

Stock Data

Share Price:	1.91p
Market Cap:	18.7m
Shares in issue:	977.97m

Company Profile

Sector:	Healthcare
Ticker:	SKIN
Exchange:	AIM

Activities

Vertically integrated test services company focused on developing and commercialising technology and products that scientifically prove the impact of skin care product claims for healthcare, life sciences, clinical research, pharmaceutical and cosmetics industries.

Share price performance



Source: LSE

Past performance is not an indication of future performance.

Turner Pope contact details

Turner Pope Investments (TPI) Ltd
8 Frederick's Place
London
EC2R 8AB

Tel: 0203 657 0050
Email: info@turnerpope.com
Web: www.turnerpope.com

Attention is drawn to the disclaimers and risk warnings at the end of this document.

This is a non-independent marketing communication. The analyst who has prepared this report is aware that TPI has a relationship with the company covered in this report. Accordingly, it has not been prepared in accordance with legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research.

TPI acts as joint broker to Integumen PLC.

Retail clients (as defined by the rules of the FCA) must not rely on this document.

Barney Gray Research analyst
Tel: 0203 657 0050
barney@turnerpope.com

Integumen plc

Since the beginning of the current year, Integumen has delivered a wide range of commercial and corporate milestones. These have included disposing of underperforming subsidiaries and the reduction of group indebtedness, the acquisition of RinoCloud to augment the growing Labskin business, new blue-chip customer agreements, significant expansion of facilities in York and Ireland and the appointment of key personnel.

After increased demand for its Labskin services, Integumen increased the size of its York laboratory by 40% in H1 and invested £0.4m in hi-tech laboratory equipment. The company currently plans to expand its York facility by a further 50% in Q3 2019. Integumen has also opened offices in Cork, Ireland for its IT, AI infrastructure support and global sales in H1 2019.

This expansion has been augmented by new appointments including Paul Ryan as Head of Enterprise sales to focus on increasing major client contracts and Colin O'Sullivan as AI Architect to develop the company's IT infrastructure to expedite digital expansion in the US, EU and Asia.

On the commercial side, Integumen announced four blue chip client agreements for Labskin services during H1 and following positive results of Labskin Cannabinoid (CBD) testing protocols, two test contracts have been signed with a further eight under negotiation. The company's STOER For Men continues to serve as a control for client testing within Labskin laboratories while also trading at breakeven.

In H1, Integumen also announced its first external development facility within the University of Bradford and the Centre for Skin Science. Additionally, the company has launched a Labskin human volunteer bacteria cloning service that will enable Integumen to enter the clinical trial and medical device sector in the future.

On the corporate side post the 2018 year end, Integumen completed the all share £3m acquisition of Rinocloud Limited enabling the scale up of the existing business from a physical laboratory to an automated digital platform. This was in tandem with a successful fund raising of £2.75m (of which £0.232m was vendor sale) and a number of strategic disposals to streamline Integumen's activities.

In H1, the company reduced its indebtedness through the disposal of Visible Youth Group, saving £0.245m of future liabilities; debt conversions, specifically those associated with Venn (£0.421m) and Cellulac (£0.4m for laboratory equipment) and the settlement of litigation issues also saved a further £0.25m of future liabilities.

Integumen also notes the settlement of several legacy share trading matters. In May 2019, Venn Life Sciences confirmed that a two year lock-in on its holding of 42.4 million Integumen IPO shares had expired and Venn has disposed of this interest. Also in May 2019, Enhance Skin Products settled its dispute with Integumen and with a holding that has fallen below 3%; Integumen is satisfied that Enhance's holding does not represent a significant overhang in the market going into H2 2019. In July 2019, Open Orphan (formerly Venn Life Sciences) disposed of a further 30.1 million Integumen shares held in a soft lock-in eliminating a further overhang in the market.

