



OxySure Systems, Inc.
OTCQB: 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.

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