

**CORPORATE**

Current price 4.25p

Sector TMT

Code (MBT.L)

Listing AIM

**Share Performance**


	1m	3m	12m
— MBT.L	13.3%	-24.8%	-51.4%

Source: Thomson Reuters, Allenby Capital

**Share Data**

Market cap (£) 14.8m

Shares in issue (m) 349.2

52 weeks	High	Low
	9.875	3.65

Financial year end 31 December

Source: Company Data, Allenby Capital

**Key Shareholders**

InTechnology plc 50.8%

P Wilkinson 10.9%

J Fenn 3.5%

A Kaberry 3.4%

Avi Tooba 1.2%

Source: Argus Vickers

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**MOBILE TORNADO GROUP PLC (MBT.L)**
*Gathering sales momentum*

Mobile Tornado (MBT.L), a leading global provider of Push To Talk over Cellular (PoC) solutions, has reported interims with management pointing to an uplift in sales and revenue momentum in H2. MBT has developed an enterprise-grade platform with a broad and deep set of instant communication applications with competitive advantages in availability, performance, capacity, functionality and price. Historically, MBT has sold its software only on a subscription basis. In response to customer demand, the service is now also being offered as a perpetual bundle with hardware and initial 'Capex' contracts have been secured. MBT is also expanding its addressable market targeting customers in the large PoC system market plus new industry verticals that are investigating PoC for worker efficiency applications. As a result, we anticipate an acceleration in revenue growth in H2 and a further reduction in LBITDA before a move into profitability in FY19 in our unchanged forecasts.

- H1 performance** – Revenue increased 12% to £1.2m. Within this, recurring revenue decreased slightly to £1.0m but increased 6% on a constant currency basis. Installation fees and professional services increased to £0.2m from £70k. The underlying operating cost base remained largely unchanged but reported operating costs reduced 15% to £1.8m, positively impacted by sterling's appreciation against the Israeli Shekel, and adj. LBITDA reduced £0.4m to £0.6m. Net debt of £7.8m (FY17: £9.6m) includes £5.6m of preference shares held by InTechnology, its majority shareholder. During H1, MBT capitalised £2.5m of short-term debt owed to InTechnology and raised a further £1.2m in new equity. MBT has secured an additional working capital facility of up to £300k from InTechnology to help fund the Capex model and is also in discussions with commercial lenders.
- Industry dynamics** – PoC services have been available for many years but are now being embraced more widely with the proliferation of lower cost devices and associated server infrastructure. PoC has become a realistic alternative to radio with enterprises for non-mission critical communications and they are opting for PoC's lower cost and greater functionality - better voice call quality, much larger call groups over wider areas and potential integration into workforce management applications. MBT has considerable technical strength, e.g. it has the only PTT offering that operates seamlessly across all cellular technologies (2G, 3G, 4G and Wi-Fi) and will continue to operate as users move through different network types. As such, it is well positioned to capitalise on the considerable market opportunity.

**EXHIBIT 1: SUMMARY OF FINANCIALS**

Year End: December (£000)	2016A	2017A	2018E	2019E
REVENUE	2,024	2,530	2,900	4,200
ADJUSTED EBITDA	(1,964)	(1,724)	(950)	100
ADJUSTED PBT	(2,807)	(2,534)	(1,730)	(680)
ADJUSTED EPS (P)	(1.02)	(0.64)	(0.40)	(0.18)
PE(X)	NA	NA	NA	NA
NET DEBT	(9,062)	(9,813)	(8,356)	(8,995)

Source: Mobile Tornado Group plc; Allenby Capital.

\*Adjusted EBITDA, PBT and EPS exclude non-recurring items

**Allenby Capital acts as Nomad and Broker to Mobile Tornado Group plc**

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## RESEARCH RECOMMENDATION DISCLOSURE

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Unless otherwise stated the share prices used in this publication are taken at the close of business for the day prior to the date of publication.

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