Integumen has been transformed over the last 12 months as the management's move to focus on its core businesses, Labskin, Wound pHase and STOER For Men have gained significant momentum. As such, we anticipate news of further progress in H2 2019 as Integumen focuses increasingly on expanding its client base and increasing its revenue per existing client.

THIS DOCUMENT IS NOT FOR PUBLICATION, DISTRIBUTION OR TRANSMISSION INTO THE UNITED STATES OF AMERICA, JAPAN, CANADA OR AUSTRALIA.

Conflicts

This is a non-independent marketing communication under the rules of the Financial Conduct Authority (“FCA”). The analyst who has prepared this report is aware that Turner Pope Investments (TPI) Limited (“TPI”) has a relationship with the company covered in this report. Accordingly, the report has not been prepared in accordance with legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing by TPI or its clients ahead of the dissemination of investment research.

TPI manages its conflicts in accordance with its conflict management policy. For example, TPI may provide services (including corporate finance advice) where the flow of information is restricted by a Chinese wall. Accordingly, information may be available to TPI that is not reflected in this document. TPI may have acted upon or used research recommendations before they have been published.

Risk Warnings

Retail clients (as defined by the rules of the FCA) must not rely on this document.

Any opinions expressed in this document are those of TPI’s research analyst. Any forecast or valuation given in this document is the theoretical result of a study of a range of possible outcomes and is not a forecast of a likely outcome or share price.

The value of securities, particularly those of smaller companies, can fall as well as rise and may be subject to large and sudden swings. In addition, the level of marketability of smaller company securities may result in significant trading spreads and sometimes may lead to difficulties in opening and/or closing positions. Past performance is not necessarily a guide to future performance and forecasts are not a reliable indicator of future results.

AIM is a market designed primarily for emerging or smaller companies and the rules of this market are less demanding than those of the Official List of the UK Listing Authority; consequently AIM investments may not be suitable for some investors. Liquidity may be lower and hence some investments may be harder to realise.

Specific disclaimers

TPI acts as joint broker to Integumen plc (“Integumen”) which is listed on the AIM Market of the London Stock Exchange (“AIM”). TPI’s private and institutional clients may hold, subscribe for or buy or sell Integumen’s securities.

This document has been produced by TPI independently of Integumen. Opinions and estimates in this document are entirely those of TPI as part of its internal research activity. TPI has no authority whatsoever to make any representation or warranty on behalf of Integumen.

General disclaimers

This document, which presents the views of TPI's research analyst, cannot be regarded as "investment research" in accordance with the FCA definition. The contents are based upon sources of information believed to be reliable but no warranty or representation, express or implied, is given as to their accuracy or completeness. Any opinion reflects TPI's judgement at the date of publication and neither TPI nor any of its directors or employees accepts any responsibility in respect of the information or recommendations contained herein which, moreover, are subject to change without notice. Any forecast or valuation given in this document is the theoretical result of a study of a range of possible outcomes and is not a forecast of a likely outcome or share price. TPI does not undertake to provide updates to any opinions or views expressed in this document. TPI accepts no liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this document or its contents or otherwise arising in connection with this document (except in respect of wilful default and to the extent that any such liability cannot be excluded by applicable law).

The information in this document is published solely for information purposes and is not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. The material contained in the document is general information intended for recipients who understand the risks associated with equity investment in smaller companies. It does not constitute a personal recommendation as defined by the FCA or take into account the particular investment objectives, financial situation or needs of individual investors nor provide any indication as to whether an investment, a course of action or the associated risks are suitable for the recipient.

This document is approved and issued by TPI for publication only to UK persons who are authorised persons under the Financial Services and Markets Act 2000 and to professional clients, as defined by Directive 2004/39/EC as set out in the rules of the Financial Conduct Authority. This document may not be published, distributed or transmitted to persons in the United States of America, Japan, Canada or Australia. This document may not be copied or reproduced or re-distributed to any other person or organisation, in whole or in part, without TPI's prior written consent.

Copyright © 2019 Turner Pope Investments (TPI) Limited, all rights reserved.