AEGIS CAPITAL CORP

Biotechnology
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Initiating Coverage

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Key Metrics

MDWD - NASDAQ	$5.25
Pricing Date	Nov 25 2016
Price Target	$11.00
52-Week Range	$10.47 - $5.10
Shares Outstanding (mm)	21.9
Market Capitalization (mm)	$115.0
3-Mo Average Daily Volume	25,215
Institutional Ownership	35%
Book Value/Share	$0.41
Price/Book	12.8x

EPS FY: December

	2015A	Prior 2016E	Curr. 2016E	Prior 2017E	Curr. 2017E
1Q-Mar	(0.26)	--	(0.17)A	--	(0.22)E
2Q-Jun	(0.19)	--	(0.34)A	--	(0.22)E
3Q-Sep	(0.17)	--	(0.26)A	--	(0.23)E
4Q-Dec	(0.36)	--	(0.27)E	--	(0.23)E
FY	(0.98)	--	(1.05)E	--	(0.89)E
P/E					

REVENUE

	2015A	Prior 2016E	Curr. 2016E	Prior 2017E	Curr. 2017E
1Q-Mar	0.1	--	0.3A	--	0.8E
2Q-Jun	0.2	--	0.4A	--	0.9E
3Q-Sep	0.1	--	0.5A	--	1.0E
4Q-Dec	0.3	--	0.7E	--	1.0E
FY	0.6	--	1.8E	--	3.7E

Company Description:
MediWound is a fully integrated biopharmaceutical company that develops, manufactures, and markets products for the treatment of severe burns and chronic wounds in Europe and Israel; it has initiated Phase 3 clinical trials in the US for its lead product, NexoBrid (burn debridement), and Phase 2 studies for EscharEx (chronic wound debridement). The company also has a preclinical product, MWPC003, which it is testing for the treatment of connective tissue disorders. The company was founded in 2000 and is headquartered in Israel.

MediWound Ltd.

Rating: Buy

Initiating with a Buy and $11 PT

Investment Highlights:

We are initiating coverage of MDWD with a Buy rating and $11 target price. The company has developed a next-generation proteolytic enzyme platform (derived from pineapples) for wound debridement, the critical first step in the treatment of chronic wounds, by providing a significantly better result in terms of speed, selectivity, safety, and cost relative to the current standards of care (surgery and other enzymatic debriders).

A significant advancement in burn debridement: NexoBrid for burns is undergoing a controlled launch in Europe and is completing a Phase III trial (under Orphan Drug Status) for burn debridement in the US (funded by BARDA), with US launch set for 2020 (12-month data expected 1H18). As this trial is very similar to the European pivotal trial, we believe it is substantially de-risked. Although NexoBrid represents a paradigm shift in treating burn patients, we believe the speed of action (four hours vs. 1-5 days for surgery, depending on wound size), selectivity, safety, and cost profile will drive usage, and that the drug will ultimately overtake surgery as the standard of care. We estimate the worldwide market opportunity at over $800 million, which assumes it becomes the standard of care.

An even larger opportunity in chronic wound care: EscharEx is a formulation of the company's proteolytic enzyme platform specifically designed for chronic wounds; notably, over 1 million diabetic foot ulcers and venous leg ulcers undergo debridement annually in the US. About 40% of these patients undergo some form of soft debridement, but with limited efficacy, as removal of the eschar usually takes weeks if not months. In contrast, Phase 2 results for EscharEx showed complete removal of eschar within 10 days (93% of patients were within a week). The company is in the process of re-formulating EscharEx for easier use and higher potency, using the same active pharmaceutical ingredient (API), and will meet with the FDA to discuss next steps, which could allow for a Phase 3 start or another Phase 2 with the reformulation—we are conservatively assuming 2023 launch. Like NexoBrid, we think EscharEx represents a significant improvement over current options, and has the potential to become the standard of care, ultimately representing a several billion dollar opportunity.

Finally, MediWound is undergoing preclinical testing for connective tissue disorders (MWPC003), which is not in our estimates but also represents a billion dollar opportunity.

Valuation: We are valuing the stock at $11 based on a DCF model assuming a 25% discount rate and a -5% terminal growth rate. Our estimates do not assume any sales in pressure ulcers or surgical/traumatic wounds for EscharEx, which could potentially double the market potential. We are not assigning a value to MWPC003, though it represents a potential multi-billion market opportunity, which we expect investors to begin to price in once more clinical data is available.

Risks: This represents a speculative investment only for those willing to take on risk. Risks to the achievement of our target price include clinical, regulatory, financing, competitive risks, reimbursement risks, manufacturing risks, commercialization risk, as well as stock price volatility.

The Disclosure section may be found on pages 9 - 10 of this report.

