EDISON

Derma Sciences

FY14 results

Picking up pace

Pharma & biotech

Derma Sciences delivered a robust Q414 with rebounding sales growth but slowing cost growth. Based on lower overhead and R&D costs, we have tempered our forecast losses 2015-16e and our DCF-based valuation has been raised from $312m to $320m. Accelerated recruitment in the ongoing diabetic foot ulcer trials (DSC127) and improved cost absorption in Advanced Wound Care may lead to profitability as of 2018.

Year end	Revenue ($m)	PBT* ($m)	EPS* ($)	DPS ($)	P/E (x)	Yield (%)
12/13	79.7	(23.8)	(1.41)	0.0	N/A	N/A
12/14	83.7	(39.9)	(1.62)	0.0	N/A	N/A
12/15e	88.1	(47.7)	(1.88)	0.0	N/A	N/A
12/16e	96.4	(38.7)	(1.49)	0.0	N/A	N/A

Note: *PBT and EPS are normalised, excluding intangible amortisation, exceptional items and share-based payments.

Sales growth pick up while cost growth slows in Q4

Derma Sciences ended FY14 on a high note with 10.5% sales growth y-o-y in Q4, (5% for FY14), driven by 22% growth in Advanced Wound Care (AWC) and $4m lower operating loss versus our forecast. While leaving sales forecasts unchanged, lower overhead and R&D costs prompt us to reduce our loss per share by 2% in FY15e and 1% in FY16e.

MEDIHONEY rebounding despite challenges

Encouragingly, the lead product, MEDIHONEY, delivered 26.5% sales growth in Q4. We forecast 12% growth in FY15, helped by a favourable reassessment of its clinical data by the previously critical Cochrane Collaboration. We expect the Medicare non-coverage decision in January, affecting $3m of sales, to prove transient.

TCC-EZ growth and DSC127 trial set to accelerate

Sales of TCC-EZ, the second biggest product, should accelerate in FY15 helped by a 61% Medicare reimbursement hike as well as the recent publication of a policy document supporting its use in the treatment of diabetic foot ulcers (DFU). Further, we expect the new chief medical officer to provide impetus to the DSC127 DFU clinical trial, making a mid-2016 conclusion probable, despite the initial challenges with enrolment. Overall, we forecast sales CAGR 2014-18e of 16% in AWC, 1% in TWC (helped by a new private label contract) and 9% for the group (22% when including $70m DSC127 revenues in 2018e).

Valuation: Healthy upside thanks to DSC127

Based on our revised forecasts which have been rolled forward one year, we value Derma Sciences at $320m vs $312m before. This corresponds to $12.6 per share or $10.6 per diluted share. The valuation is particularly sensitive to the progress of DSC127, which represents 56% of group value.

30 March 2015

Price	**US$8.83**
Market cap	**US$223m**

Net cash ($m) at end December 2014	75.4
Shares in issue	25.3m
Free float	86%
Code	DSCI
Primary exchange	NASDAQ
Secondary exchange	N/A

Share price performance

%	1m	3m	12m
Abs	10.6	(5.4)	(28.4)
Rel (local)	12.9	(4.1)	(35.8)

52-week high/low	US$12.7	US$7.4

Business description

Derma Sciences is a specialty medical device/pharmaceutical company. It focuses on developing and commercialising traditional and novel advanced wound care products, including MEDIHONEY and TCC-EZ, among other brands, and DSC127, a novel pharmaceutical agent for wound healing. It is headquartered in Princeton, New Jersey, US.

Next events

Mid-point DSC127 Phase III enrolment	Q215
AMNIOMATRIX study readout	Q415
MEDIHONEY vs Santyl study readout	Q216
Final readout DSC127 Phase III study	2016

Analysts

Hans Bostrom	+44 (0)20 3681 2522
Dr Mick Cooper	+44 (0)20 3077 5734

healthcare@edisongroup.com

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Outlook

Derma Sciences' full year 2014 results provided a status update of its three key commercialised AWC products; MEDIHONEY, TCC-EZ and AMNIO as well as its pharmaceutical wound care agent, DSC127, currently in phase III clinical trials for DFU. Following our outlook report on Derma Sciences 12 February, this note provides an update on their progress as well as our valuation.

