

**Moni Borovitz - CEO designate**



Borovitz is a certified public accountant. He holds a BA from Tel Aviv University and an MBA from Ben Gurion University. He currently serves as group finance director.

**Technology**

52-WEEK HIGH	34.0p
52-WEEK LOW	15.0p
PRICE	19.40p
MARKET CAP MLN	£16.89
NET CASH (MLN)	\$3.84

**Major Shareholders**

Borovitz family entities - 35%  
Beer family entities - 11%  
Directors and PDMRs - 7%

Primary Index	AIM
Next Key Announcement	FY results - Feb

**Company Information**

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**Analyst Details**

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**MTI Wireless Edge (LON:MWE) - Post-merger, all on track**

**Recent news flows**

During the last week, the company has made two significant announcements:

- The nomination of Moni Borovitz as CEO, from finance director previously, subject to the annual general meeting on 14 March.
- A share buyback of up to £150k, commencing 28 January

The company came into being in its current form via the August 2018 merger of MTI Wireless Edge with MTI Computers, with Moni Borovitz playing a leading role in delivering the merger.

In this report, we present a reminder of the key dynamics of the merger. We note that since the merger, the share price has yet to stabilise and we believe that the buyback may be helpful in this regard.

**Businesses continue to perform**

There has been no change in the company's trading outlook since our last report in October, and we continue to forecast revenue growth across all four business areas, driving +26% earnings per share (EPS) growth for 2019e.

In the antennas business, in particular, we are encouraged by recent news on the 5G wireless space. Nokia and Telefonica have rolled out new 5G tests in Berlin, which we understand will include MTI antennas. We believe that 5G wireless offers a potential growth "kicker" for MTI in the next few years.

Year end Dec 31	2016	2017	Current*	2019
Revenue (\$M)	23,276	34,653	36,330	40,480
EBITDA (US\$m)	1,483	2,410	3,675	4,450
EPS ( US cents)	1.8	2.3	2.7	3.4
DPS (GBP)	0.77	1.54	1.25	1.31
Dividend yield	4.0%	7.9%	6.4%	6.7%

Source: Proactive Research, pro-forma figures for 2017 and 2018

**Share Price**

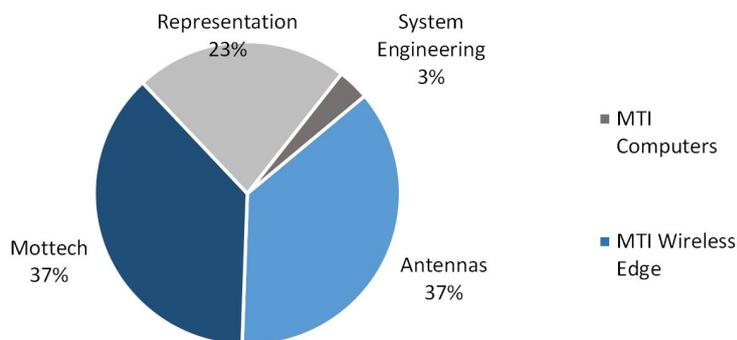


### Valuation/conclusion - elevated dividend yield

In spite of the recent recovery in the share price, the shares are still trading on a prospective price/earnings (P/E) multiple of just 7.4x (2019e) and offering a 2019e dividend yield of 6.7%. We believe that these metrics, and in particular the high dividend yield, represent a surprisingly low valuation for a company with MTI Wireless Edge's growth outlook.

The table below summarises our financial forecasts, using pro-forma (merger inclusive) data for 2017 and for 2018e.

Revenues by division, 2018e (pf)



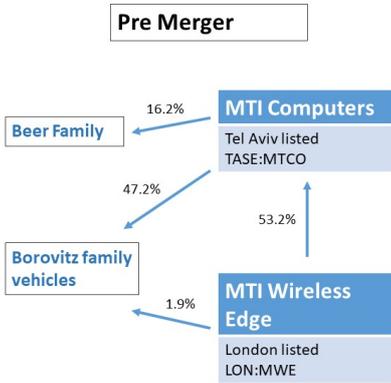
Source: Proactive Research estimates

The chart above shows our revenues expectations for FY 2018e by operating division, specifying the former MTI Computers and former MTI Wireless Edge businesses. The merger has provided the company with a broadened revenue base, with strong growth drivers across all businesses.

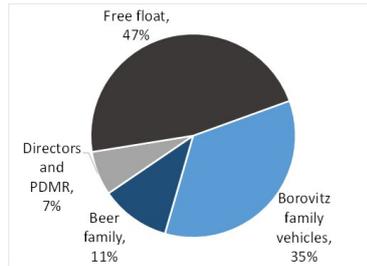
The next chart shows how the merger affected the shareholder structure. The simplified structure should ultimately prove to be a positive for share valuation in our view; however, the shares have actually devalued somewhat in recent months. It is possible that this could be the result of some post-merger selling, possibly by some holders of the former Tel Aviv-listed MTCO.TA exiting the London-listed combined entity; however, we are not able to identify any specific selling trend along these lines. We believe that the share buyback announced on 24 January should help to stabilise the share price while the London market becomes familiar with the enlarged company.

# MTI WIRELESS EDGE (LON:MWE)

## Shareholding structure



**Post Merger:**  
Single entity, London listed,  
MTI Wireless Edge,  
LON:MWE  
(Holdings as of 20 Nov 2018)



Source: Company data

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