

Byron Capital's Douglas Loe says Neptune Technologies is a BUY

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Krill oil from Sherbrooke's Neptune Technologies. New data from Packaged Facts, a Maryland-based publisher of market research in the food, beverage, consumer packaged goods, suggests the rising tide omega-3 awareness should lift all boats in the krill oil space

Neptune Technologies (TSXV:NTB) yesterday reported its Q3, 2012 results.

The numbers appeared to be a mixed bag; revenue was up by 19% to \$5.12 million, but the company wasn't able to reverse a history of losses, tacking on another \$1.43 million to the downside.

Byron Capital healthcare and biotechnology analyst Douglas Loe, however, says he is impressed with Neptune's progress. Tuesday's numbers beat his forecast on revenue, which he thought would be \$4.85 million, and on EBITDA, which came in at \$1.1 million vs. his \$0.985 million forecast. Loe also says he sees several "key events" on the horizon that could add value to Neptune. In a research update Tuesday, he reiterated his BUY recommendation on the company with a target price of \$6.

At a manufacturing facility in Sherbrooke, Quebec Neptune manufactures Krill oil. Krill are shrimp like crustaceans that are the primary food source of marine life such as whales, salmon, and rockfish. Recently, oil from the tiny algae and plankton eaters has come to be prized as a dietary supplement for human consumption. [A 2007 study in the Journal of the American College of Nutrition](#) showed the oil, which is extremely high in omega-3, decreased inflammation and arthritic symptoms in cardiac and arthritis patients. Other studies showed it was effective in raising HDL, or "good" cholesterol, and lowering triglycerides.

Loe says he sees little downside in an ongoing patent dispute with Oslo based fishing and seafood processing rival Aker BioMarine, and “substantial upside if at least some patented claims on krill oil medical use and methods of production are upheld on review.” Aker [has attributed its recent revenue bump to sales](#) of its Superba™ Krill product.

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Packaged Facts [estimates U.S. retail sales of food and beverage products with a “high omega-3” or “high DHA” claim-grew 11% to nearly \\$4 billion in 2010](#). Their report predicts the U.S. omega-3 ingredient market will grow 40% between 2010-2015, with sales approaching \$7 billion by the end of the forecast period.

Shares of Neptune Technologies closed today down 1.8% to \$2.70.