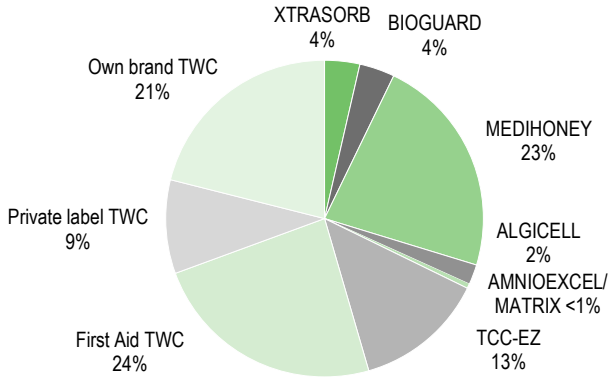
Key implications from Q4 results on the 2015 outlook

Overall, our sales forecasts remain unchanged, suggesting sales CAGR 2014-18e of 16% in AWC, 1% in traditional wound care (TWC) and 9% for the group (22% CAGR including $70m forecast sales of DSC127 in its first forecast year on the market 2018e). However, we reduce our forecasts for overhead and R&D costs by $4m in 2015e. Our new forecasts assume a more cost-efficient enrolment as the DSC127 trial looks set to expand to cheaper non-US locations, such as Eastern Europe, in Q215.

We are particularly encouraged by the sales growth reacceleration of Derma Sciences' lead product, MEDIHONEY, in Q4 (+26% yoy). We believe this demonstrates the resilience of the MEDIHONEY franchise in the face of intensified competitive pressures, mainly emanating from a critical meta-analysis of previous clinical studies published by the influential Cochrane Collaboration earlier in 2014. In a recently published reassessment, the Cochrane Collaboration qualified its analysis of MEDIHONEY, which now reads more favourably. In the event that Derma Sciences is unsuccessful in revoking the recent Medicare non-coverage determination issued in January, impacting $3m of MEDIHONEY sales, we envisage it launching alternative formulations, which continue to benefit from Medicare coverage, as early as Q215.

Conversely, we expect the 61% hike in Medicare reimbursement effective 1 January 2015 as well as the publication of a favourable policy document supporting its wider use, to stoke a sales growth recovery from 18% to 22% for Derma Sciences' second biggest product, TCC-EZ, in FY15. Further, the equalisation of Medicare reimbursement with competing products as of 1 January 2015 as well as the company's work to broaden reimbursement coverage, bode well for a gradual ramp up in AMNIO EXCEL/AMNIOFIX revenues to $2m in 2015e and $15m in 2018e.

Exhibit 1: Derma Sciences' product split 2014



Source: Derma Sciences and Edison Investment Research

TCC-EZ growth set to accelerate in FY15e thanks to improved reimbursement and clinical support

TCC-EZ is a novel, patented advanced total contact casting (TCC) system dressing. It employs a casting technique that offloads pressure from the foot. This is critical to promote healing in the early stages, notably of diabetic foot ulcers. The boot is applied in such a way that it intimately follows the exact contour of the foot, hence the designation 'total contact cast'. As many as 15% of diabetics

are at risk for developing a DFU and 85% of lower extremity amputations in diabetic patients are preceded by a foot ulcer. The projected lifetime health care cost for patients with DFUs, who undergo amputation, is approximately $509k, according to Derma Sciences.

Derma Sciences is targeting TCC-EZ to be the first treatment option for DFU and other skin conditions of the foot. Assuming the current price of $100 per device and two million US patients, the potential in the US for DFU alone amounts to $200m, about 18 times the FY14 level of sales. In fact, offloading was used in only 2.2% of patients presenting with a DFU, according to the US Wound Registry 2007-12.

Starting in January 2015, clinicians' use of TCC-EZ will become financially more attractive, as Medicare's outpatient reimbursement rate was raised by $85 to $223 per treatment. Accordingly, we expect a pick-up in TCC-EZ revenue growth from 18% in 2014 to 22% in 2015 resulting in FY15e revenues of $13.5m. We believe the use of TCC-EZ will also be aided by the publication of consensus guidelines in December 2014 in the Journal of American Podiatric Medical Association. This recommended offloading as a means to improve healing outcomes and to reduce complications in patients suffering from DFU. The new guidelines suggested that TCC-EZ demonstrates success in healing outcomes for patients with DFU because of its mode of action and non-removable design.

