

# TruScreen

## True potential

TruScreen (TRU) manufactures and distributes a unique testing device that detects cancerous and pre-cancerous cells in the cervix. The developing world, which has the highest incidence and mortality from cervical cancer, is the target market. TRU, which listed on the NZX in November 2014, has secured China Food and Drug Administration (CFDA) approval to market TruScreen in China, where there is no cervical cancer testing regime and a potential market of 388 million.

## Business model

TRU manufactures, distributes and sells the TruScreen device for detecting cervical cancer. It manufactures in China and Australia. It is in the process of setting up sales and distribution networks in key target markets in the developing world. In April, it secured approval from the CFDA to market TruScreen in China. Since then, the company has commenced its first two major Chinese screening programmes, the first of which will run in co-operation with the China Doctors Association aimed at screening 100,000 women spread across every province of China, and the second run on behalf of China's largest oil company, Sinopec, with the aim of screening 130,000 women in the Shengli oil fields in north-east China.

In addition to China, TRU has cemented distribution agreements and commenced sales in South-East Asia, Central Asia, Latin America, the Middle East, Russia and Eastern Europe. It has also invested NZ\$1m in developing a smaller, wireless, more modern and future-proofed TruScreen device. This miniaturised and mobilised TruScreen is expected to be released to the market in late 2015.

## Capital-raising

Since its last balance date, the company has raised an additional NZ\$5.1m through a NZ\$3.27m private placement in May and a NZ\$1.81m share purchase plan in June. These funds will enable the company to finance its current operations, set up manufacturing facilities for the upgraded miniaturised, wireless TruScreen device and continue its algorithm refinement programme.

## Valuation: No earnings forecasts available

There are no earnings forecasts available for TRU. The company reported revenues of NZ\$2.2m in the 12 months to March 2015, which was ahead of the NZ\$1.92m forecast in its prospectus.

### Historical financials

Year end	Revenue (NZ\$m)	PBT (NZ\$m)	EPS (c)	DPS (c)	P/E (x)	Yield (%)
03/14	0.0	(1.6)	(1.8)	0.0	N/A	N/A
03/15	2.2	(0.7)	(0.5)	0.0	N/A	N/A

Source: Company reports

## Pharma & biotech

**Price\*** **NZ\$0.25**

**Market cap** **NZ\$39m**

\*As at 27 August 2015

Net cash (NZ\$m) as at 27 July 2015 4.0

### Share price graph



### Share details

Code	TRU
Listing	NZX
Shares in issue	157.5m

### Business description

TruScreen offers the latest technology in screening for the possibility of cervical cancer, which after breast cancer is the second most fatal cancer for women. The target market comprises one billion women in the developing world.

### Bull

- Non-invasive test with a higher degree of accuracy than traditional Pap smear tests.
- Huge market potential in China.
- Real-time results.

### Bear

- Targeting poorly funded developing countries.
- One-product company.
- Model relies on distribution partner in each jurisdiction.

### Analysts

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