

WallStreet Research: Pressure BioSciences, Inc. (PBIO)

Big Turnaround May Lead to Big Returns

Obtaining market share is key to a company's success in a competitive industry, and the Boston-based medical device company Pressure BioSciences, Inc. just launched a vastly improved second generation product that can potentially take over a significant chunk of the biological sample preparation market, where it already commands an impressive 250 clients.

The Market and PBIO's Role in It

The sample preparation market, which consists of thousands of laboratories, currently relies on technology that apply mechanical or chemical manipulation to prepare the sample for study. These methods often lead to unwanted contamination and breakdown of the samples. Unlike other sample preparation companies, Pressure BioSciences utilizes a patented technology known as Pressure Cycling Technology (PCT) which applies calculated amounts of pressure toward the sample to carefully break down cellular structures and release biomarkers. PCT allows for far more control and accuracy in sample analysis than other methods and has numerous practical applications in fields such as drug, vaccine, and cancer studies.

Products and the Situation

Pressure BioSciences owns a line of PCT-based products such as the HUB series that range in price based on features available and pressure limits. While widely adopted by prestigious research facilities and even endorsed by prominent scientific figures like Dr. Alexander Ivanov and Dr. Jennifer Van Eyk, the technology has not yet caught commercial success in most laboratories due to the products' inability to accept disposable microwell strips. These strips are the most commonly used container in sample preparation by labs worldwide. PBIO, however, has recently developed a breakthrough product that will allow the company to expand into that market.

The Turnaround

As of June 2014, Pressure BioSciences released the High Throughput Barocycler, a PCT-based sample preparation machine that applies disposable microwell strips. With this machine, PBIO will be able to market their pressure cycling technology as not only more efficient and controllable than the techniques of competitors, but also readily adaptable for quicker commercial applications. We here at WallStreet Research believe the development of the new products will help Pressure BioScience potentially sell far more units than previous years.

Going Forward

As of the recent 2Q2014 earnings report, Pressure BioSciences experienced a 56% increase in the sale of products and services year-over-year for the quarter from \$196,522 in 2013 to \$307,464 in 2014. While the recent quarter shows continuing and promising revenue growth, those sales numbers mostly represent sales of PBIO's older PCT machines. Thus, that 56% growth has not even factored in the massive sales potential the High Throughput Barocycler and other recently developed products can bring to the table in the future. Still, achieving the anticipated growth is dependent on the company's ability to continue to obtain financing. As a result, PBIO may be able to reach previous highs in the \$1.60-\$2.00 range. At the current price of \$0.35, we rate PBIO shares a speculative BUY.

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