

Stock Data

Share Price:	0.83p
Market Cap:	£8.9m
Shares in issue:	1,072.4m

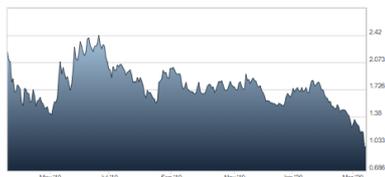
Company Profile

Sector:	Healthcare
Ticker:	SKIN
Exchange:	AIM

Activities

Integumen plc ('the Group') is a 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.

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Integumen plc

Integumen has announced its signing of a three-year US\$3.75m (£3.12m*) bacteria production agreement with Modern Water plc (AIM:MWG, 'MWG'). This revenue-sharing agency agreement ('Agreement') entails both the manufacturing and provision of logistical support for MWG's monitoring reagent consumables. Not only does this news represent a further important move in the continuing, planned expansion of Integumen's laboratories, but it also provides significant additional reassurance that the Group will deliver on the significant, four-fold revenue expansion already projected by its Board for the current year.

This Agreement is structured in expectation of receiving revenues of US\$1.25m (£1.04m*) per year for each of the next 3 years, totalling US\$3.75m (£3.12m*). This is then shared between the two, based on a 60%/40% split in favour of Modern Water (after costs) and is subject to rolling 12-month extensions thereafter. Integumen subsidiary, Labskin has confirmed intention to double its laboratory space in Q2 2020 in order to meet anticipated demand.

The news is highly significant for both companies. For Integumen, it effectively underwrites the three-fold revenue increase (i.e. £4m for the year-ended December 2020) guidance that has already been cited by the Group's CEO, Mr Gerry Brandon. It also strongly reinforces Integumen's relationship with MWG, which in February 2020 was confirmed as a member of the ecowaterOS consortium that the Group founded along with numerous other significant corporate and academic bodies. The consortium's already stated intention is to bring together multiple partners (with a combined 32 years of related engineering skills), added to smart AI cloud-based data analytic technologies and best-in-class engineering at commercial scale across the brewing, biofuel, chemical and wastewater industries. With raising awareness of the direct impact of climate change on worldwide systems vital to the population's wellbeing, ecowaterOS seeks to address and capitalise on the urgent issues now facing international water monitoring, recovery, treatment & recycling. Mr Brandon became Non-Executive Chairman and a shareholder of Modern Water in February 2020.

Based on existing demand for MWG's supply of such consumables, this Agreement provides forward visibility and the expectation of delivering both technological advancement and improved operational efficiencies. In this respect, the vision for Modern Water is to move from a self-contained production, sales, marketing and distribution company to a collaborative, cooperation and partnership business model. Significantly, it immediately provides Modern Water with access to state-of-the-art UK laboratories together with their experienced scientists, without the need for capital expenditure or the extended period required to establish such expertise. In this respect, Integumen's development and manufacturing capabilities are expected to enable MWG to grow its existing network of sales, marketing and distribution channels, while also delivering a quality product through a reduced operational cost base.

Today's news represents a further important move in the continuing expansion of Integumen's laboratory services. It demonstrates their ability to provide European bacteria reagent manufacturing capacity, together with the logistical support for Modern Water's sales, marketing and distribution in the US, EU, China and Japan. In addition to production of the bacteria reagents, the Group's AI division is also exploring options to develop data analytic tools for Modern Water monitoring equipment, with the potential to add higher-value bolt-on real-time alert services leading to increased revenue per client. This, together with ongoing expansion of Rinocloud's high margin data and AI services, Labskin's analytical/monitoring technologies and the extended customer reach now offered through ecowaterOS's multi-continental consortium, highlights the scale of opportunity being presented to Integumen in these underserved global markets. With the weight of anticipated demand from global-scale manufacturers potentially testing the Group's recently expanded laboratory capacity before the current period end, TPI's Initiation research on Integumen plc (released on 8th January 2020) set a target price of 3.23p/share.

Assumes £=US\$1.20

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