MEDIHONEY growth rebounds - Cochrane reassessment provides a fillip

MEDIHONEY is a line of novel wound care products, made up of a high percentage of honey originating from *Leptospermum scoparium* (manuka bush or tea tree) grown predominantly in New Zealand and Australia, so called manuka honey. MEDIHONEY has a clinically proven antibacterial and potential anti-inflammatory efficacy in as low a concentration as 10%. MEDIHONEY dressings are particularly suited to the management of non-chronic and hard-to-heal wounds, including burns and post-operative wounds.

MEDIHONEY sales accelerated to 26% growth in Q4 y-o-y and in the context of 16% growth y-o-y to $18.9m in FY14, supported by extensive detailing of its clinical benefits by the enlarged sales force. In our view, the recovery is particularly pleasing after the product faced new competitive challenges originating mainly from the publication in early 2014 by the widely read Cochrane Review. This included a meta-analysis of 25 published trials and suggested that MEDIHONEY may be more effective in the treatment of acute wounds, such as burns, than conventional dressings, but no more effective for the treatment of venous leg ulcers than compression. Furthermore, it posited that MEDIHONEY's effectiveness was mixed and that supportive evidence from studies would be subject to a high risk of bias. Derma Sciences refuted this meta-analysis of previously published data. However, the use of MEDIHONEY received at least partial vindication in a recent update of the Cochrane Review. This modified some of the conclusions from 2014, which Derma Sciences considered erroneous. Specifically, the updated Cochrane analysis suggests that MEDIHONEY appears to heal partial thickness wounds more quickly than conventional treatment and infected postoperative wounds more quickly than antiseptics and gauze. The new analysis also included a new study, showing superiority of MEDIHONEY vs saline-soaked gauze in healing DFU.

Medicare reimbursement snag impacting $3m of MEDIHONEY US sales

Having taken two steps forward with the revised Cochrane Review, Derma Sciences had to take a minor step back with the notification 15 January 2015 from the Medicare contractor, also known as PDAC, that all MEDIHONEY products have been re-assigned to non-covered billing codes. PDAC's decision was informed by the subsequently published policy statement (22 January) by another contractor, DME MAC, which changed the standard procedure to determine coverage for multi-component dressings. The statement stipulated that dressings containing more than 50% of a non-covered component, such as manuka honey, would be considered non-covered. Until that point,

reimbursement codes for multi-component dressings were assigned on the basis of the substrate, eg alginate, hydrogel and hydrocolloid. Accordingly, Derma Sciences received notification that dressings with more than 50% or more by weight of manuka honey would be considered non-covered and assigned a different code.

Derma Sciences estimates the non-coverage notification will impact $3m of MEDIHONEY sales paid for by Medicare and commercial payers under product specific reimbursement codes. This represents 16% of total $18.9m MEDIHONEY sales in 2014. The vast majority of product use is unaffected by the policy change, since it is incident to treatment and reimbursed under bundled reimbursements (DRGs) used in the hospital and home care setting. The company is working towards reversing the Medicare coverage reassignment and expects to receive a response from the Centers for Medicare and Medicaid Services on this matter over the next few weeks. Should Derma Science fail to have the adverse coding overturned, it expects to be able to shift the vast majority of affected MEDIHONEY usage to alternative formulations with lower than 50% content of manuka honey.

Exhibit 2: Main formulations of MEDIHONEY

Product	Description
MEDIHONEY HCS	Absorbent polymer patch with 63% honey content for dry to moderately exuding superficial to partial thickness wounds.
MEDIHONEY Calcium Alginate	Alginate patch with 95% honey content for moderately exuding wounds.
MEDIHONEY Honeycolloid	Adhesive or non-adhesive versions for lightly to moderately exuding superficial partial thickness wounds with 80% honey content.
MEDIHONEY gel	Topical gel for partial to full thickness wounds with 80% honey content.
MEDIHONEY paste	Paste for lightly exuding wounds, or for hard to dress areas with 100% honey content.

