

CORPORATE
Current price 11.75p

Sector TMT

Code CPX.L

Listing AIM

Share Performance


| | | | |
|---------|------|------|------|
| | 1m | 3m | 12m |
| — CPX.L | +48% | +34% | -16% |

Source: Thomson Reuters, Allenby Capital

Share Data
Market cap (£) 35.3

Shares in issue (m) 298

| | | |
|----------|-------|------|
| 52 weeks | High | Low |
| | 15.2p | 7.8p |

Financial year end 30 June

Source: Company Data, Allenby Capital

Key Shareholders

Hargreaves Lansdown 16.1%

Hargreave Hale 10.1%

Quilter Cheviot 8.5%

TD Waterhouse 7.1%

Barclays Private Banking 5.4%

Anthony Kongats (Founder & MD) 3.2%

Source: Argus Vickers

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CAP-XX LTD (CPX.L)
Positive outlook for licensing and own product sales

FY18 results from CAP-XX, the leading supercapacitor designer and manufacturer, were in line June's trading update with revenue +18% to A\$4.9m and adj. LBITDA increasing A\$0.4m to A\$1.6m. There was a notable improvement in the top and bottom line during H2 and FY19 has started well with October's TDK licence agreement. Management has reported total enquiries, if converted to orders, would amount to annualised revenue of \$20m, including >\$2m of design wins covering >70 projects (cylindrical and automotive; small IoT and Thinline; and the new 3V supercapacitors). The 3V product family, due for launch mid-2019, opens a potentially huge market as supercapacitors can address the shortcomings of Li-ion coin cell batteries. Licensing negotiations are ongoing with numerous parties for applications in multiple sectors. These are complex in nature and hence difficult to predict but the recent TDK agreement is encouraging. Year-end net cash of A\$1.9m should benefit from the receipt of the A\$1.6m R&D tax rebate in H1. Forecasts reflect a more conservative view on the timing of licences partly offset by further growth in own Product volumes.

- **FY18 performance** – Total revenue +18% to A\$4.9m with Product sales +21% (A\$3.5m). Prismatic volumes increased 31%, including the initial Spire Health Tags wearable device shipments. Revenue from cylindrical devices was modest as expected but opportunities continue to grow and Q1 FY19 revenue already exceeded FY18. Licence fees & Royalties +12% to A\$1.4m and royalties from Murata and AVX increased 29%. Total licence revenue included the final tranche of the AVX up-front licence. Post period end, CPX signed a new licence with TDK and royalty revenue should start to come through in the next couple of months. Other licensing talks are ongoing and management hopes to conclude some in FY19.
- **Margins and costs** – The change in revenue profile resulted in GM falling 280bps to 44.9%. Operating costs, excluding share-based payments, increased 9% to A\$5.5m with further R&D investment on product development, production and engineering support, an increase in production capacity and commissioning and streamlining production processes. Adj. LBITDA increased A\$0.4m to A\$1.6m. Year-end cash was A\$1.9m (FY17: A\$3.9m) but this will benefit from an expected R&D tax rebate of A\$1.6m in H1 FY19.
- **Outlook** – Interest in CPX's supercapacitor products and IP remains high across multiple sectors as companies look to harness the functional advantages offered by supercapacitors. CPX's initial licence agreements are helping to raise the company's profile as well as the potential for supercapacitors in multiple applications. These licensees are also targeting specific end-markets and this creates other opportunities for CPX's own direct Product sales.

EXHIBIT 1: SUMMARY OF

| Year End: June (A\$000) | 2017A | 2018A | 2019E | 2020E |
|-------------------------|---------|---------|---------|--------|
| REVENUE | 4,142 | 4,906 | 5,899 | 8,133 |
| ADJUSTED EBITDA | (1,197) | (1,567) | (1,261) | (210) |
| ADJUSTED PBT | (1,381) | (1,702) | (1,441) | (389) |
| ADJUSTED EPS (p) | (0.26) | (0.31) | (0.26) | (0.07) |
| NET CASH | 3,881 | 1,911 | 600 | 341 |

Source: Company; Allenby Capital.

*Adjusted PBT and EPS exclude one-off charges and share based charges

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