

CORPORATE

Current price 8.375p

Sector Electronic & Electrical Equipment

Code (CPX.L)

Listing AIM

SHARE PERFORMANCE



Source: Thomson Reuters, Allenby Capital

SHARE DATA

Market cap (£) 25m

Shares in issue (m) 297.7

52 weeks	High	Low
	12.375p	3.425p

Financial year end 30 June

Source: Company Data, Allenby Capital

KEY SHAREHOLDERS

Hargreaves Lansdown 16.2%

Hargreave Hale 9.7%

Old Mutual 8.6%

Anthony Kongats (Founder & MD) 3.2%

Source: Thomson Reuters

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CAP-XX LIMITED (CPX.L)

Still on track despite H1 supply problems

In the first half, revenues and gross profit from CAP-XX were impacted by a disruption of supply due to a process change at a key raw materials supplier and as a consequence revenues were 18% lower than the comparative period with gross profit lower by two thirds. Total expenses were only slightly higher year on year leading to a loss before tax of A\$1.9m against a loss in the comparative period of A\$1.3m. While there were no new major licencing announcements in the period management continues to be encouraged by the large-scale sales opportunities for automotive applications and a significantly higher number of enquiries for large volumes of small prismatic supercapacitors. In spite of the operational challenges in the first half, CAP-XX continues to make progress in monetising its technology with both AVX and Murata launching new products utilising the CAP-XX supercapacitor technology. Even though first half trading was weaker than expected our full year forecasts remain unchanged.

- **Activity levels at Murata and AVX are pleasing** – CAP-XX has major licencing agreements with Murata and AVX and both of these companies are continuing to launch new products from which CAP-XX has and will continue to receive royalty payments. Royalty payments from the former reached record levels in the final quarter of 2016 and payments from both customers are expected to continue to rise over the remainder of FY2017.
- **Encouraging sales opportunities** – CAP-XX noted that it was encouraged by the number of high volume sales opportunities which it clarifies as being annual volumes of 1 million or more units per annum. This should be compared to current volumes that range between 0.5m and 1m units p.a. with a current capacity of around 3m.
- **Net cash increased** – Although reporting cash reserves of A\$0.3m at the half year, the Company successfully raised £2.43m in January 2017 and the extra funds should allow an acceleration of new business development opportunities while still preserving adequate financial resources. We estimate net cash balances will be around A\$3.6m by the end of June 2017.
- **Increased first half loss but no change to full year forecasts** – In spite of a weaker first half outcome, (most of which was largely out of the control of the Company), management states that the full year trading performance of the Group should be in line with current market expectations. As a consequence, we are leaving our forecasts for FY2017 unchanged with a pre-tax loss of A\$0.75m anticipated but have raised our expectation of net cash from A\$0.5m to A\$3.6m to reflect January’s successful fund raise.

EXHIBIT 1: FINANCIAL SUMMARY

Year End: June (A\$'000)	2014A	2015A	2016A	2017E
REVENUE	3,970	4,435	4,965	5,100
EBITDA	-2,136	-1,585	-687	-560
PRE-TAX PROFIT (NORMALISED)	-2,346	-1,753	-876	-750
EPS NORMALISED (p)	-1.27	-0.78	-0.19	-0.16
NET CASH	900	2,643	-668	3,648

Source: CAP-XX, Allenby Capital.

Allenby Capital acts as Nomad and Broker to CAP-XX Limited.

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FINANCIAL SUMMARY

Y/E June	A\$'000 FY 2014A	A\$'000 FY 2015A	A\$'000 FY 2016A	A\$'000 FY 2017E
PROFIT & LOSS SUMMARY				
Revenues	3,970	4,435	4,965	5,100
Gross Profit margin	734 18.5%	1,354 30.5%	2,606 52.5%	2,850 55.9%
Other income	1,262	1,333	1,893	1,500
SG&A costs as a % of revenue	-4,539 114.3%	-4,567 103.0%	-5,791 116.6%	-5,500 107.8%
(Loss) from Operations	-2,543	-1,880	-1,292	-1,150
Operating margin (%)	-64.1%	-42.4%	-26.0%	-22.5%
EBITDA	-2,136	-1,585	-687	-560
Loss before tax (statutory)	-2,543	-1,880	-1,292	-1,150
Loss before tax (adjusted for share based charges)	-2,346	-1,753	-876	-750
EPS adjusted (fully diluted) (cents)	-2.14	-1.20	-0.33	-0.27
Translation rate	1.70	1.70	1.70	1.70
EPS adjusted (fully diluted) (pence)	-1.26	-0.71	-0.19	-0.16
Y/E June	A\$'000 FY 2014A	A\$'000 FY 2015A	A\$'000 FY 2016A	A\$'000 FY 2017E
CASH FLOW				
Net cash inflow/(outflow) from operating activities	-2,491	-2,157	-3,146	840
Net cash inflow/(outflow) from investing activities	-85	-92	-253	-100
Net cash inflow/(outflow) from financing activities	2,361	4,132	1,132	2,577
Net increase/(decrease) in cash and cash equivalents in the year	-215	1,883	-2,267	3,317
Cash and cash equivalents at end of period	900	2,643	331	3,648
Y/E June	A\$'000 FY 2014A	A\$'000 FY 2015A	A\$'000 FY 2016A	A\$'000 FY 2017E
BALANCE SHEET				
Assets				
Non-current assets	614	538	602	512
Current assets (excluding cash)	2,574	3,346	5,144	3,644
Cash	900	2,644	331	3,648
Total Assets	4,088	6,528	6,077	7,804
Liabilities				
Non-current liabilities	-41	-42	-66	-66
Current liabilities	-1,792	-1,991	-2,305	-1,305
Total liabilities	-1,833	-2,033	-2,371	-1,371
Net Assets	2,255	4,495	3,706	6,433
Total equity & liabilities	4,088	6,528	6,077	7,804

Source: Cap-XX; Allenby Capital

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Ian Jermin is the author of this research recommendation. Ian is employed by Allenby Capital Limited as an Equity Analyst.

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