NexoBrid For Burns:

NexoBrid is positioned to be the standard of care for burn: NexoBrid, a soft debridement gel formulation, represent a paradigm shift in treating burn patients, and we believe the speed of action (four hours vs. 1-5 days for surgery, depending on wound size), selectivity, safety, and cost profile will drive usage, and ultimately overtake surgical debridement, the current standard of care. Surgical debridement is traumatic to patients and recent studies show that even the best methods (laser doppler image guided) still overshoot and remove on average 30% of salvageable skin tissue in burn patients versus NexoBrid. We estimate the worldwide market will reach more than $350 million by 2026, with the potential to exceed $800 million as standard of care.

European and International Experience: The company received CE mark in Europe in 2013. Adoption has been slow, in large part due to initial the lack of reimbursement. NexoBrid also represents a paradigm shift among a very conservative group of doctors, as such the company has focused on having more centers integrate NexoBrid into their workflows, increasing the number of patients treated in those centers and gradually increasing the burn area – or the Total Body Surface Area (TBSA) – treated by those centers as physicians gain more experience and confidence in the use of the product and ultimately moving from experimenting to usage and from usage to procurement at these centers—NexoBrid has now been introduced to 80-90 out of approximately 130 burn centers. Another key component of adoption is enhancing awareness, interest and peer discussion about NexoBrid. Over the past 18 months NexoBrid has been the subject of over 100 posters at local and international burn conferences.

MDWD has been giving away most of its product while it awaits formal reimbursement decisions and NexoBrid inclusion in formularies. As such, last quarter (3Q16) the company shipped 600 units in the quarter versus 1,700 in 2Q, and YTD roughly 1/3 of the units were part of the free sampling program. In 2016, NexoBrid gained reimbursement in Belgium and Italy, and is reimbursable in Germany and the UK. The company is also leveraging EMA marketing authorization to expand NexoBrid internationally including Latin America, South Korea and Russia, with more preparing to submit registration files in the near future, such as India and Japan. We expect sales to accelerate in 2017 with a lower free sampling rate (Italy, Belgium and Argentina have recently made positive reimbursement decisions) and are projecting $3.7 million in revenues in 2017, with approximately 20% of units attributable to the free sampling program.

NexoBrid US trial substantially de-risked: NexoBrid for the removal of scar tissue or eschar (the essential first step in treating any chronic wound) in burns is approved in Europe with a CE mark and is undergoing a controlled launch. In the US, NexoBrid is enrolling a Phase 3 DETECT trial for burn debridement, which is being funded by BARDA (see below) and has Orphan Drug Status. The company recently decided to increase the TBSA from 15% to 30% to broaden the applicability to larger wounds and concurrently expand European labeling as well. With this change top-line 12 month data should be available in the first half of 2018. Assuming the FDA requires a 24 month follow up, we anticipate a 2019 submission and a 2020 approval. As this trial is similar to the European trial, we see this trial as significantly de-risked, with the main difference now being the increased scope to 30% TBSA from the 15% TBSA used in the European trial. The lower TBSA was originally decided on to mirror protocols established for sharp debridement (the current standard of care and the control arm of the trial). However, since NexoBrid is significantly less traumatic and shown to have greater selectivity in preserving viable skin tissue than surgical sharp debridement (the current standard of care and control arm of the trial), this change should only enhance results.

BARDA Contract: In September 2015, the US Biomedical Advanced Research and Development Authority (BARDA) signed an up to $112 million agreement with MDWD to provide NexoBrid for mass casualty

preparedness and to pay for the US regulatory approval. Eschar removal is the crucial first step, however a single patient can require a full week of OR time to remove the eschar surgically, and hence having a product such as NexoBrid available can alleviate the major bottleneck in treating patients and significantly streamline the process. The agreement provides dilution-free funding of up to $24 million for NexoBrid's FDA trials, an additional $16 million for initial stockpiling pre-FDA approval, and another option for up to $50 million after approval. This is strong validation for NexoBrid, adding credibility with the FDA and the burn community. We also anticipate other countries following suit, representing an annualized $40-50 million potential recurring revenue stream as countries re-stock their supplies.

NexoBrid Market Size and Adoption: MDWD estimates around 100,000 severe burns are treated in the US, with a similar number in the EU – totaling to 200,000 patients hospitalized every year in the EU and US. MediWound has established a direct sales and marketing team of 25 reps FTE for NexoBrid in the EU to target the 125 burn centers in Europe (except France and Czechoslovakia). We expect a similar salesforce build in the US, where there are also about 120 burn centers.

