has advanced the science of diagnostics while responding to major shifts in healthcare through the development of six proprietary platform technologies. The Company's state-of-the-art rapid diagnostic assays can be performed virtually anywhere, in minutes, when time is of the essence. AKER has aligned with major healthcare companies and high volume medical product distributors to maximize product offerings, positioning the Company to be a major competitor in diagnostics globally.

Value Proposition

We are valuing Akers using a P/S multiple of 5.0x, which is a premium of 4.2% to the median P/S multiple of other IVD/POC testing companies. Given the Company's robust product pipeline and recent distribution agreements that should accelerate sales, we believe this multiple is conservative. We apply this multiple to our FY15 estimated revenue per share projection of \$2.25 and derive a target price of \$11.40.

Our target price offers significant upside from the current price of \$3.82. We believe the current entry point is very attractive, especially considering that AKER is just above book value (1.2x), has no debt, is generating revenue both domestically and internationally, and has many pending product launches on the horizon.

Investment Highlights

- **Over 125% revenue increase in 2013; anticipating sales growth and margin improvement**
- **Six proprietary platform technologies enable rapid, cost-efficient new product launches**
 - Four platforms have technology currently utilized in commercialized products
 - 11 core products, each with mass market potential
 - Strategy to identify high-margin market segments with inadequate testing solutions and introduce AKER's rapid and accurate testing alternative
- **Sales and distribution through blue chip medical products companies**
 - Examples include Cardinal Health, Fisher Healthcare, and Chubeworkx
 - Agreements with Medline Industries Inc. and Typenex Medical, LLC to market/distribute its PIFA Heparin Tests throughout the U.S.; agreements with Cryopep SARL and DiaLine AG to market/distribute PIFA Heparin Tests throughout Europe; agreement with NovoTek Therapeutics Inc. to market/distribute PIFA Heparin tests in Mainland China (initial purchase order valued at \$1 million)
 - Three-year agreement with 36S to market the PIFA PlussPF4 infectious disease rapid assay test product line and the Tri-Cholesterol rapid test
- **New healthcare environment drives cost-containment and the need for point-of-care diagnostic solutions**
 - Asia-Pacific region and Eastern Europe experiencing double the growth in IVD market compared to rate of global pharmaceutical industry
 - Global in-vitro diagnostics market estimated at \$45 billion, and is expected to reach \$64 billion in 2017 (source: Frost & Sullivan, June 6, 2013)

Peer Comparison

Name	Ticker	Market Cap	Price	P/S (ttm)	P/E (ttm)	P/B (mrq)	Revenue (ttm)	Rev per Share
ORASURE TECHNOLOGIES INC	OSUR	564.49	9.78	5.1	N/A	3.5	106.55	1.89
MERIDIAN BIOSCIENCE INC	VIVO	685.04	16.57	3.6	19.6	4.3	188.83	4.49
QUIDEL CORP	QDEL	966.94	28.03	5.9	N/A	4.5	169.19	4.89
CHEMBIO DIAGNOSTICS INC	CEMI	37.68	3.89	1.3	N/A	1.9	28.41	2.99
ERBA DIAGNOSTICS INC	ERB	132.02	3.20	4.7	91.1	7.2	28.10	0.49
NANOSPHERE INC	NSPH	47.26	0.40	3.6	N/A	2.8	13.06	0.17
VENAXIS INC	APPY	57.33	1.86	651.3	N/A	2.2	0.09	0.00
TROVAGENE INC	TROV	98.67	5.20	363.9	N/A	8.0	0.27	0.01
TEARLAB CORP	TEAR	90.69	2.60	4.8	N/A	3.0	18.86	0.56
RESPONSE GENETICS INC	RGDX	13.19	0.32	0.8	N/A	6.6	17.41	0.56
VERMILLION INC	VRML	84.93	1.97	33.5	N/A	6.8	2.54	0.08
Median		90.69	3.20	4.80	55.35	4.30	18.86	0.56
Average		252.57	6.71	98.05	55.35	4.62	52.12	1.47
AKERS BIOSCIENCES INC	AKER	18.93	3.82	5.3	N/A	1.2	3.55	0.72