



Viatar CTC Solutions Inc.

OTCQB: VRTT

December 1, 2015
Target Price: \$3.85
Recent Price: \$1.03

Market Data

Fiscal Year	December
Industry	Medtech
Market Cap	\$18.9M
Price/Earnings (ttm)	N/A
Price/Book (mrq)	N/A
Price/Sales (ttm)	N/A
Insider Ownership	15.1%
Shares Outstanding	18.3M
Equity Float	8.6M
Avg. Volume (3 mo.)	1,533

As of November 30, 2015

Income Statement Snapshot

TTM

Revenue	\$0.04M
Net Income	(\$5.3M)

Balance Sheet Snapshot

	MRQ
Cash	\$1.4M
Debt	\$1.7M

Company Website

www.viatarctcsolutions.com

Company Overview

Viatar CTC Solutions Inc. is a medical technology company focused on the treatment of patients with metastatic cancer. The Company's lead product, the Viatar™ Therapeutic Oncopheresis System, removes circulating tumor cells (CTCs) from whole blood using label-free cross-flow filtration. It is designed to be used as a periodic therapy to improve overall survival for a wide range of solid tumor types such as lung, breast, colon, prostate, and gastric cancers. This proprietary technology also powers the Company's liquid biopsy products, which are collection systems for use by genetic testing companies, researchers, and medical oncologists that provide a greater quantity and purity of circulating tumor cells for their molecular analysis and personalized medicine objectives. The Company's liquid biopsy products are currently generating revenue, and sales are expected to increase in the coming quarters.

Value Proposition

VRTT has groundbreaking technology that is designed to be used in the large and under-served metastatic cancer market. The annual cost of care per cancer patient is \$123,000, and Viatar's system is targeted to cost only \$15,000 annually while offering no side effects and improved survival rates as compared to chemotherapy. With approximately 10 million metastatic or stage IV cancer patients, penetrating only 1% of this market would lead to \$1.5 billion in annual revenue. High margins ensure significant profit potential. VRTT CEO Ilan Reich has had substantial success in growing and operating medical device companies in the past; as Executive Vice President, President, and co-CEO of Inamed Corporation, he helped significantly improve the company's performance and operations, which led to an acquisition by Allergan for \$3.5 billion. Medical device companies with the CE Mark but no revenues are typically valued at \$150-\$250 million (or \$8-\$14 per VRTT share), and many early stage immunotherapy companies are valued at over \$1 billion (or \$50 per VRTT share). Utilizing a NPV analysis, our current target price is \$3.85. With strong animal data and potential CE Mark approval in late-2016, the stock presents a compelling entry point prior to results from the Company's upcoming pilot study.

Investment Highlights

- **Therapeutic oncopheresis system addresses the large and under-served metastatic cancer market**
 - Addressable market is approximately 10 million cancer patients with Stage IV or metastatic disease
 - 90% of cancer deaths are due to metastatic disease
- **Compelling animal data shows that removing CTCs slows down metastasis**
 - MIT study (2014) showed that interfering with CTCs stops the metastatic process
 - Georgia Tech study (2011) removed CTCs just once from mice with ovarian cancer; significantly slowed tumor progression (10.77x), and increased survival by 32%
 - University of Michigan study (2015) collected CTCs for 28 days from mice with breast cancer, leading to an 88% reduction of tumor cells in the lungs, 30% fewer metastatic lesions in the lungs, and 75% lower incidence of liver metastases.
- **Currently earning revenue from liquid biopsy products**
 - Segment poised to grow as genetic testing becomes the standard of care
- **Near term commercialization opportunity for these products in Europe and Canada with CE Mark in late-2016**
- **Printer cartridge model provides long-term, high-margin, recurring revenue**
 - Projected gross and operating margins of 70% and 30%, respectively

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