On average, burn patients have about 10% TBSA requiring treatment (2 grams of NexoBrid), and at ~$500 per % TBSA, costs average to about $5000 per patient (we're assuming an ASP of $400 in the EU and $200 in emerging markets). This is significantly less than the cost of sharp debridement, which is a $7-8,000 procedure***. We believe market penetration of NexoBrid can reach 40% in EU and 30% in the US by 2020, presenting about a $350 million opportunity annually in Europe and the US alone, but this is conservative, as we believe that as much 75% of patients could end up being treated, which represents an $825 million opportunity.*** It's worth noting here that sharp debridement for burn victims is a reimbursed procedure, but is a physically challenging and traumatic procedure. Thus in our discussions with US burn centers (which are still primarily performing sharp debridement, though occasionally supplementing with Santyl, with limited success), we noted significant interest in switching to a product such as NexoBrid and making up the reimbursement loss with grafting, something they would much rather be doing. Finally, although the ramp in Europe has been slow, NexoBrid's trial is enrolling 35 out of the 120 burn centers in the US, and will have the benefit of the European experience implying a much quicker adoption curve. The US burn centers we spoke with expressed real enthusiasm for NexoBrid based on recent posters and experiences out of Europe.

CHRONIC Wound Opportunity:

There are an estimated 14 million sufferers of chronic, or hard-to-heal, wounds in the US, and while the treatment of these wounds is complex and varied, as with burns, removal of the eschar is the crucial first step to initiating the healing process. In each of the various wound types, the presence of the eschar is a frequent cause for chronification of wounds and the removal of eschar is the key first step to commence healing. Eschar needs to be removed to prevent further deterioration of the wound that may result in additional negative patient outcomes. If not effectively treated, these wounds can lead to potentially severe complications including further infection, osteomyelitis, fasciitis, amputation, and increased mortality. Most advanced wound care therapies, including negative pressure wound therapy, such as KCI's V.A.C. Therapy, and skin grafts such as MDXG's EpiFix (MDXG $8.74, Buy), are complementary with EscharEx, as these products require a clean wound bed to effectively heal a wound and decide which region would benefit from a graft. Diabetic foot ulcers (DFUs) and venous leg ulcer (VLUs) represent the most immediate need, but the four most common chronic wounds also include pressure ulcers and surgical/traumatic wounds.

A more potent enzymatic debridement option for chronic wounds would be met with enthusiasm. Among the over 1 million DFU and VLU patients undergoing debridement, 40% undergo non-sharp (i.e. non-surgical)

debridement. The market leader is Smith and Nephew's (SNN's) Santyl, but there are a variety of other enzymatic products and soft debridement options, such as 'honey dressings', which are particularly common practice in nursing home settings. The remaining 60% undergo sharp debridement in a hospital setting, but a percentage of those also undergo some form of non-sharp debridement, which would benefit from a better enzymatic debridement option. SNN's Santyl and similar soft debridement products require 6-8 weeks of daily applications to remove the eschar from a typical pressure ulcer, whereas initial Phase 2 results indicated less than a week for EscharEx, implying removal can occur after less than a week of daily applications. Despite clear superiority in terms of treatment times, MDWD is looking to offer a cost-effective solution that will work within the confines of already-established codes for Santyl. In 2015, SNN expects Santyl to generate 15% growth to approximately $320 million in revenues, which we think EscharEx can easily supplant once approved. Under these assumptions, we believe the market can reach 13% penetration for DFU and VLU treatments in the US in 10 years, and globally can represent just over half a billion in revenues annually. Ultimately, however, we believe EscharEx can become the standard of care and represent at least 50% of this market, representing over $2 billion. Higher numbers can be reached if we include pressure ulcers and those relating to surgical trauma, which would approximately double the market.

EscharEx Phase 2 results: EscharEx met its primary endpoint and demonstrated a statistically significant improvement over the hydrogel vehicle in incidence of complete debridement (55% vs. 29%, p=0.047). Subgroup analysis of DFUs demonstrated 50% (8/16) of patients achieving complete debridement (after 10 daily treatments) versus 14% with the hydrogel vehicle (1/7) and VLUs demonstrated 63% (10/16) of patients achieving complete debridement versus 25% with the hydrogel vehicle (2/8). The trial also looked at a broad category of postsurgical/traumatic hard-to-heal wounds that demonstrated 53% (9/17) of patients achieving debridement versus 44% (4/9) with the hydrogel vehicle, although it's not clear if the results in this subset are directly comparable to the control (these are also the most difficult to characterize), and the trial was not powered to show statistical evidence in any of these sub arms. The data also suggested that EscharEx completed debridement earlier than the gel vehicle (approaching statistical significance at p=0.075). It's worth noting that the gel vehicle showed some efficacy, which was not the case in burn trials for NexoBrid (which uses the same Active Pharmaceutical Ingredient (API)), and is indicative of the variability and lack of standardization among various chronic wounds (post-surgical being the hardest to characterize, followed by VLUs and to a lesser extent DFUs). Nonetheless, the results are very encouraging, especially when compared to SNN's Santyl, which requires weeks to months of applications to remove the Eschar. EscharEx and the hydrogel vehicle demonstrated comparable overall safety, with no deleterious effect on wound healing observed and no material differences in reported adverse events.

