



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.

*For the purpose of MIFID II, the content of the following email qualifies as “non-substantive material or services consisting of short term market commentary on the latest economic statistics or company results” and so can be treated as ‘acceptable minor non-monetary benefits’ and not as ‘chargeable research’ per the European Commission’s Delegated Directive of 7.4.2016.*

## **TMT Update 01.04.19 (ACC.L, BBSN.L, FBT.L, MWE.L)**

### **Access Intelligence plc\* (ACC.L, 57p/£35.7m)**

#### **Finals: ResponseSource provides upsell opportunity (01.04.19)**

##### **[Note published](#)**

**Allenby Capital comment:** Finals from Access Intelligence, the leading supplier of SaaS solutions for communications and reputation management to the UK public and private sectors, were in line with forecasts and December's trading update. Reported revenue increased 10.2% to £8.9m and a £1.4m positive swing in adj. EBITDA to a small profit. FY18 included one month's contribution from ResponseSource that has significantly broadened ACC's service offering, increased the installed base and enriched its data sets. This has created substantial cross-sell opportunities and accelerated ACC's own development plans. The outlook for the enlarged business is positive as organisations struggle with how best to interface with new forms of digital media, the challenge of building the relationships needed with media, social media and government influencers, and the rise of 'Earned' media. FY19 revenue and profit forecasts are reduced by £0.1m each to reflect the fair value adjustment to ResponseSource's deferred income as flagged in October's [note](#). FV of 120p/share, equivalent to 17.9x 2021 EV/Adj. EBITDA looks reasonable for a company offering the combination of SaaS revenue growth and margin appreciation.

*\* Allenby Capital acts as Nomad and Broker to Access Intelligence plc.*

### **Brave Bison Group plc\* (BBSN.L, 2.5p/£14.7m)**

#### **Finals: Maiden profit on significant revenue growth (27.03.19)**

##### **[Note published](#)**

**Allenby Capital comment:** Brave Bison, the social video company, has delivered the first FY EBITDA profit in its history as advertising revenue grew significantly on the back of the success of its twenty Owned and Operated channels on Facebook and other platforms combined with operating cost control. These offer advertisers brand-safe access to targeted audiences. Brave Bison ranked as the seventh largest media and entertainment digital publisher globally and ended the year as the biggest Facebook publisher based on views with the biggest Facebook page with Viral Trnd. Brave Bison has continued to invest in its portfolio and launched two channels during the year and more will follow in 2019. APAC remains a focus for strategic growth and BBSN appointed a new General Manager and expanded the team with hires in Indonesia and South Korea. The company is comfortably capitalised

with net cash of £5.4m to fund further investment. For 2019, we expect Fee Based Services revenue to return to the levels seen in 2017 and the growth rate of Advertising to moderate and further opex/capex investment. This points to an FY19 EV/adj. EBITDA of 14.8x falling to 9.2x in FY20. Applying an EV/Adj. EBITDA multiple of 15.0x FY20 would suggest a fair value of 4.6p.

*\* Allenby Capital acts as Nomad and Broker to Brave Bison Group plc.*

### **Forbidden Technologies plc\* (FBT.L, 7.0p/£21.0m) Chief Operating and Financial Officer appointment (28.03.19)**

- Stephen White will join the board of Forbidden on 2nd April in the newly created role of Chief Operating and Financial Officer. This had been previously announced last October.
- White was previously Vice President Finance, UK and EMEA Emerging Markets at Comcast's NBC Universal's Networks Division. He has 25 years' experience in senior finance roles with media companies such as NBC Universal, BBC Worldwide, The Walt Disney Company and Jetix after qualifying as a Chartered Accountant with Ernst and Young.

**Allenby Capital comment:** Stephen White brings considerable knowledge of the media industry to Forbidden as the company looks to execute its strategy of selling Blackbird, its patented cloud video platform that enables the rapid editing and distribution of video, on a recurring infrastructure basis particularly into North America, the most developed addressable market.

*\* Allenby Capital acts as Nomad and Broker to Forbidden Technologies plc.*

### **MTI Wireless Edge Ltd\* (MWE.L, 23p/£12.6m) Contract win (28.03.19)**

- New contract, worth c. \$1m, for the development and manufacturing of military antennas. This order is from an existing customer for antennas developed several years ago that are being customised for a new project.
- No change to [forecasts](#) or 38p/share FV.

**Allenby Capital comment:** Follow on order is encouraging and demonstrates the quality of the MTI offering as well as the longevity of its product set. The contract also helps to underpin our growth assumptions for the division for FY19. As set out in March's final, the military part of the antenna business achieved record revenue (+26%) and management reports a large pipeline of opportunity. At the same time, the roll out of 5G networks represents a major growth opportunity in the civilian market as MTI has developed, in partnership with Nokia, a set of ultra-high availability wide-band and multi-band antenna systems for small cell and 5G cellular backhaul and fronthaul.

*\* Allenby Capital acts as Nomad and Joint Broker to MTI Wireless Edge Ltd.*

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*The changes initiated by MiFID II has had far reaching implications on both the quantity and continued availability of research on smaller cap companies, including those within the TMT sector. We would therefore remind interested companies that Allenby Capital can offer a "paid for" research service for those corporates that wish to retain an alternative and authoritative source of research that can be accessed freely by the entire investment community. If you would like further information on this service please contact [d.johnson@allenbycapital.com](mailto:d.johnson@allenbycapital.com).*

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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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