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## **TMT UPDATE - 23.07.18 (BOOM.L, MWE.L, TPG.L)**

### **Audioboom plc\* (BOOM.L, 2.1p/£24.4m)**

#### **Interims: Revenue and KPI growth; positive outlook (19.07.18)**

**Allenby Capital comment:** Interim results demonstrate further revenue and KPI growth for Audioboom, the provider of an end to end podcast and digital audio platform, but also the disruption of the aborted Triton Digital acquisition. This transaction absorbed management time, restricted investment and the H1 balance sheet was left stretched with negative net assets of £0.4m (FY17: £3.4m). The balance sheet has been strengthened with June's placing of up to £4.5m plus the £1.5m loan note conversion. Funds will be used to expand existing relationships with the likes of Spotify and Google; increase the volume of higher margin Audioboom Original Network (AON) content; acquire more third-party podcasts; and invest in its new buy-side media agency. No change to forecasts following June's [re-initiation](#).

The full note is available [here](#)

\* Allenby Capital acts as Nomad and Broker to Audioboom plc  
Allenby Capital's coverage on Audioboom plc is available [here](#)

### **MTI Wireless Edge plc\* (MWE.L, 24p/£12.9m)**

#### **Merger resolution approved (18.07.18)**

- The resolution for the proposed merger between MTI Wireless Edge Ltd (MWE) and MTI Computers & Software Services (1982) Ltd (MTIC), MWE's largest shareholder, was approved at their respective shareholder meetings.
- The Merger Agreement remains contingent on a number of conditions being met by 30th August.
- Following the fulfilment of the conditions, 31.6m shares will issued to the MTIC shareholders and the 29.5m MWE shares currently held by MTIC will be transferred to all of the MTIC shareholders.

**Allenby Capital comment:** The proposed merger with MTIC continues to progress. The transaction offers a number of benefits - increases MWE's revenue by c. 30%, broadens the product set, aligns shareholder interests, eliminates one set of stock market listing fees and should increase liquidity as non-controlling shareholders will hold a larger proportion of shares. The two companies also operate in complementary spaces in the military and communications markets.

*\* Allenby Capital acts as Nomad and Broker to MTI Wireless Edge Ltd  
Allenby Capital's coverage on MTI Wireless Edge Ltd is available [here](#)*

## **TP Group plc (TPG.L, 6.65p/£50.4m)**

### **H1 trading update: Trading in line (16.07.18)**

- Positive H1 trading update and management expects to meet FY expectations (revenue of £35.9m, EBITDA of £3.4m and EPS of 10p).
- H1 included £12.5m of UK framework contracts for submarine equipment for oxygen systems; a five-year framework agreement with Naval Group in France leading to a £2m order for atmosphere management equipment; two contracts with the MoD for TPG Services; and a £1.2m order for specialist technical and project support to Army HQ.
- New Advanced Manufacturing Centre opened in Manchester in February that focuses on complex equipment projects and specialist component machining. This has opened up TPG's addressable market into new sectors for larger projects.
- Services business is gaining traction with new work in secure communications and datalinks to connect international security forces. This has broadened its service offering and has been supported by the acquisition of Polaris Consulting.
- Partnership agreement with Micopore Inc, the American developer of the ExtendAir carbon dioxide adsorbent systems, used in rebreathing and life support applications. This forms part of the strategy of expanding into the US.
- Acquisitions continue to feature on the roadmap.

**Allenby Capital comment:** Positive H1 update that echoes June's AGM statement. The maritime business, in particular the provision of Combined Oxygen Generating Systems (COGS), offers a base of long term profitable revenue and TPG has a substantial share of the market outside Russia, China and the US. H1 newsflow demonstrates that the company is growing this but also broadening its product and service offering. As a result, it is growing into new sectors and also geographically. Meanwhile TPG has significant cash (FY17: £21.9m) to deploy for acquisitions.

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