Exhibit: EscharEx vs. Hydrogel Vehide

	EscharEx	Hydrogel Vehicle
Primary Endpoint		
Total Patients	49	24
Incidence of complete debridement	*55%*	*29%*
DFU patients	16	7
Incidence of complete debridement	*50%*	*14%*
VLU patients	16	8
Incidence of complete debridement	*63%*	*25%*

Source: Company reports and Aegis Capital Corp.

Looking for a 2023 Launch: A second cohort of EscharEx patients is enrolling to demonstrate safety over an extended period of application (24 to 48 hours) to further support the product's convenient application, which the company believes will enhance compliance—the trial is expected to complete in 1Q17, and provide top-line safety data in mid-2017. In tandem the company has begun work on a second generation of EscharEx (EX2), which uses the same API but with a higher potency in lower dosage, which would further enhance efficacy and tolerability (and extend the patent life). This formulation will be discussed at the upcoming FDA meeting (1Q17). There are several regulatory scenarios possible from here. The best case scenario would allow the company to move directly to a single Phase III pivotal trial, which would likely require 300-400 patients and be completed in two years and set up for a 2020 approval, and could be self financed. Taking a more conservative approach, we would expect the FDA to request a dosing study for EX2, which would begin in 2H17, and request two Phase 3 pivotal trials, as is standard. Those trials can be run concurrently and combined represent 700 patients, leading to a launch in 2023, though additional capital either through a financing or partnership would be required to complete.

MediWound Revenue Breakout

NexoBrid - EU	2011A	2012A	2013A	2014A	2015A	1Q16E	2Q16E	3Q16E	4Q16E	2016E	1Q17E	2Q17E	3Q17E	4Q17E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	Fully Realized Market
EU Burn Patients	100,000	100,000	100,000	100,000	100,000	25,000	25,000	25,000	25,000	100,000	25,000	25,000	25,000	25,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
NB % adoption	*0%*	*0%*	*0%*	*0.13%*	*0.21%*	*0.36%*	*0.37%*	*0.60%*	*0.80%*	*0.53%*	*0.98%*	*1.05%*	*1.10%*	*1.15%*	*1.07%*	*1.25%*	*4.00%*	*5.00%*	*8.00%*	*10.00%*	*20.00%*	*25.00%*	*30.00%*	*40.00%*	*75.00%*
Patients ('000)	-	-	-	**130**	**215**	**90.7**	**91.4**	**149.3**	**200.00**	**531**	**245.0**	**262.5**	**275.0**	**287.50**	**1,070**	**1,250**	**4,000**	**5,000**	**8,000**	**10,000**	**20,000**	**25,000**	**30,000**	**40,000**	**75,000**
TBSA % per patient				5%	7%	7%	7%	7%	7%	7%	8%	8%	8%	8%	8%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Cost per % TBSA treated - USD	$400	$400	$400	$400	$400	$400	$400	$400	$400	$400	$400	$400	$400	$400	$400	$400	$400	$400	$400	$400	$400	$400	$400	$400	$400
Cost per patient - USD				$2,000	$2,800	$2,800	$2,800	$2,800	$2,800	$2,800	$3,000	$3,000	$3,000	$3,000	$3,000	$4,000	$4,000	$4,000	$4,000	$4,000	$4,000	$4,000	$4,000	$4,000	$4,000
Total NexoBrid EU sales ('000)			**$0**	**$259**	**$601**	**$254**	**$256**	**$418**	**$560**	**$1,488**	**$735**	**$788**	**$825**	**$863**	**$3,210**	**$5,000**	**$16,000**	**$20,000**	**$32,000**	**$40,000**	**$80,000**	**$100,000**	**$120,000**	**$160,000**	**$300,000**

NexoBrid - US	2011A	2012A	2013A	2014A	2015A	1Q16E	2Q16E	3Q16E	4Q16E	2016E	1Q17E	2Q17E	3Q17E	4Q17E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	Fully Realized Market
US Burn Patients	100,000	100,000	100,000	100,000	100,000	25,000	25,000	25,000	25,000	100,000	25,000	25,000	25,000	25,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
NB % adoption	*0%*	*0%*	*0%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*5.00%*	*7.00%*	*10.00%*	*15.00%*	*20.00%*	*25.00%*	*30.00%*	*75.00%*
Patients ('000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**1,000**	**1,000**	**5,000**	**7,000**	**10,000**	**15,000**	**20,000**	**25,000**	**30,000**	**75,000**
TBSA % per patient																10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Cost per % TBSA treated - USD	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500
Cost per patient - USD				$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000
Total NexoBrid US sales ('000)			**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$5,000**	**$5,000**	**$25,000**	**$35,000**	**$50,000**	**$75,000**	**$100,000**	**$125,000**	**$150,000**	**$375,000**