Source: Derma Sciences

Amniotic allografts (AMNIO) with promising medium term growth potential

Derma Sciences entered the burgeoning market for skin substitutes in Q314, having acquired the exclusive rights to two novel human placenta-derived (amniotic) tissue products for all dermal applications from privately held BioD LLC earlier in the year. According to MiMedx, the market leader in the category, the US skin substitute market currently turns over $500m annually against the backdrop of a $12bn addressable market, covering traumatic injuries, burns, surgical wounds, complex chronic and acute wounds and other soft-tissue defects. MiMedx believes it has not yet penetrated 5% of diabetic foot ulcers, venous leg ulcers and pressure ulcers.

Since the US launch in Q314, Derma Science's AMNIO EXCEL and AMNIO MATRIX (jointly referred to as AMNIO) generated just over $400k in revenues in H214. We expect AMNIO sales to grow sequentially quarter after quarter and generate $2m in sales in FY15e. The potential award of broader reimbursement coverage over the next 6-12 months, backed by clinical data from an ongoing Phase IV trial, may catalyse a steeper growth trajectory than we currently forecast. This study, which should be fully enrolled by the end of April, aims to demonstrate the equivalence in terms of efficacy with the leading amniotic skin substitutes. It is one of several studies underway to support reimbursement determinations from the remaining four Medicare Administrative Contractors (MAC) and commercial payers that require such data. Derma Sciences currently benefits from coverage determinations from two of the MACs in the US. By the end of April 2015, however, it expects to have secured favourable coverage decisions by another MAC, such that Medicare will cover AMNIO in over half the US territories that Derma Sciences' sales force currently addresses.

Provided it can demonstrate equivalent efficacy, we believe that Derma Sciences competitive pricing strategy will prove an important driver of market share. Derma Sciences prices AMNIO at $800 per course of treatment leaving $600 for the medical practitioner, whereas some competitor pricing is more than 50% higher. In fact, leading competitors, such as MiMedx and Osiris, have until 1 January 2015 benefited from generous reimbursement under pass-through codes, which were replaced by a $1,400 bundled (procedure plus product) reimbursement in the outpatient setting.

Accordingly, clinicians no longer have strong financial incentives to use these established competitor products. Additionally, the inclusion in Q115 of AMNIO by the Premier purchasing group, one of the largest in the US, should promote access to the product line for participating hospitals, in our view.

A favourable development in terms of clinical data and reimbursement coverage for AMNIO has the potential to propel AWC growth above our forecast 15% rate for 2014-18. Indeed, our $15m sales forecast in 2018 compares conservatively to market leading MiMedx's $118m sales of amniotic grafts in 2014. However, should AMNIO develop well, Derma Science may elect to hire additional sales force to maximise the potential of the product.

DSC127 DFU trial accelerating recruitment – mid-2016 conclusion possible

Derma Sciences' DSC127 is a novel pharmaceutical agent, which was licensed from the University of Southern California in 2007. We believe it represents a potentially highly lucrative product to be used as a first- or second-line treatment in over 40% of DFU patients, representing a $1bn market opportunity for the DFU indication in the US alone. Even when adjusting for a likely lower price for DSC127 outside the US, the total global market potential for DSC127 for use in DFU could be as high as $3bn, according to Derma Sciences' estimates. We estimate peak sales of $412m by 2024e, reflecting our assumptions on market penetration. DSC127 represents 56% of our valuation of the company.

Derma Sciences initiated Phase III trials in early 2013, targeting the recruitment of 1,055 patients in five arms. In the early phase of the trial, progress was indeed slower than originally expected (nine patients enrolled per month in 2013), reflecting competition from other DFU studies with laxer inclusion criteria and with lower requirement on participating physicians' time. However, recruitment accelerated significantly in 2014 (29 per month May-December 2014) after the trial was expanded to South Africa, while US centres with inadequate recruitment were shut. Despite the step up in the pace of enrolment, patient selection has remained rigorous in adhering to the original inclusion/exclusion criteria. Because of the slow start and the ambitious design of the study, the expected conclusion of the trial has been delayed by nine to 12 months into 2016, since its start in 2013. As a result of the unexpected challenges, Derma Sciences has raised the total trial budget by $7.5m to $62.5-67.5m since the start of the trial, of which $25-30m remains to be spent.

