

24th August 2017

ASX CODE: SUD

Speculative Buy

FLASH NOTE

Suda Limited

Presentation + NDF research report...the "Great Leap Forward"

Translating Patents + Products to revenue growth...

- Suda Ltd.'s investor presentation (ASX: **SUD**) announced (15/8/2017) represents a "Great Leap Forward" highlighting the significant upside of ZolpiMist™ and its potential to turn drug delivery on its head. Or as **SUD** has put it "a Revolution in Drug Delivery".
- While the ZolpiMist™ story has been in the market place for some time, this presentation together with the **NDF Research** report by respected Biotech analyst Stuart Roberts (www.sudaltd.com.au), enables the investor/analyst to join the dots and finally give us an insight with regard to the significant revenue upside backed by the 30+ patent and 300+ product portfolio and deals with the likes of **Teva Pharmaceuticals International Gmb**, (affiliate of **Teva Pharmaceutical Industries Limited**), **Pfizer Pharmaceuticals** (worlds largest pharma) and **Eddingpharm**.
- The key takeaway, other than the revenue projections, is that major pharma's are backing **SUD** into big markets e.g. ZolpiMist™ in China- 590m people are known to be affected with sleep disorders. The August roadshow audience also highlighted many other drugs such as medicinal marijuana that could also be delivered via the Hydrotape patent? What would the flower power generation think?
- It appears **Teva** and **Eddingpharm** deals could be worth around \$90m however the "China X factor" could provide some serious upside here. Given the last decade has seen continued operating losses (more recently due to the investment in **SUD**'s R&D) it is pleasing to see that **SUD** has the confidence to project revenue of \$9.3 million for FY 2018, growing to \$24 million by the FY 2020-all based on what appear to be reasonable assumptions.

Capital Structure

Share Price (A\$)	0.019
Fully Paid Ordinary Shares (m)	1,219.9
Perform Rights (m)	4.75
Con Notes (conv \$0.0238, exp 3/19) (m)	2.0
Options (ex \$0.04, exp 26/4/20) (m)	10.0
Market Capitalisation (undil) (A\$m)	23.2
Share Price Year L-H (A\$)	0.016-0.027
Approx. Cash (A\$m)	1.4

Directors & Management

Michael R Stewart	Non-Exec Chairman
Stephen Carter	MD/CEO
Joseph Ohayon	CEO/CFO/Co. Sec

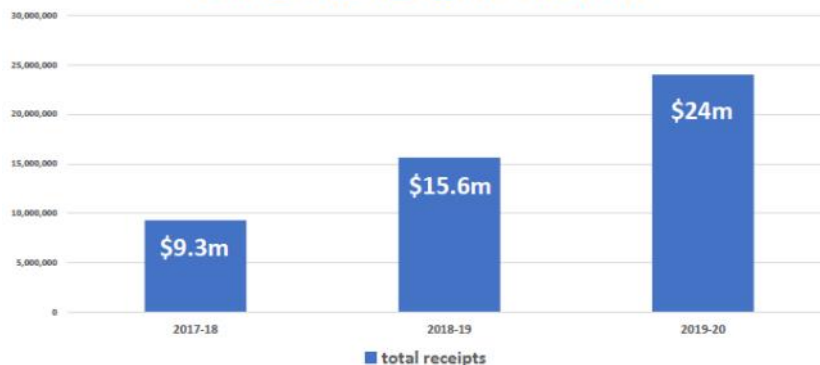
Major Shareholders

Citicorp Nominees	3.5%
CS Fourth Nominees Pty Ltd	1.3%

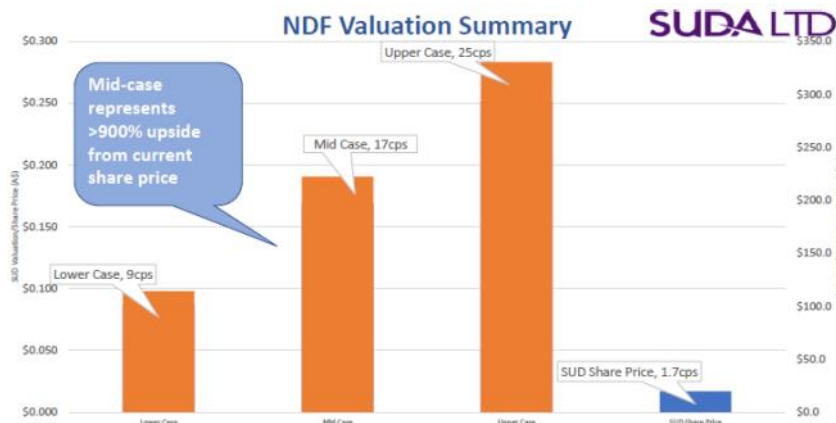
Share Price Performance



PROJECTED REVENUE GROWTH



NDF mid case 17cps..900% above current market price....



- This looks to **RM Research** like the early stages of a turnaround story as **SUD** appear poised to tackle some big markets such as China and South America with a very compelling product portfolio backed by the big end of town...the 900% Share price upside also looks enticing.

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Buy	Companies with 'Buy' recommendations have been cash flow positive for some time and have a moderate to low risk profile. We expect these to outperform the broader market.
Speculative Buy	We forecast strong earnings growth or value creation that may achieve a return well above that of the broader market. These companies also carry a higher than normal level of risk.
Hold	A sound well managed company that may achieve market performance or less, perhaps due to an overvalued share price, broader sector issues, or internal challenges.
Sell	Risk is high and upside low or very difficult to determine. We expect a strong underperformance relative to the market and see better opportunities elsewhere.

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