NexoBrid - EM	2011A	2012A	2013A	2014A	2015A	1Q16E	2Q16E	3Q16E	4Q16E	2016E	1Q17E	2Q17E	3Q17E	4Q17E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	Fully Realized Market
EM Burn Patients	100,000	100,000	100,000	100,000	100,000	25,000	25,000	25,000	25,000	100,000	25,000	25,000	25,000	25,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
NB % adoption	*0%*	*0%*	*0%*	*0.00%*	*0.00%*	*0.00%*	*0.20%*	*0.20%*	*0.20%*	*0.15%*	*0.20%*	*0.20%*	*0.25%*	*0.25%*	*0.23%*	*0.25%*	*1.00%*	*2.00%*	*4.00%*	*6.00%*	*8.00%*	*12.00%*	*15.00%*	*20.00%*	*75.00%*
Patients ('000)	-	-	-	-	-	-	**50.0**	**50.0**	**50.00**	**150**	**50.0**	**50.0**	**62.5**	**62.50**	**225**	**250**	**1,000**	**2,000**	**4,000**	**6,000**	**8,000**	**12,000**	**15,000**	**20,000**	**75,000**
TBSA % per patient							10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Cost per % TBSA treated - USD	$200	$200	$200	$200	$200	$200	$200	$200	$200	$200	$200	$200	$200	$200	$200	$200	$200	$200	$200	$200	$200	$200	$200	$200	$200
Cost per patient - USD				$0	$0	$0	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000
Total NexoBrid US sales ('000)			**$0**	**$0**	**$0**	**$0**	**$100**	**$100**	**$100**	**$300**	**$100**	**$100**	**$125**	**$125**	**$450**	**$500**	**$2,000**	**$4,000**	**$8,000**	**$12,000**	**$16,000**	**$24,000**	**$30,000**	**$40,000**	**$150,000**

Total NexoBrid sales ('000)				**$259**	**$601**	**$254**	**$356**	**$518**	**$660**	**$1,788**	**$835**	**$888**	**$950**	**$988**	**$3,660**	**$10,500**	**$23,000**	**$49,000**	**$75,000**	**$102,000**	**$171,000**	**$224,000**	**$275,000**	**$350,000**	**$825,000**

EscharEx - EU	2011A	2012A	2013A	2014A	2015A	1Q16E	2Q16E	3Q16E	4Q16E	2016E	1Q17E	2Q17E	3Q17E	4Q17E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	Fully Realized Market
EU Wound Patients	700,000	700,000	700,000	714,000	728,280	185,711.40	185,711.40	185,711.40	185,711.40	742,846	185,711.40	185,711.40	185,711.40	185,711.40	757,703	772,857	788,314	804,080	820,162	836,565	853,296	870,362	887,769	905,525	870,362
% adoption	*0%*	*0%*	*0%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*2.00%*	*5.00%*	*6.00%*	*10.00%*	*50.00%*
Patients ('000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**17,066**	**43,518**	**53,266**	**90,552**	**435,181**
Cost per patient - USD				$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500
Total EscharEx EU sales ('000)			**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$25,599**	**$65,277**	**$79,899**	**$135,829**	**$652,772**

EscharEx - US	2011A	2012A	2013A	2014A	2015A	1Q16E	2Q16E	3Q16E	4Q16E	2016E	1Q17E	2Q17E	3Q17E	4Q17E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	Fully Realized Market
US Wound Patients				**1,275,000**	**1,300,000**	**331,500**	**331,500**	**331,500**	**331,500**	**1,326,000**	**331,500**	**331,500**	**331,500**	**331,500**	**1,352,520**	**1,379,570**	**1,407,162**	**1,435,305**	**1,464,011**	**1,493,291**	**1,523,157**	**1,553,620**	**1,584,693**	**1,616,387**	**1,553,620**
% adoption				*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*1.50%*	*4.00%*	*8.00%*	*13.00%*	*50.00%*
Patients ('000)				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**22,847**	**62,145**	**126,775**	**210,130**	**776,810**
Cost per patient - USD				$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500
Total EscharEx US sales ('000)			**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$34,271**	**$93,217**	**$190,163**	**$315,195**	**$1,165,215**

EscharEx - EM	2011A	2012A	2013A	2014A	2015A	1Q16E	2Q16E	3Q16E	4Q16E	2016E	1Q17E	2Q17E	3Q17E	4Q17E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	Fully Realized Market
EM Wound Patients	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	25,000	25,000	25,000	25,000	100,000	25,000	25,000	25,000	25,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
% adoption	*0%*	*0%*	*0%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*2.00%*	*5.00%*	*10.00%*	*17.00%*	*50.00%*
Patients ('000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**20,000**	**50,000**	**100,000**	**170,000**	**500,000**
Cost per patient - USD				$750	$750	$750	$750	$750	$750	$750	$750	$750	$750	$750	$750	$750	$750	$750	$750	$750	$750	$750	$750	$750	$750
Total EscharEx US sales ('000)			**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$15,000**	**$37,500**	**$75,000**	**$127,500**	**$375,000**