New chief medical officer brings fresh ideas on DSC127 trials

The appointment in Q115 of Dr John Caminis, with extensive experience in pharma clinical trials, as chief medical officer has prompted an analysis of the specifics of the current DSC127 trial sites with a view of improving recruitment rates. Dr Caminis leads an evaluation of how best to expand the number of trial sites to additional non-US clinical centres, most likely in Eastern Europe. Discussions with contract research organisations are underway and Derma Sciences expects to establish new trial centres before the end of Q215. We expect that the appointment of an in-house chief medical officer should ensure a greater focus on improved recruitment rates and cost efficiency, making an on-budget conclusion of the trial in mid-2016 more probable. However, the company stressed in conjunction with its full year result that its priority was to conclude the trial successfully rather than speedily.

By 12 March 2015, 440 (42%) out of a targeted 1,055 patients had been enrolled, while $37.5m (56% of $67.5m) out of the $62.5-67.5m budget had been spent by the end of Q414. We forecast a total spend of $23m on the DSC127 DFU trial and an additional $4m to be spent on other clinical trial work in 2015e, leaving $7m of the budget to be spent in 2016e. Accordingly, we do not see much slack in the DSC127 DFU trial budget.

Derma Sciences is hopeful to step up US enrolment rates from 25 in 2014 to 35 in 2015 (420 patients in 2015) and to add another 250-300 patients from centres outside the US for the

remainder of the programme. The company's regulatory advisors indicate that the FDA would accept trial results with more than 60% of patients recruited in the US, which we consider compatible with the plans for an accelerated international programme. Derma Sciences affirmed in its FY14 statement that the midpoint in the recruitment should occur in Q215 with a final readout possible in mid-2016. This could enable a filing in H117 with an approval and market launch in 2018, in our view.

Moreover, Dr Caminis is exploring new opportunities for the lifecycle management of DSC127 and some logical follow-on indications. Pharmacological and dose response studies using DSC127 to treat human scars are scheduled to commence in mid-2015, which will inform a go/no-go decision for any human trials.

Traditional Wound Care (TWC) finds new leg of growth with US pharmacies

Derma Sciences' TWC line consists of gauze sponges and bandages, non-adherent impregnated dressings, retention devices, paste bandages and other compression devices. It also manufactures and markets a broad line of adhesive bandages and related first aid products for the medical, industrial, private label and retail markets. This $3bn global market opportunity has modest growth.

Following flat sales in FY14, we forecast TWC revenues to dip by 3% to $44.3m in 2015 as the company stands to lose $4m in annual revenues from a terminated OEM supply agreement with McKesson. The rate of decline should be the most severe in the early part of the year; we forecast 11% decline in TWC sales in H115e. However, sales growth should recover in H2 thanks to a new agreement to supply one of the largest pharmacy chains in the US with private-label products, providing a higher than the TWC average operating margin. The agreement comprises a range of private label dressings, including those containing manuka honey. Longer term, management sees $15-20m annual revenue potential from this new private label supply agreement. Derma Sciences commented in its Q4 conference call there may be some upside to its $44.3m FY15 revenue guidance for TWC, depending on the speed of uptake by the new US pharmacy client. Derma Sciences is also working on other important retail and wholesale private-label contracts, which may further boost the cash flow from TWC, which amounted to $6.7m in FY14.

Financial analysis of Q4 and FY14

Derma Sciences ended FY14 on a financial high note. The 10.5% sales growth in Q4 compared with 5.1% for FY14 and represented a dramatic acceleration from the 8.7% decline in sales in Q314, which was hampered by supply issues with TCC-EZ and competitive pressures on MEDIHONEY. These issues have now been overcome.

