



Please find below our weekly update covering themes that we feel that are of interest to investors and participants in the small and mid cap TMT sector as well as commentary on recent newsflow. The cost of Allenby Capital's research on individual clients is paid for by our research clients.

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TMT Update 25.03.19 (STAR.L)

Starcom plc* (STAR.L, 1.3p/£2.8m)

Agreement update: Expanded agreement with WIMC (22.03.19)

- Update on the agreement with WIMC Solutions, a US-based provider of real-time container monitoring services (whereismycargo.net), for the supply and support of Tetis units.
- Under the original agreement, announced in January 2018, Starcom supplied an initial order of 1,000 units with a further 1,000 unit order expected in Q1 and c. 20,000 units over the next three years. If fully implemented and all units connected, the original agreement was estimated to have a total value of c. \$4.5m over three years. In the event, WIMC placed orders for only 1,500 units in 2018.
- Following the successful testing of the Tetis units in the field and end customer acceptance, the companies have entered into a new agreement for up to 30,000 units over a three-year period. The unit price has been slightly reduced but there is still ongoing SaaS revenue from each unit installed. There is no minimum commitment but WIMC has indicated that 2019 order levels of up to 3,400 units, equivalent to \$660k (excluding ongoing SaaS revenue).
- No change to [forecasts](#).

Allenby Capital comment: The successful field testing and customer acceptance of the Tetis product for tracking and monitoring containers in transit is encouraging although the roll out of units has been slower than originally anticipated. The new agreement covers a large volume of units but there is no obligation on the part of WIMC and a substantial roll out would represent upside to our current forecasts. On the back of the recent FY results, we anticipate further revenue growth in FY19 given the newsflow around Xplosive Solutions Pty (Kylos), Zero Motorcycles (Helios) and ICL (Kylos Forever) and the forthcoming launch of Lokies, a Bluetooth enabled version of its keyless Watchlock.

* Allenby Capital acts as Nomad and Joint Broker to Starcom plc.

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

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