Total EscharEx sales ('000)				**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$74,870**	**$195,994**	**$345,062**	**$578,524**	**$2,192,987**

Total MW/PC003 sales ('000)				**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

Total sales ('000)				**$259**	**$601**	**$254**	**$356**	**$518**	**$660**	**$1,788**	**$835**	**$888**	**$950**	**$988**	**$3,660**	**$10,500**	**$23,000**	**$49,000**	**$75,000**	**$102,000**	**$245,870**	**$419,994**	**$620,062**	**$928,524**	**$3,017,987**
growth					132%	279%	116%	408%	147%	198%	229%	149%	83%	50%	105%	187%	119%	113%	53%	36%	141%	71%	48%	1%	

Source: Company Reports and Aegis Capital Corp. estimates

MediWound (MDWD) Income Statement

(Fiscal Years Ending December 31; $ millions)

	2014A	2015A	2016A				2016E	2017E				2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
	Year	Year	1QA	2QA	3QA	4QE	Year	1QE	2QE	3QE	4QE	Year	Year	Year	Year	Year	Year	Year	Year	Year
Revenues	0.3	0.6	0.3	0.4	0.5	0.7	1.8	0.8	0.9	1.0	1.0	3.7	10.5	23.0	49.0	75.0	102.0	245.9	420.0	620.1
Cost of revenues	2.8	2.5	0.4	0.4	0.5	0.6	1.9	0.5	0.5	0.6	0.6	2.2	2.6	5.8	12.3	15.0	20.4	49.2	84.0	124.0
Gross Profit (loss)	-2.5	-1.9	-0.2	-0.1	0.0	0.1	-0.1	0.3	0.4	0.4	0.4	1.5	7.9	17.3	36.8	60.0	81.6	196.7	336.0	496.0
R&D net of participations	5.3	6.0	1.0	2.9	2.4	3.0	9.3	2.5	2.5	2.5	2.5	10.0	16.0	16.0	12.0	12.0	12.0	12.3	14.7	18.6
SG&A	13.0	13.3	2.9	3.7	2.6	2.3	11.5	2.1	2.2	2.4	2.5	9.2	9.5	11.5	19.6	22.5	25.5	49.2	63.0	80.6
Total Operating Expenses	18.3	19.3	3.9	6.6	5.0	5.3	20.8	4.6	4.7	4.9	5.0	19.2	25.5	27.5	31.6	34.5	37.5	61.5	77.7	99.2
Operating Profit (loss)	-20.9	-21.2	-4.0	-6.7	-4.9	-5.2	-20.9	-4.3	-4.3	-4.5	-4.6	-17.6	-17.6	-10.3	5.2	25.5	44.1	135.2	258.3	396.8
Financial income	4.7																			
Financial expense	-2.1																			
Financial income (expense)	2.6	-0.4	0.2	-0.8	-0.8	-0.8	-2.1	-0.5	-0.5	-0.5	-0.5	-2.1	-2.1	-2.1	-2.1	-2.1	-2.1	-2.1	-2.1	-2.1
Income from continuing operations	-18.3	-21.7	-3.8	-7.5	-5.7	-6.0	-23.0	-4.8	-4.8	-5.0	-5.1	-19.8	-19.7	-12.4	3.0	23.4	42.0	133.1	256.2	394.7
Loss from discontinued operations	0.0	-0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Earnings (Loss) before taxes	-18.3	-21.3	-3.8	-7.5	-5.7	-6.0	-23.0	-4.8	-4.8	-5.0	-5.1	-19.8	-19.7	-12.4	3.0	23.4	42.0	133.1	256.2	394.7
Income tax expense													0.0	0.0	0.5	3.5	6.3	20.0	38.4	59.2
Net Income	-18.3	-21.3	-3.8	-7.5	-5.7	-6.0	-23.0	-4.8	-4.8	-5.0	-5.1	-19.8	-19.7	-12.4	2.6	19.9	35.7	113.1	217.8	335.5
FX adjustments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total comprehensive income (loss)	-18.3	-21.3	-3.8	-7.5	-5.7	-6.0	-23.0	-4.8	-4.8	-5.0	-5.1	-19.8	-19.7	-12.4	2.6	19.9	35.7	113.1	217.8	335.5
Basic EPS	-0.92	-0.98	-0.17	-0.34	-0.26	-0.27	-1.05	-0.22	-0.22	-0.23	-0.23	-0.89	-0.87	-0.54	0.11	0.85	1.51	4.71	8.96	13.63
Diluted EPS	**-0.92**	**-0.98**	**-0.17**	**-0.34**	**-0.26**	**-0.27**	**-1.05**	**-0.22**	**-0.22**	**-0.23**	**-0.23**	**-0.89**	**-0.87**	**-0.54**	**0.11**	**0.85**	**1.51**	**4.71**	**8.96**	**13.63**
Basic shares outstanding	19.9	21.7	21.9	21.9	21.9	22.0	21.9	22.1	22.2	22.3	22.4	22.2	22.5	22.8	23.1	23.4	23.7	24.0	24.3	24.6
