



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.*

## **Allenby Capital TMT Update - 10.02.20 (MWE.L, STAR.L, BIRD.L, BBSN.L)**

### **MTI Wireless Edge Ltd\* (MWE.L, 38.5p/£33.8m)**

#### **\$1.5m contract win (10.02.20)**

- St Petersburg office of MTI Summit, MTI's Distribution & Professional Consulting Services Division, has secured a contract worth c. US\$1.5 million and is for the supply of radio frequency components to a Russian customer for delivery in 2020. It is the office's largest order to date and management also reports a good order book.
- MTI Summit, acquired in 2013 represents 40 international suppliers of radio frequency and microwave components and sells these products to customers. MTI also acts as a consultant to all parties and assists with devising radio frequency and microwave solutions, as was the case with this contract win.
- No change to [forecasts](#) and fair value of 46p/share.

**Allenby Capital comment:** MTI's Distribution & Professional Consulting Services Division has performed particularly well since the 2018 merger with MTI Computers Software and Services (1982). In the first nine months of FY19, revenue increased 36% to \$8.1m and segmental profit increased 95% to \$0.9m, as projects where MTI has designed solutions have started to mature and other design wins have converted into revenue. The division also benefits MTI's antenna business. Forecasts and fair value of 46p/share unchanged.

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

### **Starcom plc\* (STAR.L, 1.175p/£4.1m)**

#### **Note published: FY19 pre-close: In line performance; positive outlook (05.01.20)**

#### [Download note](#)

**Allenby Capital comment:** FY19 performance comfortably in line with forecast for the developer of wireless solutions for the remote tracking, monitoring and protection of assets and people. Revenue increased 14% to \$6.8m (ACLe: \$6.7m) and there is expected to have been a \$0.3m positive swing in adj. EBITDA to \$0.3m (ACLe: \$0.3m). Management is confident of the prospects for Lokies, its intelligent reporting padlock, following a successful launch in April 2019. Starcom has recently signed an agreement with a Russian distributor where Starcom is targeting delivery of up to \$2m of Lokies in 2020. The distributor has previously tested the product and ordered an initial 500 units. Starcom is also demonstrating good traction with the higher margin version of Helios as well as Tetis and Kylos. Given the opportunities for growth, we increase our FY20 revenue forecasts and introduce FY21 forecasts.

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

**Blackbird plc\* (BIRD.L, 16.0p/£53.6m)**

**Trading update and notice of results (10.02.20)**

- Management reports good progress with the next stage of its growth strategy. Building on the direct customer wins in 2019 (e.g. US Department of State, Bloomberg Media, A+E Networks, NRL and Peloton), Blackbird is looking grow through OEM deals and is in advanced discussions with a number of software providers.
- The company continues to attend high profile events and conferences in Europe and the US and will be attending the 2020 NAB Show in Las Vegas from 18-22 April.
- Results scheduled to be announced on 27 April.

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

**Brave Bison plc\* (BBSN.L, 1.125p/£6.9m)**

**Successful Snapchat launch (10.02.20)**

- Successful launch of its Snapchat show, *Slick*, that has attracted >40m unique viewers in less than two months. Snapchat has become profitable revenue stream for BBSN through multiple shows. This forms part of the strategy to diversify BBSN's platform offering from Facebook and YouTube under CEO Kate Burns who was appointed in April 2019.
- *Slick*, a show aimed at a young audience focused on male grooming, was launched in December 2019 and has built up 2m subscribers. Brave Bison has launched four shows on Snapchat Discover to date.

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

=====

**Allenby Capital "paid for" research services**

*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).*

=====

**DISCLAIMER**

Allenby Capital Limited ("Allenby") is incorporated in England no. 6706681; is authorised and regulated by the Financial Conduct Authority ("FCA") (FRN: 489795) and is a member of the London Stock Exchange. This communication is for information only it should not be regarded as an offer or solicitation to buy the securities or other instruments mentioned in it. It is a marketing communication and non-independent research, and has not been prepared in accordance with the legal requirements designed to promote the independence of investment research, and is not subject to any prohibition on dealing ahead of the dissemination of investment research. The cost of Allenby research product on independent companies is paid for by research clients.

This communication is for the use of intended recipients only and only for distribution to investment professionals as that term is defined in article 19(5) of The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005. Its contents are not directed at, may not be suitable for and should not be relied upon by anyone who is not an investment professional including retail clients. Any such persons should seek professional advice before investing. For the purposes of this communication Allenby is not acting for you, will not treat you as a client, will not be responsible for providing you with the protections afforded to clients, and is not advising you on the relevant transaction or stock. This communication or any part of it do not form the basis of and should not be relied upon in connection with any contract.

Allenby uses reasonable efforts to obtain information from sources which it believes to be reliable. The communication has been prepared without any substantive analysis undertaken into the companies concerned or their securities, and it has not been independently verified. No representation or warranty, express or implied is made, or responsibility of any kind accepted by Allenby its directors or employees as to the accuracy or completeness of any information in this communication. Opinions expressed are our current opinions as of the date appearing on this material only and are subject to change without notice. There is no regular update series for research issued by Allenby.

No recommendation is being made to you; the securities referred to may not be suitable for you and this communication should not be relied upon in substitution for the exercise of independent judgement. Neither past performance or forecasts are a reliable indication of future performance and investors may realise losses on any investment. Allenby shall not be liable for any direct or indirect damages including lost profits arising from the information contained in this communication.

Allenby and any company or persons connected with it, including its officers, directors and employees may have a position or holding in any investment mentioned in this document or a related investment and may from time to time dispose of any such security or instrument. Allenby may have been a manager in the underwriting or placement of securities in this communication within the last 12 months, or have received compensation for investment services from such companies within the last 12 months, or expect to receive or may intend to seek compensation for investment services from such companies within the next 3 months. Accordingly, recipients should not rely on this communication as being impartial and information may be known to Allenby or persons connected with it which is not reflected in this communication. Allenby has a policy in relation to management of conflicts of interest which is available upon request.

This communication is supplied to you solely for your information and may not be reproduced or redistributed to any other person or published in whole or part for any purpose. It is not intended for distribution or use outside the European Economic Area except in circumstances mentioned below in relation to the United States. This communication is not directed to you if Allenby is prohibited or restricted by any legislation or registration in any jurisdiction from making it available to you and persons into whose possession this communication comes should inform themselves and observe any such restrictions.

Allenby may distribute research in reliance on Rule 15a-6(a)(2) of the Securities and Exchange Act 1934 to persons that are major US institutional investors, however, transactions in any securities must be effected through a US registered broker-dealer. Any failure to comply with this restriction may constitute a violation of the relevant country's laws for which Allenby does not accept liability.

By accepting this communication, you agree that you have read the above disclaimer and to be bound by the foregoing limitations and restrictions.

#### **Research recommendation disclosure**

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

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. Information on research methodologies, definitions of research recommendations, and disclosure in relation to interests or conflicts of interests can be found at [www.allenbycapital.com](http://www.allenbycapital.com).

**Allenby Capital**

**5 St Helen's Place London EC3A 6AB**

**+44 (0)20 3328 5656**

[www.allenbycapital.com](http://www.allenbycapital.com)

---