



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 - 18.05.20 (MWE.L, BBSN.L, STAR.L)**

### **MTI Wireless Edge Ltd\* (MWE.L, 36.5p/£32.1m)**

#### **Q1 update: Solid start to FY20 (18.05.20)**

#### [Note published](#)

**Allenby Capital comment:** Today’s Q1 update indicates a solid start to FY20 at MTI Wireless Edge, the provider of communications and radio frequency solutions, with revenue +5% to \$9.6m and EBIT +40% to \$0.8m, reflecting gross margin improvement and operating leverage. Finance expenses were higher than usual given significant FX rate movements caused by COVID-19 and some of this has already reversed. Cash generation was good at \$1.3m and Q1 net cash was \$8.6m. MTI operates across multiple geographies and sectors and this has afforded some protection against COVID-19 as different countries have introduced/withdrawn restrictions, as evidenced by the recent Mottech customer wins in China. Management reports a good order book and sales pipeline across its three divisions and MTI is positioned to capitalise on three global trends: 5G adoption, climate change and increased defence spending. Although the outlook remains uncertain, forecasts and 46p/share fair value, equivalent to 13x FY21 EPS, remain unchanged.

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

### **Brave Bison plc\* (BBSN.L, 1.15p/£7.0m)**

#### **Four global YouTube deals (18.05.20)**

- Brave Bison has announced four new clients that have entered its YouTube community: World Dodgeball Federation (WDBF), IMVBox, Media Star Maker, and ViralPress.
- WDBF has seen subscribers grow by 10% to 64,000 and viewership increased by three million views in the first thirty days of the agreement. With IMVBox, Brave Bison developed its strategy and created four new channels that have generated 18m views since January.
- With Media Star Maker, Brave Bison will provide technical and digital support as the media production company looks to expand from its Middle East and North Africa core market. ViralPress is a news agency based in Asia that specialises in licensing video and User Generated Content (UGC). Brave Bison has worked with similar companies, such as NewsFlare, around channel management, content strategy and asset management.
- Forecasts are currently under review.

**Allenby Capital comment:** YouTube channel management represents a core Brave Bison service - it grew revenue (advertising and service fees) by 66% to £5.3m in FY19, accounting for 32% of group revenue and the company manages more than 700 channels. Brave Bison has been able demonstrate considerable success with its YouTube channel clients, such as World Chase Tag where views increased by 150% and revenue by 210%. During FY19, it hired a new UK-based tech and sales team to optimise existing client accounts and win more sports and music clients.

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

### **Starcom plc\* (STAR.L, 1.0p/£3.5m)**

#### **Conversion of CEO deferred salary into equity (15.05.20)**

- CEO, Avi Hartmann, has agreed to convert \$75k of historic unpaid salary into 6.1m new ordinary shares. As at 31 March 2020, the CEO had approximately \$167k of outstanding deferred salary and a further \$73k of outstanding loans. As a result of the conversion, he will have a 8.6% shareholding, \$92k in deferred salary and \$73k of outstanding loans.
- Forecasts are currently under review.

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

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### **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).*

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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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