Diluted shares outstanding	19.9	21.7	21.9	21.9	21.9	22.0	21.9	22.1	22.2	22.3	22.4	22.2	22.5	22.8	23.1	23.4	23.7	24.0	24.3	24.6
Year-over-Year Change																				
Revenues	n/a	232%	379%	216%	508%	247%	298%	329%	249%	183%	150%	105%	187%	119%	113%	53%	36%	141%	71%	48%
Cost of revenues	n/a	90%	231%	51%	58%	86%	75%	124%	115%	120%	100%	13%	22%	119%	113%	22%	36%	141%	71%	48%
R&D net	147%	113%	71%	197%	282%	131%	154%	252%	85%	106%	83%	8%	60%	0%	-25%	0%	0%	2%	20%	27%
SG&A	229%	2%	-3%	8%	-6%	-44%	-13%	-27%	-40%	-10%	7%	-8%	33%	8%	15%	9%	9%	64%	26%	28%
Operating Expenses	242%	105%	88%	135%	137%	83%	108%	119%	71%	98%	94%	-8%	33%	8%	15%	9%	9%	64%	26%	28%
Operating Income	275%	102%	90%	120%	113%	77%	98%	106%	64%	91%	87%	225%	-93%	633%	1440%	1935%	1760%	9013%	12207%	13754%
Pre-tax Income	1109%	116%	68%	182%	152%	77%	108%	127%	65%	88%	85%	86%	100%	63%	-25%	771%	180%	317%	192%	154%
Net Income	1109%	116%	68%	182%	152%	77%	108%	127%	65%	88%	85%	-14%	0%	-37%	-121%	671%	80%	217%	92%	54%
EPS Fully Diluted	854%	107%	67%	180%	151%	77%	107%	126%	64%	86%	83%	-15%	-2%	-38%	-121%	661%	77%	213%	90%	52%
Margin Analysis																				
Gross Margin	-975%	-319%	-59%	-19%	8%	10%	-6%	40%	45%	40%	40%	41%	75%	75%	75%	80%	80%	80%	80%	80%
R&D net	2065%	1002%	391%	825%	455%	250%	519%	250%	250%	250%	250%	273%	152%	70%	24%	16%	12%	5%	4%	3%
SG&A	5014%	2211%	1126%	1038%	508%	350%	643%	250%	250%	250%	250%	250%	90%	50%	40%	30%	25%	20%	15%	13%
Operating Margin	-8054%	-3532%	-1576%	-1882%	-954%	-795%	-1168%	-509%	-487%	-473%	-463%	-482%	-167%	-45%	11%	34%	43%	55%	62%	64%
Pre-tax Margin	-7069%	-3536%	-1486%	-2110%	-1103%	-911%	-1287%	-573%	-546%	-529%	-517%	-540%	-188%	-54%	6%	31%	41%	54%	61%	64%
Tax Rate	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	15%	15%	15%	15%	15%	15%
Net Margin	-7069%	-3536%	-1486%	-2110%	-1103%	-911%	-1287%	-573%	-546%	-529%	-517%	-540%	-188%	-54%	5%	27%	35%	46%	52%	54%

Source: Company Reports and Aegis Capital Corp. estimates

DCF Valuation: MDWD

Base Years ($ millions)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	1.8	3.7	10.5	23.0	49.0	75.0	102.0	245.9	420.0	620.1
COGS	(1.9)	(2.2)	(2.6)	(5.8)	(12.3)	(15.0)	(20.4)	(49.2)	(84.0)	(124.0)
SG&A	(9.3)	(10.0)	(16.0)	(16.0)	(12.0)	(12.0)	(12.0)	(12.3)	(14.7)	(18.6)
R&D	(9.3)	(10.0)	(16.0)	(16.0)	(12.0)	(12.0)	(12.0)	(12.3)	(14.7)	(18.6)
EBIT	(18.7)	(18.5)	(24.1)	(14.8)	12.8	36.0	57.6	172.1	306.6	458.8
Tax	0.0	0.0	0.0	0.0	0.5	3.5	6.3	20.0	38.4	59.2
NOPAT	(18.7)	(18.5)	(24.1)	(14.8)	13.2	39.5	63.9	192.1	345.0	518.1
Depreciation & Amortization	0.5	2.2	4.0	5.9	7.8	9.8	12.3	15.0	17.4	18.0
Amortization										
Capital Expenditures	(5.0)	(5.0)	(10.0)	(12.0)	(15.0)	(15.0)	(15.0)	(15.0)	(17.4)	(18.0)
Changes in Working Capital	(17.8)	(21.0)	(3.2)	(6.9)	(9.8)	(7.5)	(10.2)	(19.7)	(33.6)	(49.6)
Free Cash Flow	(40.9)	(42.3)	(33.3)	(27.8)	(3.8)	26.8	51.0	172.4	311.4	468.4
Present Value Factor	0.95	0.76	0.61	0.48	0.39	0.31	0.25	0.20	0.16	0.13
PV of Free Cash Flow	(38.7)	(32.0)	(20.2)	(13.4)	(1.5)	8.3	12.6	34.2	49.4	59.5
Present Value - Base Years	**58.2**									

