

# Mossberg's Investor Digest

## Best Idea Profile:

## MRI Interventions, Inc. (OTC BB:MRIC)

### DESCRIPTION:

MRI Interventions provides a next-generation platform that enables real-time, MRI-guided, minimally invasive brain surgery through its ClearPoint neuro intervention system. Neurological disorders that can be addressed include Parkinson's Disease, Epilepsy, brain tumor, obsessive compulsive disease, major depression, Dystonia, Alzheimer's and Huntington's disease. There are 2.2 million patients in the U.S. and more than 4 million worldwide that are resistant to other treatments and, therefore, possibly candidates for electrode placement, direct drug delivery or focal ablation that can be enhanced by ClearPoint. MRI Interventions is based in Memphis, Tennessee.

### KEY INVESTMENT CONSIDERATIONS:

**Paradigm Shift** – Image guidance used for neurosurgery is in its early stages and will proliferate as it has in other types of applications. Real-time image guidance has revolutionized minimally invasive surgical options in cardiovascular, orthopedic and abdominal surgery. It is now present in almost 8 million of these surgeries annually. This is because it offers patients shorter hospital stays, faster recovery times, less discomfort and lower rates of complications. Real-time MRI guidance is gaining traction and shifting paradigms in the way neurosurgical procedures are performed and MRI Interventions is at the forefront of this transformation. Basically, without the company's ClearPoint, minimally invasive neuro procedures are performed blind.

**Impressive User List** – ClearPoint is being utilized in 37 sites, including seven of the top 15 hospitals engaged in neurology and neurosurgery. It has been implemented across all major medical scanner platforms, including Siemens, Philips, and GE Healthcare. And its support across academia is demonstrated by the growing recognition in conference presentations and journal publications.

**Real Growth** – Management estimates ClearPoint's market opportunity at more than \$16 billion in the U.S. and \$30 billion worldwide. It has 100 issued patents and 95 patent applications pending to protect its position of strength. It has grown its internal structure to support the growth in revenues, with its sales organization hiring extensively from relevant top-name corporations.

**Recurring Revenue Model** – MRI Interventions' razor/razorblade business model is attractive because of

its combination of hardware and software sales, requiring follow-up sales of disposable products for each procedure. The hardware costs \$115,000 that is paid upfront or over time. Each procedure then uses \$7,300 in disposable products that have strong margins. The company recorded eight consecutive quarters of sequential growth in disposable product revenues, a trend that ended in the third quarter which was still the second highest ever. Capital product revenues will vary quarter to quarter.

**Drug Delivery Opportunity** – The company's participation in drug delivery clinical trials is increasing: two for Parkinson's and four for brain tumors. There are major challenges in delivering drugs to the brain because of the brain's ability to block almost all drugs and because, without guidance, the target for delivery is often obscure. ClearPoint allows more selective targeting, which reduces dosage levels and unwanted side effects. This participation has potentially huge upside potential with little financial risk to the company.

### VALUATION:

With a new CEO in place, strong revenue growth and exciting future opportunities, this stock is an interesting long-term investment, despite the challenges of commercializing new technologies. The potential market is huge and growing and the technology is proven.

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Investment Data (as of 10/15/14)

<b>Recent Price</b>	<b>\$1.06</b>
52-Week Range	\$0.65 - \$1.75
Fiscal Year End	Dec
Dividend	NA
Yield	NA
Shares Outstanding	59.0 M
Average Trading Volume (3 mos)	60k
Market Capitalization	\$62.5 M
Cash	\$4.1 M
Long-term Debt	\$7.5 M
Enterprise Value (EV)	\$68.3 M
Book Value	\$(0.08)
TTM Revenue	\$4.1 M
P/ Revenue	15.8x
TTM EPS	\$(0.07)
P/ EPS	NA
TTM EBITDA	\$(7.9) M
EV/ EBITDA	-8.7 x

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