We note that Derma Sciences' operating loss of $9.5m in Q4, resulting in a FY14 operating loss of $40.1m, was $4.3m lower than our forecast and was lower than the average $10.2m quarterly loss in the first three quarters of 2014. The improvement relative to our expectation is explained by the modest 2% growth in direct expenses as well as a sequential contraction in general and administrative overhead expenses. The overall growth in SG&A expenses slowed to 15% in Q4, while those expenses grew by 17%-32% in the three prior quarters, driven by extensive sales force investments in early 2014. The reduction in operating losses came despite a substantial increase in R&D expenses to $6.3m in Q414 vs $2.4m in Q413 and $4.2-4.4m during Q1-Q314. The higher R&D expenses are a function of increased activity in patient enrolment in the ongoing DSC127 trial for DFU, the pre-clinical trial for scar prevention for DSC127 as well as post-marketing clinical studies for AMNIO.

Exhibit 3: Quarterly forecasts for 2015

	Q1e	Q2e	Q3e	Q4e	FY15e
AWC sales ($000)	9100	10300	11300	13127	43827
growth	9.0%	16.9%	19.3%	14.4%	15.0%
TWC sales ($000)	9500	11350	11875	11541	44266
growth	(16.9%)	(6.2%)	11.0%	1.2%	-3.0%
Group sales ($000)	18600	21650	23175	24668	88093
growth	(6.0%)	3.5%	14.9%	7.8%	5.2%
EBIT ($000)	(12,968)	(11,550)	(12,568)	(10,731)	(47,818)
EPS (c)	(0.51)	(0.45)	(0.49)	(0.42)	(1.88)

Source: Edison Investment Research

Our sales forecasts remain unchanged. However, influenced by the cost variance in Q4, we now forecasts $2m lower corporate costs and $2m lower R&D costs in 2015e. This prompts a reduction in the forecast loss per share from $1.92 to $1.88 in FY15e and from $1.50 to $1.49 in FY16e. We forecast Derma Sciences to have $38m in net cash by the end of FY15e and $8m by the end of FY16e. In the event that the DSC127 trial is successful, thus justifying investment in other indications and a larger sales and marketing infrastructure, we forecast the company to raise a minimum $15m in funding by 2017, which is shown in our model as debt financing (for illustrative purposes).

Valuation: Upgraded from $312m to $320m

We value Derma Sciences using a discounted cash flow model. We value the three segments, AWC, TWC and PWC (DSC127), separately because each segment has different profitability and sales growth trajectories. Our cash flow forecasts for AWC and TWC extend to 2023 and PWC to 2028, based on patent lives of major products in each segment. We apply a universal 12.5% discount rate, 80% cash conversion rate of profits and, once our forecast operating loss carryforwards are exhausted in 2021, we have applied a 35% tax rate. We forecast total corporate overhead costs to grow from $15m to $20m during the forecast period, whose present value is deducted in our DCF valuation.

As a consequence of the lower forecast operating loss in FY15-16e and the rolling forward of our DCF valuation from 2014 to 2015e, we tweak our valuation from $312m ($12.3 per share) to $320m ($12.6 per share).

Exhibit 4: DCF value per segment ($m)

	TWC	AWC	PWC
Forecast period	2015-24e	2015-24e	2015-31e
Terminal growth rate	1.0%	2.5%	-100.0%
Discount rate	12.5%	12.5%	12.5%
Cash conversion rate	80%	80%	80%
Present value forecast period	29.6	7.4	266.9
Present value terminal	32.4	104.5	0
Total present value of segment	62.0	111.9	266.9

Source: Edison Investment Research

Exhibit 5: DCF value of Derma Sciences ($m)

Total present value of businesses	**440.7**
Present value of corporate costs	(159.6)
Cash end 2015e	38.4
Equity value	319.5
Basic shares (m)	25.3
Equity value per share ($)	12.6
Additional dilutive shares (m)	5.0
Additional proceeds from dilutive shares	1.8
Equity value per diluted share ($)	10.6

