

**Stock Data**

Share Price: 1.68p  
Market Cap: £18.0m  
Shares in issue: 1,072.4m

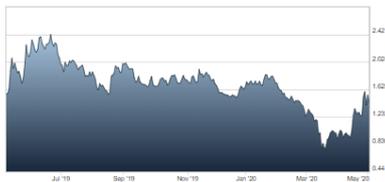
**Company Profile**

Sector: Healthcare  
Ticker: SKIN  
Exchange: AIM

**Activities**

Integumen plc ('SKIN', '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.**

**Turner Pope contact details**

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

Tel: 0203 657 0050  
Email: [info@turnerpope.com](mailto:info@turnerpope.com)  
Web: [www.turnerpope.com](http://www.turnerpope.com)

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**Barry Gibb**

**Research Analyst**

Tel: 0203 657 0061  
[barry.gibb@turnerpope.com](mailto:barry.gibb@turnerpope.com)

**Andrew Thacker**

**Corporate Broking & Sales**

Tel: 0203 657 0050  
[andy.thacker@turnerpope.com](mailto:andy.thacker@turnerpope.com)

# Integumen plc

**Further to its signing of a US\$£3.75m (£3.12m\*) bacteria production agreement with Modern Water plc (AIM:MWG, 'Modern Water') back on 18 March 2020, Integumen has today announced the completion of its first batch of MWG reagent. Not surprisingly, the global COVID-19 public health crisis is resulting in a significant acceleration of customer demand for water contamination detection bacteria from existing clients, to which both companies have been able to rapidly respond. With the increase of water hygiene controls around the world due to the public health crisis, Integumen has doubled production volume with a list price value of £500,000 per batch, following initial production run. Shipments have already commenced in order to satisfy back-orders and meet expanding demand.**

## Governments seeking to monitor for infection hotspots

A significant outcome of the COVID-19 outbreak, has been for wastewater-based epidemiology to very quickly become a high priority for international governments seeking to monitor for infection hotspots. They have recognised the urgent need for SARS-CoV-2 (or any such future virus/infectious disease) that might be presented in wastewater to be identified rapidly, given that it enables critical action to be taken in order to prevent the spread of a potential pandemic across the wider community.

Such actions have already been evidenced by a number of recent official moves, including the [US CDC monitoring human waste](#), the [Ministry of Ecology in China mandating the hygiene monitoring of water/wastewater](#), the environmental arm of [DEFRA](#) which is now looking at wastewater epidemiology and broad recognition that buildings dormant during the epidemic may have built up [contamination in their pipework](#).

## Valuation

Taking the above detail together with ongoing expansion of Rinocloud's high margin data and AI services, Labskin's analytical/monitoring technologies and the extended customer reach being offered through ecowaterOS's multi-continental consortium, highlights the scale of opportunities being presented to Integumen in its underserved global markets.

With the weight of anticipated demand from global-scale manufacturers potentially testing the Group's expanded laboratory capacity before the current period end, [TPI's Initiation research on Integumen plc](#) (released on 9th January 2020) set a target price of 3.23p/share\*.

\*£=1.20US\$

**Please note our valuation is relative and such valuation may never be realised, therefore please do not base investment decisions on this valuation alone**

## Detection of viruses such as SARS-CoV-2

As was detailed in [TPI's research note of 27<sup>th</sup> April 2020](#), Integumen is integrating its [RAWTest](#) AI real-time alert solution within MW's hardware capacity to expand the instruments' capability to also detect bacteria, nitrates and phosphates. The roadmap for this integration includes the ability for immediate detection of viruses such as SARS-CoV-2.

As such, the two companies have confirmed an acceleration of their agency agreement and collaboration in response to increased demand, from both Europe and SE Asia, for MWG's modular and expandable Microtox product range. This includes an order for 10 new 'top-of-the-range' Microtox CTM units to be shipped to China in the third quarter of 2020. Such analysers provide a biological warning system sensitive to COVID-19 (or other mutated forms of the virus and up to 120 others already known to exist in the medium) along with 2,700 simple and complex chemicals, thereby protecting drinking water supplies from accidental or deliberate contamination.

## Responding to the needs of a post-Pandemic world

Integumen has further demonstrated its ability to rapidly identify and respond to the urgent needs being presented by the global Pandemic. Having already been contracted to supply European bacteria reagent manufacturing capacity together with the provision of logistical support for Modern Water's sales, marketing and distribution in the US, EU, China and Japan, the two have now gone further to accelerate delivery of a post-Pandemic product capable of supporting a safer world.

## First mover advantage

Given the anticipated need for such safety equipment, this first mover advantage derived from combination of proprietary technologies could potentially create a transformative future opportunity. Notwithstanding this, the addition of value and opportunity through the Group's AI division is already opening other options to develop data analytic tools/facilities for Modern Water monitoring equipment, with the potential to include 'bolt-on' services in anticipation of new longer-term national requirements and scope to secure higher client revenues.

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