

CORPORATE

Current price 12.75p

Sector Electronic & Electrical Equipment

Code (CPX.L)

Listing AIM

SHARE PERFORMANCE



Source: Thomson Reuters, Allenby Capital

SHARE DATA

Market cap (£) 38m

Shares in issue (m) 298

52 weeks High Low
12.75p 4.325p

Financial year end 30 June

Source: Company Data, Allenby Capital

KEY SHAREHOLDERS

Hargreaves Lansdown 16.2%

Hargreave Hale 9.7%

Old Mutual 8.0%

Anthony Kongats (Founder & MD) 3.2%

Source: Thomson Reuters

Ian Jermin

+44 (0)20 3328 5664

i.jermin@allenbycapital.com

www.allenbycapital.com

CAP-XX LIMITED (CPX.L)

First large order for mass-produced Thinline

We consider today's news that CAP-XX has received its first significant order for Thinline supercapacitors as very positive. Manufacture of Thinline electrodes will commence shortly at the Group's Lane Cove facility with final assembly in Malaysia. An initial order for US\$0.4m has been received from a US customer and a follow-up order for over US\$1.0m is anticipated in the first half of 2018. For the moment, we are leaving our FY2018 forecasts unchanged and will review them following the prelims which are due in October. However, momentum continues to build and we remain very encouraged with the Group's progress.

- First volume orders for Thinline** – CAP-XX has announced its first major order for 0.6mm-thin Thinline supercapacitors. The Group began shipping sample units of the Thinline product to customers just over two years ago and this initial US order is for an Internet-of-Things (IoT) wearable technology consumer device for the health and fitness markets. According to research from MarketsandMarkets, the wearable technology market could be worth an estimated US\$51.6 billion by 2020.
- Initial order worth US\$0.4m** - The initial US\$0.4m order is for delivery of units commencing in late 2017 and continuing into early 2018. Mass production by the customer of its product is scheduled to commence in November 2017, with the first sales to consumers targeted for early 2018. For confidentiality reasons, at this stage CAP-XX is unable to name the customer but we hope that this will change once sales of the product have commenced.
- Potential US\$1m+ follow-on order** – We note that the Directors of CAP-XX anticipate securing a follow-on order for in excess of US\$1.0m in the first half of calendar 2018 but we assume that this depends on the successful launch and take up of the customer's product once sales commence. In the meantime, the Company reiterates that numerous other parties are evaluating the Thinline supercapacitor for a variety of IoT wearable technology applications and further design wins and high-volume orders are expected in due course.
- No current changes to forecasts** – Our forecasts for the year ending June 2018 anticipates an increase in sales of around A\$1.2m over 2017 forecasts, with top line growth being generated from a general increase in sales of supercapacitors, including Thinline. So, for the moment, until we get further information with the prelims in October, we will keep our forecasts unchanged. However, if the follow-on order is confirmed, this will inevitably have a positive influence on prospects for FY2019. We consider this order to be just the first of many more to come in both Thinline and other CAP-XX supercapacitor products and coupled with the existing AVX and Murata licence agreements and the potential for adding more, we view the outlook for CAP-XX as extremely encouraging.

EXHIBIT 1: FINANCIAL SUMMARY

Year End: June (A\$'000)	2015A	2016A	2017E	2018E
REVENUE	4,435	4,965	4,110	5,300
EBITDA	-1,585	-687	-1,150	-510
PRE-TAX PROFIT (ADJUSTED)	-1,753	-876	-1,340	-710
EPS (ADJUSTED) (p)	-0.78	-0.19	-0.28	-0.14
NET CASH	2,643	-668	3,608	2,499

Source: CAP-XX, Allenby Capital.

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

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FINANCIAL SUMMARY

EXHIBIT 2: FINANCIAL SUMMARY				
PROFIT & LOSS SUMMARY				
	A\$'000	A\$'000	A\$'000	A\$'000
Y/E June	FY 2015A	FY 2016A	FY 2017E	FY 2018E
Revenues	4,435	4,965	4,110	5,300
Gross Profit	1,354	2,606	2,260	2,940
margin	30.5%	52.5%	55.0%	55.5%
Other income	1,333	1,893	1,500	1,500
SG&A costs	-4,567	-5,791	-5,500	-5,400
as a % of revenue	103.0%	116.6%	133.8%	101.9%
(Loss) from Operations	-1,880	-1,292	-1,740	-960
Operating margin (%)	-42.4%	-26.0%	-42.3%	-18.1%
EBITDA (adjusted)	-1,585	-687	-1,150	-510
Loss before tax (statutory)	-1,880	-1,292	-1,740	-960
Loss before tax (adjusted for share based charges)	-1,753	-876	-1,340	-710
EPS adjusted (fully diluted) (cents)	-1.20	-0.33	-0.48	-0.24
<i>Translation rate</i>	<i>1.70</i>	<i>1.70</i>	<i>1.70</i>	<i>1.70</i>
EPS adjusted (fully diluted) (pence)	-0.71	-0.19	-0.28	-0.14
CASH FLOW				
	A\$'000	A\$'000	A\$'000	A\$'000
Y/E June	FY 2015A	FY 2016A	FY 2017E	FY 2018E
Net cash inflow/(outflow) from operating activities	-2,157	-3,146	800	-1,010
Net cash inflow/(outflow) from investing activities	-92	-253	-100	-100
Net cash inflow/(outflow) from financing activities	4,132	1,132	2,577	0
Net increase/(decrease) in cash and cash equivalents in the year	1,883	-2,267	3,277	-1,110
Cash and cash equivalents at end of period	2,643	331	3,608	2,499
BALANCE SHEET				
	A\$'000	A\$'000	A\$'000	A\$'000
Y/E June	FY 2015A	FY 2016A	FY 2017E	FY 2018E
Assets				
Non-current assets	538	602	512	412
Current assets (excluding cash)	3,346	5,144	3,244	3,544
Cash	2,644	331	3,608	2,499
Total Assets	6,528	6,077	7,364	6,455
Liabilities				
Non-current liabilities	-42	-66	-66	-66
Current liabilities	-1,991	-2,305	-1,305	-1,305
Total liabilities	-2,033	-2,371	-1,371	-1,371
Net Assets	4,495	3,706	5,993	5,084

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.

Tel: 020-3328-5664

Email: i.jermin@allenbycapital.com

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Allenby Capital
3 St Helen's Place London EC3A 6AB
+44 (0)20 3328 5656

www.allenbycapital.com