Source: Edison Investment Research

Exhibit 6: Financial summary

$'000s	2013	2014	2015e	2016e	2017e
31-December	IFRS	IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS					
Revenue	79,711	83,746	88,093	96,429	106,049
Cost of Sales	(50,321)	(53,636)	(54,651)	(57,801)	(59,489)
Gross Profit	29,390	30,110	33,442	38,629	46,560
EBITDA	(17,791)	(33,586)	(41,240)	(32,067)	(12,489)
Operating Profit (before amort. and except.)	(23,990)	(40,104)	(47,818)	(38,845)	(19,367)
Intangible Amortisation	(2,843)	(3,075)	(3,100)	(3,200)	(3,300)
Exceptionals	0	0	0	0	0
Other	0	0	0	0	0
Operating Profit	(26,833)	(43,179)	(50,918)	(42,045)	(22,667)
Net Interest	186	182	151	96	(411)
Profit Before Tax (norm)	(23,804)	(39,923)	(47,667)	(38,749)	(19,778)
Profit Before Tax (FRS 3)	(26,647)	(42,998)	(50,767)	(41,949)	(23,078)
Tax	(160)	151	143	2	99
Profit After Tax (norm)	(23,964)	(39,772)	(47,524)	(38,746)	(19,677)
Profit After Tax (FRS 3)	(26,807)	(42,847)	(50,624)	(41,947)	(22,979)
Average Number of Shares Outstanding (m)	17.1	24.6	25.3	26.1	26.8
EPS - normalised (c)	(140.5)	(161.8)	(187.6)	(148.5)	(73.3)
EPS - (IFRS) (c)	(157.2)	(174.3)	(199.8)	(160.8)	(85.6)
Dividend per share (c)	0.0	0.0	0.0	0.0	0.0
Gross Margin (%)	36.9	36.0	38.0	40.1	43.9
EBITDA Margin (%)	-22.3	-40.1	-46.8	-33.3	-11.8
Operating Margin (before GW and except.) (%)	-30.1	-47.9	-54.3	-40.3	-18.3
BALANCE SHEET					
Fixed Assets	39,045	38,454	35,476	32,398	29,220
Intangible Assets	28,094	26,273	23,173	19,973	16,673
Tangible Assets	3,093	3,758	3,880	4,002	4,124
Investments	7,858	8,423	8,423	8,423	8,423
Current Assets	49,532	100,844	65,453	37,530	43,925
Stocks	16,473	13,281	13,970	15,292	16,818
Debtors	7,333	8,758	9,213	10,084	11,091
Cash	21,980	75,393	38,358	7,742	11,105
Other	3,747	3,412	3,912	4,412	4,912
Current Liabilities	(9,492)	(11,511)	(13,274)	(14,777)	(31,359)
Creditors	(9,492)	(11,511)	(13,274)	(14,777)	(16,359)
Short term borrowings	0	0	0	0	(15,000)
Long Term Liabilities	(1,936)	(2,222)	(2,222)	(2,222)	(2,222)
Long term borrowings	0	0	0	0	0
Other long term liabilities	(1,936)	(2,222)	(2,222)	(2,222)	(2,222)
Net Assets	77,148	125,565	85,433	52,929	39,564
CASH FLOW					
Operating Cash Flow	(18,922)	(28,040)	(39,529)	(31,565)	(12,147)
Net Interest	186	182	151	96	(411)
Tax	1,534	1,852	1,844	1,703	1,800
Capex	(696)	(2,858)	(1,000)	(1,000)	(1,000)
Acquisitions/disposals	(7,000)	0	0	0	0
Financing	2,162	82,278	1,500	150	122
Dividends	0	0	0	0	0
Net Cash Flow	(22,736)	53,413	(37,035)	(30,617)	(11,637)
Opening net debt/(cash)	(45,078)	(21,980)	(75,393)	(38,358)	(7,742)
HP finance leases initiated	0	0	0	0	0
Other	(363)	0	0	0	0
Closing net debt/(cash)	(21,980)	(75,393)	(38,358)	(7,742)	3,895

Source: Derma Sciences and Edison Investment Research

Frankfurt +49 (0)69 78 8076 960
Schumannstrasse 34b
60325 Frankfurt
Germany

London +44 (0)20 3077 5700
280 High Holborn
London, WC1V 7EE
United Kingdom

New York +1 646 653 7026
245 Park Avenue, 39th Floor
10167, New York
US

Sydney +61 (0)2 9258 1161
Level 25, Aurora Place
88 Phillip St, Sydney
NSW 2000, Australia

Wellington+64 (0)4 8948 555
Level 15, 171 Featherston St
Wellington 6011
New Zealand