Terminal Year	
Net Income	518.1
Depreciation & Amort	18.0
EBITDA	536.1
Terminal Growth Rate	-5%
Terminal Value	1697.5
PV Factor	0.09
Present Value - Terminal Year	**145.8**

Value	
Total PV (Base Years + Terminal Year)	204.0
Less: Debt	0.0
Plus: Cash	34.0
Total Equity Value	238.0
Shares Outstanding	21.9
Value/Share	**$ 11.00**

Assumptions:	
Tax Rate	15%
Discount Rate	25%

Source: Aegis Capital Corp. estimates

Required Disclosures

Price Target

$11

Valuation Methodology

Valuation: We are valuing the stock at $11 based on a DCF model assuming a 25% discount rate and a -5% terminal growth rate. Our estimates do not assume any sales in pressure ulcers or surgical/traumatic wounds for EscharEx, which could potentially double the market potential. We are not assigning a value to MWPC003, though it represents a potential multi-billion market opportunity, which we expect investors to begin to price in once more clinical data is available.

Risk Factors

This represents a speculative investment only for those willing to take on risk. Risks to the achievement of our target price include clinical, regulatory, financing, competitive risks, reimbursement risks, manufacturing risks, commercialization risk, as well as stock price volatility.

For important disclosures go to www.aegiscap.com.

We, Jason Wittes and Evan Wang, hereby certify that the views expressed in this research report accurately reflect our personal views about the subject companies and their securities. We also certify that We have not been, do not, and will not be receiving direct or indirect compensation in exchange for expressing the specific recommendations in this report.

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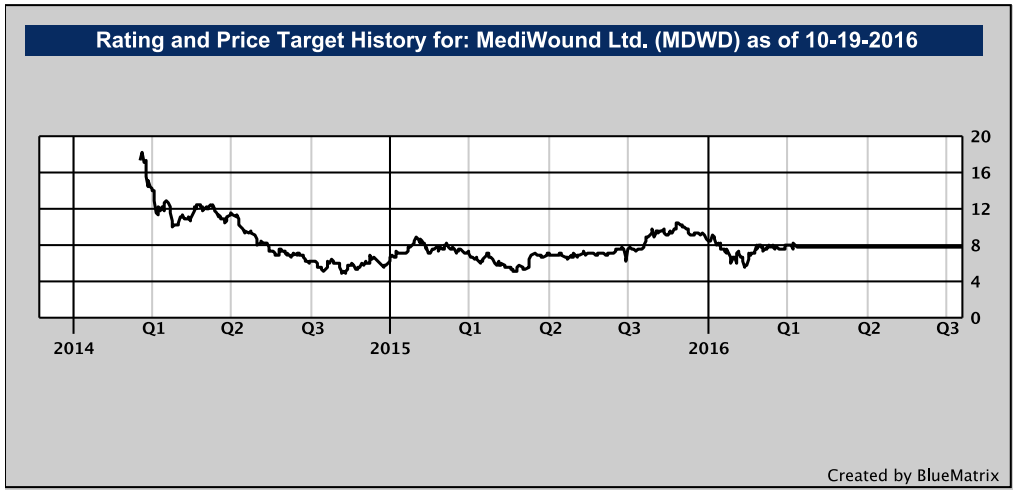

Rating	Percent	Investment Banking Services/Past 12 Mos. Percent
BUY [BUY]	85.71	37.78
HOLD [HOLD]	14.29	20.00
SELL [SELL]	0.00	0.00

Meaning of Ratings

A) A Buy rating is assigned when we do not believe the stock price adequately reflects a company's prospects over 12-18 months.

B) A Hold rating is assigned when we believe the stock price adequately reflects a company's prospects over 12-18 months.

C) A Sell rating is assigned when we believe the stock price more than adequately reflects a company's prospects over 12-18 months.

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The common stock of the subject company in this report may not be suitable for certain investors based on their investment objectives, degree of risk, as well as their financial status.

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