

The Motley Fool UK Discussion Boards

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Shares M / Medisys plc

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Subject: Update
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Had a word with the co. and here are some of the clarifications that I was after.

QuickTek

In the first three months of its launch (according to the 2002 AR) it had sales of £700k or £233 p/m. In Oct/Nov 2002 sales were £350k p/m. In the 2003 prelims the product had sales of £4m or £333k p/month. Seems to me that sales have plateaued. Speaking to the co. I understand that they are undertaking initiatives that will raise these sales.

Flight

I mentioned in a previous post the problem I had with using it - apparently that's just me and the testing the co. has done has not found similar complaints. It will be rolled out regionally initially.

There is one other issue regarding the purchase cycle that I have previously mentioned. I understand that the units will be time constrained to 6 months, i.e. they won't last for ever - so sufferers will have to buy a minimum of 2 per year. That makes the proposition more attractive for MDY IMHO.

Futura

I had some concerns about this and asked for clarification. Firstly the company will be running one production line to meet initial sales. This will have capacity of 50-60m syringes annually (3 shifts a day).

However to meet initial sales it will only be running at one shift per day.

At that level of production, unit costs will obviously not be minimised, but MDY will be making a margin based on target sales price. So AFAIK MDY will be in a different position to NMT. They will not be running at a loss - with these initial sales.

So perhaps they won't be as time constrained as NMT were in terms of how quickly they have to get additional sales.

OTOH this whole process of using Hypoguard to generate initial sales has to be to do with validating the product in the market place. If deals are not forthcoming AIUI the plug could be pulled on Futura.

Other

MDY do not hedge their fx position - so further declines in the dollar will have an impact on its financial position.

Am I tempted to get back in? Yes.

But bearing in mind how close I came to disaster the last time I was in - I am cautious.

A combination of a weak market and problems with both products could mean the price falling substantially from current levels.

On the other hand if the syringe really is ok and it's just a matter of time, then there's a good upside.

It really is a tough call.

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