

Vystar hearing interest following IPO filing, expects to grow independently for now, CEO says

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by Chris Marr in Atlanta

Vystar, the developer of a natural rubber latex designed to be less allergenic, has heard increased interest from potential acquirers and strategic investors since filing its IPO papers, said CEO William Doyle. While the company is having discussions with the interested parties, he said its most likely near-term strategy is to grow independently, perhaps even considering an acquisition of its own.

The Atlanta, Georgia-based company intends to sell its Vytex Natural Rubber Latex for use in products such as gloves, condoms, adhesives, balloons and foam used in mattresses and pillows. Original company founder Travis Honeycutt, whom Doyle described as a serial entrepreneur, developed the chemical process to remove antigenic proteins from raw latex to reduce allergic reactions. The company holds two patents for the process and has applied for more patents, both in the US and internationally, the CEO said.

Vystar has just begun to commercialize the product, and Doyle declined to provide revenue projections. He said only that he expects some growth in Q3 and Q4 this year with a strong ramp-up of sales in 2010. The company announced in May that it and Alatech Healthcare have received 510(k) clearance from the FDA to sell Alatech's Envys condom, made with Vytex latex, with labeling that declares the low levels of antigenic proteins. Doyle said he expects to get 510(k) clearance in the next month or two for a medical examination glove.

Vystar filed an amended S-1 with the SEC on 29 June, updating its initial S-1 filing from last November and registering to resell a portion of the outstanding shares worth an expected USD 9.6m, at USD 2 per share. Doyle noted that the IPO will provide liquidity for current investors, some who have been on board since 2004. The company has raised a total of USD 8m since then, all from individual investors, he said. The IPO will also raise Vystar's profile and establish an initial value to assist in possible future capital raises, Doyle said. (With just more than 12.5 million total shares outstanding, according to Vystar's SEC filing, the USD 2 share price would value the company at about USD 25m today.)

The worldwide market for natural rubber latex as a raw material is about USD 2bn annually, with gloves accounting for more than a third of the market, Doyle said. In order for a potential acquirer to value the company fully, the suitor would have to consider all of the technology's applications and not just one or two specific markets, he added. Despite current expressions of interest, Doyle predicted the company will grow itself for some time to prove its revenue and profit potential before selling.

In preparing for the IPO and other issues, Vystar has relied on Universal Capital Management for financial advice, the CEO said. The company has an in-house attorney and has also used Greenberg Traurig for legal counsel regarding SEC compliance. Vystar

also has announced partnerships with Malaysia-based Revertex, a division of Yule Catto Far East, as a manufacturer of Vytex, and with Centrotrade as a global distributor.

Target	Vystar Corporation
Lawyer	Greenberg Traurig LLP
Financial advisor	Universal Capital Management
Other	Centrotrade Deutschland Gmbh
Other	Revertex (Malaysia) SDN. BHD.
Sectors	Biotechnology Chemicals and materials Medical
SubSectors	Biotechnology related research Industrial biotechnology Medical equipment & services Speciality-other
Topics	Capital Raises Companies for sale
Intel Type	Cross Border IPO Private equity related
Countries	Germany Malaysia USA
Value	USD 25m (estimated company value, based on proposed share price of IPO)
Intel. Grade	Confirmed
Intelligence ID	833528